

State of Colorado
Oil and Gas Conservation Commission

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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: 66190
Name of Operator: OMIMEX PETROLEUM INC
Address: 7950 JOHN T WHITE ROAD
City: FORT WORTH State: TX Zip: 76120

Contact Name and Telephone:
Name: MICHELLE LEWIS
Phone: (817) 804-8902 Fax: ()
Email: michelle_lewis@omimexgroup.com

Well Location, or Facility Information (if applicable):

API Number: 05-125-09111-00 Facility or Location ID: _____
Name: BLEDSOE Number: 6-30-3-43
QtrQtr: SENW Sec: 30 Twp: 3N Range: 43W Meridian: 6
County: YUMA

ALLEGED VIOLATION

Rule: 309
Rule Description: Operator's Monthly Report of Operations

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 309., OMIMEX PETROLEUM INC ("Operator") shall report every existing oil and gas well that is not plugged and abandoned on the Operator's Monthly Report of Operations ("Form 7"), within 45 days after the end of each month. Operator shall report such well every month from the month it is spud until it has been reported for one month as abandoned. Operator is required to report each formation that is completed in a well every month from the time that it is completed until one month after abandonment.

COGCC Staff had reason to believe Operator had committed one or more violations of COGCC Rules, and issued Warning Letter No. 401227983 to Operator on March 08, 2017, requiring Operator to resolve Operator's Form 7 inadequacies by April 10, 2017.

On September 26, 2018, COGCC Staff conducted an audit of Operator's records for the well(s) in the attached table ("Well"), and found persistent inadequacies in Operator's Form 7 reporting.

Operator failed to submit Form 7, or filed incomplete or inaccurate Form 7 information, for at least one Well for one or more months, violating Rule 309.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 11/05/2018

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

In its Rule 522.d.(2) Answer, due within 28 days of the Operator's receipt of the NOAV, Operator shall provide the following to COGCC:

- Operator shall perform an audit of its Form 7 reporting for all its wells in Colorado, and submit a summary of the number of late, missed, incomplete, and/or inaccurate Form 7 reports for each month starting twelve months prior to September 26, 2018, through the most current month that was due as of NOAV issuance.

By the Corrective Action Due Date, Operator shall submit all delinquent Form 7 reports, and shall submit revised Form 7 reports with the correct information for any months identified in Operator's audit as incomplete or inaccurate.

Rule: 326

Rule Description: Mechanical Integrity Testing

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 319.b., OMIMEX PETROLEUM INC ("Operator") is required to conduct a Mechanical Integrity Test ("MIT") and receive Director approval prior to temporary abandonment of a well. Pursuant to Rule 326.c., Operator is required to conduct an MIT on TA wells within thirty (30) days of temporarily abandoning the well, and then at five (5) year intervals after an initial successful MIT. Pursuant to Rule 326.b., 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. Pursuant to Rule 326.d., Operator is required to perform a Mechanical Integrity Test ("MIT") on waiting-on-completion ("WO") wells within two (2) years of setting the production casing; and on suspended operations wells within two years of setting any casing string and suspending operations prior to reaching permitted total depth.

COGCC Rule 100 defines a well as temporarily abandoned ("TA") if the well becomes incapable of production (for example, through the removal of necessary production equipment or a well that has all downhole completed intervals isolated with a plug set above the highest perforation).

Pursuant to Rule 316B., Operator shall submit results of any Mechanical Integrity Test ("MIT") on Form 21 within 30 days after the MIT.

COGCC Staff had reason to believe Operator had committed one or more violations of COGCC Rules, and issued Warning Letter No. 401227983 to Operator on March 08, 2017, requiring Operator to conduct MIT or plug and abandon delinquent wells and submit required reports by April 10, 2017.

On September 26, 2018, COGCC Staff conducted an audit ("Audit") of Operator's records for the well(s) in the attached table ("Well"). The Audit included reviewing records such as Operator's Form 7 Monthly Reports of Operations and Field Inspection Reports filed by COGCC Staff after inspecting the Well to determine the dates the Well was SI, TA, or WO; and the COGCC database to determine whether Operator reported MIT(s) for the Well. The Audit revealed that Operator variably reported the well as WO, TA, SI and PR since 2005, and that COGCC Staff had determined the Well to be TA as of January 5, 2016, (Field Inspection Report No. 680000321), was over two years delinquent for MIT, and required Operator to perform MIT by January 16, 2016. Operator may have performed MIT on the Well January 12, 2016, (Form 42 No. 400966862, Field Inspection Report No. 680300496), but as of the September 2018 Audit Operator had not submitted Form 21 to confirm performance of MIT and report the results of the test.

Operator failed to conduct timely MIT, violating Rule 326. and 319.b.; and/or failed to timely submit MIT results on Form 21, violating Rule 316B.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 11/05/2018

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

In its Rule 522.d.(2) Answer, due within 28 days of the Operator's receipt of the NOAV, Operator shall provide the following to COGCC:

- Operator shall perform an audit of its Mechanical Integrity Testing and MIT reporting for all its wells in Colorado. Operator shall submit a detailed report to COGCC which shows the following information for each of its wells which has been without hydrocarbon production for at least one month starting 24 months prior to September 26, 2018. Operator shall email a copy of this report as an unlocked (editable) spreadsheet to the COGCC Enforcement email address indicated in the Answer section below.

- (1.) API and Well name
- (2.) SI or TA status by month, for each month the Well was SI or TA (or other status, as appropriate)
- (3.) Date of last MIT ("n/a" if no MIT performed for that Well)
- (4.) Due date of next required MIT, according to Rules 319 and 326. If the Well is delinquent on required MIT as of NOAV issuance, indicate the due date of the most recent missed MIT.
- (5.) Date Operator has scheduled to resolve the delinquency (such as by MIT or plug and abandon), if applicable. ("n/a" if the Well

is not delinquent; "none" if Well is delinquent, but Operator has not yet scheduled operations to resolve the delinquency)
(6.) (If TA) Whether Operator is current on the Form 4 TA Sundry submittal required by Rule 319.b.(1) & (3).

- A proposed compliance plan to resolve all delinquencies identified in Operator's audit. The proposed compliance plan will be subject to modification by the COGCC Engineering unit.

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_cogccenforecment@state.co.us.

NOAV ISSUED

NOAV Issue Date: 10/05/2018

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>
401784158	NOAV COVER LETTER
401784159	NOAV CERTIFIED MAIL RECEIPT
401784160	NOAV DOCUMENTATION

Total Attach: 3 Files