

State of Colorado
Oil and Gas Conservation Commission

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02/28/2019
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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: 17210

Name of Operator: CINNAMON CREEK OIL & GAS INC

Address: P O BOX 544

City: WALSH State: CO Zip: 81090

Contact Name and Telephone:

Name: RICK MILLS

Phone: (719) 324-5544 Fax: ()

Email: walsh000@centurytel.net

Well Location, or Facility Information (if applicable):

API Number: 05-043-40034-00

Facility or Location ID:

Name: LOBACH

Number: 1

QtrQtr: SENE

Sec: 17

Twp: 19S

Range: 69W

Meridian: 6

County: FREMONT

ALLEGED VIOLATION

Rule: 912.b

Rule Description: Venting or Flaring Natural Gas - Notice and Prior Approval Required

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 912.b., except for gas flared or vented during an upset condition, well maintenance, well stimulation flowback, purging operations, or a productivity test, Cinnamon Creek Oil & Gas Inc ("Operator") shall flare or vent gas from a well only after Operator has given notice to and obtained approval from COGCC on a Sundry Notice ("Form 4") stating the estimated volume and content of the gas.

On May 24, 2017, COGCC Staff inspected Operator's Lobach 1 (API No. 05-043-40034, "Well") location, and observed flaring of natural gas through a 1-inch line. COGCC Staff observed that no upset conditions or other 912.b. exceptional circumstances were occurring at the time of the flaring, and that Operator had neither requested nor received approval from COGCC for venting/flaring at the Well location. COGCC Staff required Operator to file a Form 4 flaring request with the COGCC Area Engineer by June 24, 2017. (Field Inspection Report No. 687900019, "May 2017 FIR").

On May 30, 2017, COGCC Staff conducted a follow up inspection of the Well location and again observed unauthorized flaring. COGCC Staff documented a conversation with Operator's agent, Rick Mills, that had occurred on May 26, 2017, wherein Mr. Mills stated an intention to submit the Form 4 as required. (Field Inspection Report No. 687900020).

On 12/17/2018 COGCC Staff inspected the Well location and observed venting of natural gas from a 1-inch ball valve in a 1-inch line north of the wellhead. COGCC Staff observed that no upset conditions or other 912.b. exceptional circumstances were occurring at the time of the venting, and that Operator had neither requested nor received approval from COGCC for venting/flaring at the Well location. COGCC Staff instructed Operator via phone to cease venting, and wrote instructions to comply with the corrective action

from the May 2017 FIR. (Field Inspection Report No. 682600588).

As of February 2, 2019, Operator has not submitted any Form 4 request for approval to vent or flare at the Well location.

Operator flared and vented gas from the Well, and failed to give notice to or seek approval from COGCC prior to such flaring/venting, violating Rule 912.b.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 05/24/2017

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

Operator shall immediately cease venting and flaring at the Well location.

In its Rule 522.d.(2) Answer, due within 28 days of the Operator's receipt of the NOAV, Operator shall include documentation of implementation of an internal procedure to ensure COGCC approval is obtained prior to any venting or flaring at its locations, as required by Rule 912.b.

Rule: 912.c.

Rule Description: Venting or Flaring Natural Gas - Estimate and Report on Form 7

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 912.c., Cinnamon Creek Oil & Gas Inc ("Operator") shall estimate gas flared, vented, or used on the lease, based on a gas-oil ratio test or other equivalent test approved by the Director, and reported on Operator's Monthly Report of Operations ("Form 7"). Pursuant to Rule 309., Operator shall report every existing oil and gas well that is not plugged and abandoned on the 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.

On May 24, 2017, COGCC Staff inspected Operator's Lobach 1 (API No. 05-043-40034, "Well") location, and observed flaring of natural gas through a 1-inch line, with no record of volumes vented or flared reported. (Field Inspection Report No. 687900019).

On 12/17/2018 COGCC Staff inspected the Well location and observed venting of natural gas from a 1-inch ball valve in a 1-inch line north of the wellhead, with no record of volumes vented or flared reported. (Field Inspection Report No. 682600588).

As of February 22, 2019, Operator was required to have reported all months from spud through December 2018. Operator has submitted Form 7 reporting for months through December 2018, but no does not indicate volumes of gas vented or flared for any month yet reported.

Operator's venting of gas without measurement prevented volumes from being reported on the Form 7, violating Rule 912.c.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/02/2019

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

Operator shall estimate vented gas volumes for all months during which venting occurred, and report these volumes via Operator's Monthly Report of Operations, Form 7.

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: 02/28/2019	
COGCC Representative Signature: _____	
COGCC Representative: Kira Gillette	Title: NOAV Specialist
Email: kira.gillette@state.co.us	Phone Num: (303) email

CORRECTIVE ACTION COMPLETED

Rule: 912.b	
Rule Description: Venting or Flaring Natural Gas - Notice and Prior Approval Required	
Corrective Action Start Date: _____	Corrective Action Complete Date: _____
Has corrective action for this violation been performed as required? _____	
Description of Actual Corrective Action Performed by Operator	
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Rule: 912.c.	
Rule Description: Venting or Flaring Natural Gas - Estimate and Report on Form 7	
Corrective Action Start Date: _____	Corrective Action Complete Date: _____
Has corrective action for this violation been performed as required? _____	
Description of Actual Corrective Action Performed by Operator	
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FINAL RESOLUTION

Cause #: _____	Order #: _____	Docket #: _____
Enforcement Action: _____	Final Resolution Date: _____	
Final Resolution Comments:		
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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>
401954720	NOAV COVER LETTER
401954722	NOAV CERTIFIED MAIL RECEIPT
401954766	NOAV ISSUED

Total Attach: 3 Files