

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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Date Issued:
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Date Resolved:

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: 10124

Name of Operator: VESSELS COAL GAS INC

Address: 730 17TH ST - SUITE 430

City: DENVER

State: CO

Zip: 80202

Contact Name and Telephone:

Name: TOM VESSELS

Phone: (303) 995-8341 Fax: ()

Email: tvessels@vesselscoalgas.com

Well Location, or Facility Information (if applicable):

API Number: 05-051-06118-00

Facility or Location ID: 434791

Name: Oxbow Mining LLC

Number: 2

QtrQtr: NESW

Sec: 9

Twp: 13S

Range: 90W

Meridian: 6

County: GUNNISON

ALLEGED VIOLATION

Rule: 309

Rule Description: Operator's Monthly Report of Operations

Initial Discovery Date: 05/15/2020

Was this violation self-reported by the operator? No

Date of Violation: 05/15/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 309, 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 each 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 conducted an audit of COGCC records for March 2020 and found the Form 7 reporting for the well is missing or incorrect, violating Rule 309.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/17/2020

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

By the Corrective Action Due Date, Operator shall audit its Form 7 reporting and the COGCC records for the well and shall submit a complete and accurate Form 7 report for the well.

In its Rule 522.d.(2) Answer, due within 28 days of the Operator's receipt of the NOAV, Operator shall report to the Commission the well for which the Form 7 has been submitted (but not approved) or not submitted. Operator's Answer shall also include a discussion

of the procedural changes that Operator is implementing to ensure that complete and accurate Form 7s for all of Operator's wells are timely filed in the future.

Operator shall submit its NOAV Answer by email to the following (a hardcopy is not necessary):

dnr_cogccenforcement@state.co.us
teri.ikenouye@state.co.us

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: 08/18/2020

COGCC Representative Signature: _____

COGCC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (303) 894-2100x5143

CORRECTIVE ACTION COMPLETED

Rule: 309

Rule Description: Operator's Monthly Report of Operations

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

FINAL RESOLUTION

Cause #: _____ Order #: _____ Docket #: _____

Enforcement Action: _____ Final Resolution Date: _____

Final Resolution Comments:

ATTACHMENT LIST

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

| Document Number | Description |
|-----------------|-----------------------------|
| 402469871 | NOAV ISSUED |
| 402469872 | NOAV CERTIFIED MAIL RECEIPT |

Total Attach: 2 Files