

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



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NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 522, the Director has reasonable cause to believe that a violation of the Act, or of any Commission rule, order, or permit has occurred, the Director will require the operator to remedy the violation and may commence an enforcement action seeking penalties by issuing a Notice of Alleged Violation (NOAV). Per Rule 523, an operator who violates the Act, or a Commission rule, order, or permit may be subject to a penalty imposed by Commission order.

OPERATOR INFORMATION

OGCC Operator Number: <u>19035</u>	Contact Name and Telephone:
Name of Operator: <u>OVERLAND RESOURCES LLC</u>	Name: <u>Gregory Pandolfo</u>
Address: <u>SUITE C18 PMB 440</u>	Phone: <u>(720) 467-9881</u> Fax: <u>()</u>
City: <u>GREENWOOD VILLAGE</u> State: <u>CO</u> Zip: <u>80121</u>	Email: <u>greg@overlandresourcesllc.com</u>

Additional Operator Contacts	Email
Dave Rebol	daverebol@hotmail.com

Well Location, or Facility Information (if applicable):

API Number: 05-001-07957-00 Facility or Location ID: _____
 Name: FARM RANCH EXPLORATION Number: 6
 QtrQtr: NESE Sec: 28 Twp: 2S Range: 64W Meridian: 6
 County: ADAMS

ALLEGED VIOLATION

Rule: 326.b
 Rule Description: Shut-in Wells
 Initial Discovery Date: _____ Was this violation self-reported by the operator? No
 Date of Violation: _____ Approximate Time of Violation: _____
 Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 326.b., OVERLAND RESOURCES LLC ("Operator") is required to perform a Mechanical Integrity Test ("MIT") on Shut-in ("SI") wells within two (2) years of the initial shut-in date and then at five (5) year intervals after an initial successful MIT. COGCC Rules do not permit placing a well back on production to fulfill, or in lieu of, the requirements to conduct an MIT. Based on Operator's Form 7 Monthly Reports of Operations stating the FARM RANCH EXPLORATION #6 well ("Well") was SI starting January 2014, COGCC Staff has reason to believe the Well is past due for performance of an MIT. Warning Letter No. 401228476 was issued to Operator on March 8, 2017, and required corrective action to resolve the delinquent MIT by April 10, 2017. As of December 8, 2017, Operator has not conducted an MIT for the Well, in violation of Rule 326.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 06/30/2018

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

If the Well is SI or TA but Operator has failed to conduct an initial MIT or follow-up five year MIT, then Operator shall conduct an MIT on the Well or plug and abandon ("P&A") the Well.

Rule 316B. requires notice to the Director on a Form 42, Field Operations Notice at least ten (10) days prior to conducting an MIT and submission of MIT results (successful or not) on a Form 21, within thirty (30) days after the test. If an MIT is not witnessed by COGCC staff, a pressure chart must accompany this Form 21 report.

If the Well lacks mechanical integrity, Rule 326.f. requires the Operator to make repairs or plug and abandon within the timeframe prescribed by Rule 326.f.1.

Rule 311 requires Operator to submit a Form 6, Notice of Intent to Abandon, and secure Director approval prior to plugging and abandonment of a well and to submit a Form 6, Subsequent Report of Abandonment, within 30 days after plugging and abandonment of the well has been completed.

Operator shall complete all required actions and submit all appropriate forms as indicated in this corrective action, by the Corrective Action Due Date.

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 523, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 522.d.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgement may be entered. Hard copy answers are filed with the Commission Secretary at the Commission's Denver office and should also be emailed to dnr_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 12/22/2017

COGCC Representative Signature: _____



COGCC Representative: Kira Gillette

Title: NOAV Specialist

Email: kira.gillette@state.co.us

Phone Num: (303) 894-2100

ATTACHMENT LIST

View Attachments in Imaged Documents on COGCC website (<http://ogccweblink.state.co.us/>) - Search by Document Number.

<u>Document Number</u>	<u>Description</u>
401494934	NOAV COVER LETTER
401494935	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 2 Files