



COLORADO

**Oil & Gas Conservation
Commission**

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

www.colorado.gov/cogcc

WARNING LETTER # 402861430

11/03/2021

PARADOX UPSTREAM LLC (# 10453)

SCOTT NOWAK

scottn@paradoxresources.com

500 DALLAS ST SUITE #1650

HOUSTON, TX 77002

FOSSIL FEDERAL 4-20 (API# 113-06108)

NWNW, 20, 44N, 16W, SAN MIGUEL

This Warning Letter is to inform you that PARADOX UPSTREAM LLC (“Operator”) may be in violation of the rules and regulations of the Colorado Oil and Gas Conservation Commission (“COGCC”) and corrective action is required.

COGCC has reasonable cause to believe that Operator has committed one or more violations of the Oil and Gas Conservation Act, or of a rule, regulation, or order of the Commission, or of a permit issued by the Commission. Operator is required to comply with this Warning Letter by the **Corrective Action Deadline Date(s)** to resolve the alleged violation(s). Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 525, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

Alleged Violation(s) and Required Corrective Action(s):

417 Mechanical Integrity Testing

Violation Date: 11/03/2021

Violation Discovery Date: 11/03/2021

Description of Alleged Violation: Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the Well(s) indicated above and/or in the attached table presents one or more compliance issues. Operator should review its records to verify if this is a shut-in (“SI”) or temporarily abandoned (“TA”) well past due for a Mechanical Integrity Test (“MIT”).

Pursuant to Rule 417.b., Operator is required to conduct an MIT on SI wells within two 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. If the above referenced Well has been SI for over two years and Operator has not conducted an initial MIT or is SI and has not had an MIT for over five years after the initial MIT, then Operator is in violation of Rule 417.b.

Pursuant to Rule 417.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. COGCC Rules DO NOT permit placing a well back on production to fulfill, or in lieu of, the requirements to conduct an MIT. If the above referenced Well has been TA for over thirty days and



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Operator has not conducted an initial MIT or is TA and has not had an MIT for over five years after the initial MIT, then Operator is in violation of Rule 417.c.

Pursuant to Rule 417.e., Operator is required to submit notice to the Director on a Form 42, Field Operations Notice - Mechanical Integrity Test ("MIT"), 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.

Required Corrective Action: If the Well is SI or TA but Operator has not conducted a successful initial MIT or successful follow-up five year MIT, then Operator shall conduct a successful MIT on the Well or plug and abandon the Well.

Rule 417.n., requires notice to the Director on a Form 42, Field Operations Notice at least ten (10) days prior to conducting an MIT and Rule 418, requires 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 417.f. requires the Operator to make repairs or plug and abandon within the timeframe prescribed by Rule 417.f.

Rule 435 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.

Corrective Action Deadline Date: 01/31/2022

How to Comply with Warning Letter:

Operator shall complete the Required Corrective Action(s) above within the deadline(s) provided. Upon completion of the Corrective Action(s), Operator shall provide notice and evidence of completion to the COGCC staff identified below by the Corrective Action Deadline Date(s):

COGCC Representative: Deborah Abrams

Title: Engineering Tech

Phone Num: (303) 894-2100x5158

Email: deborah.abrams@state.co.us

If you have any questions about this Warning Letter, please contact the COGCC Representative identified above.

Failure to Comply with Warning Letter:

If Operator fails to perform Required Corrective Action(s) on or before the Corrective Action Deadline Date(s) stated above COGCC will issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 525, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

Disclaimers:

If the alleged violation(s) in this Warning Letter are the subject of previously issued Notice(s) of Alleged Violation ("NOAV") or Enforcement Order(s) ("Order"), Operator's obligations and the corrective actions and deadlines in such NOAV or Order stand and are not affected by this Warning Letter.



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If issued in error, the Enforcement Unit reserves the right to rescind this Warning Letter prior to the COGCC Representative's receipt of Operator's notice and evidence of completion of the Corrective Action.

All well data, rules and forms are available on our website at www.colorado.gov/cogcc.

Sincerely,

Deborah Abrams
Engineering Tech

Attachments

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

Document Number **Description**

<u>Document Number</u>	<u>Description</u>

Total Attach: 0 Files