

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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06/01/2021

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: 52530

Name of Operator: MAGPIE OPERATING INC

Address: 2707 SOUTH COUNTY RD 11

City: LOVELAND State: CO Zip: 80537

Contact Name and Telephone:

Name: JAMES M WARNER

Phone: (970) 669-6308 Fax: ()

Email: jwarner105@gmail.com

Well Location, or Facility Information (if applicable):

API Number: 05-069-06119-00

Facility or Location ID:

Name: IHNEN

Number: 3

QtrQtr: NESE Sec: 31

Twp: 5N Range: 68W

Meridian: 6

County: LARIMER

ALLEGED VIOLATION

Rule: 206.

Rule Description: Recordkeeping and Access to Records

Initial Discovery Date: 06/01/2021

Was this violation self-reported by the operator? No

Date of Violation: 06/01/2018

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 206, Magpie Operating, Inc. ("Operator") shall file accurate and complete reports.

COGCC staff conducted an audit of COGCC records for the IHNEN 3 well, and found that Operator has filed multiple forms with contradictory information. Pursuant to Rule 309, Operator filed in accurate Form 7, Monthly Report of Operations for the IHNEN 3, violating Rule 309.a. Production reporting indicates the well is in TA status from June 2018 through February 2021. Operator submitted a Wireline Job Summary on July 10, 2019 (document no. 402101866), indicating the well Temporarily Abandoned ("TA") on May 30, 2018. Pursuant to 308B, Operator submitted a Form 5A, Completed Interval Report on July 15, 2019 (document no. 402101850) indicating the well was TA on May 30, 2019. Pursuant to Rule 316B, Operator submitted a Form 21, Mechanical Integrity Test ("MIT") on September 9, 2019 (document no. 401911974), indicating the well was shut-in on January 22, 2019. Pursuant to 319.b., Operator submitted a Form 4, Sundry Notice on March 4, 2020 (document no. 402331784) indicating the well was TA on January 22, 2019. These form(s) contain contradictory information.

Operator failed to file accurate and complete reports, violating Rule 206.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 07/01/2021

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

Operator shall submit any delinquent forms, notices, or reports; and correct any incomplete or inaccurate reports.

Rule: 319.b

Rule Description: Temporary Abandonment

Initial Discovery Date: 09/09/2019

Was this violation self-reported by the operator? No

Date of Violation: 09/09/2019

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 319.b., Magpie Operating Inc. ("Operator") is required to conduct a successful mechanical integrity test ("MIT") and receive Director approval prior to temporary abandonment of a well. Approval is requested and received via a Form 4. 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).

COGCC staff conducted an audit of COGCC records for the IHNEN 3 well and determined that the well has been in TA status since May 30, 2018. Operator submitted a Form 21, MIT on September 9, 2019 (document no. 401911974), indicating that a late MIT, conducted on January 22, 2019, failed. Operator submitted a late Form 4, Sundry Notice on March 4, 2020 (document no. 402331784), requesting TA status. The Form 4 indicated the well was TA'd on January 22, 2019. The Form 4 requesting TA status was denied.

Operator failed to conduct a successful MIT and receive approval prior to temporary abandonment of the well, violating Rule 319.b.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 07/01/2021

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

Operator shall conduct a successful MIT on the Well or plug and abandon the Well.

Rule: 326.f

Rule Description: All Wells Shall Maintain Mechanical Integrity

Initial Discovery Date: 09/09/2019

Was this violation self-reported by the operator? No

Date of Violation: 09/09/2019

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 326.f., now Rule 417.f., all non-injection wells which lack mechanical integrity, as determined through a mechanical integrity test ("MIT"), shall be repaired or plugged and abandoned within six months. If Magpie Operating, Inc. ("Operator") has not performed an MIT within the required time frames in Rule 326.b.(1) and 326.c.(1), they will not be given an additional six months in the event of an unsuccessful test.

COGCC staff conducted an audit of COGCC records for the IHNEN 3 well and determined the well has been Temporarily Abandoned since June 2018. Operator submitted a Form 21, MIT on September 9, 2019 (document no. 401911974), indicating that a late MIT, conducted on January 22, 2019, failed. Operator submitted a Form 6, Notice of Intent to Abandon the well on April 7, 2021 (document no. 402261387).

The Operator did not timely repair or plug and abandon the well, violating Rule 326.f.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 07/01/2021

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

Operator shall repair or plug and abandon the Well.

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. An answer will, at a minimum, discuss the allegations contained in the NOAV, responding to each; identify corrective actions taken in response to the NOAV, if any; and identify facts known to the operator at the time that are relevant to the operator's response to the alleged violations. 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: 06/01/2021

COGCC Representative Signature: 

COGCC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (303) 894-2100x5143

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>
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Total Attach: 0 Files