

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:
403147369
Date Issued:
08/25/2022
Date Resolved:

NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 523, 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 525, 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: 10453
Name of Operator: PARADOX UPSTREAM LLC
Address: 500 DALLAS ST SUITE #1650
City: HOUSTON State: TX Zip: 77002

Contact Name and Telephone:

Name: SCOTT NOWAK
Phone: (713) 600-6221 Fax: ()
Email: scott@paradoxresources.com

Well Location, or Facility Information (if applicable):

API Number: 05-113-06132-00 Facility or Location ID:
Name: HAMILTON CREEK FEDERAL Number: 1-21
QtrQtr: SWSW Sec: 1 Twp: 44N Range: 15W Meridian: N
County: SAN MIGUEL

ALLEGED VIOLATION

Rule: 326.b

Rule Description: Shut-in Wells

Initial Discovery Date: 08/22/2022

Was this violation self-reported by the operator? No

Date of Violation: 08/31/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 326.b., now Rule 417.b., Paradox Upstream, LLC ("Operator") is required to conduct an Mechanical Integrity Test ("MIT") on shut-in ("SI") wells within two years of the initial shut-in date and then at five (5) year intervals after an initial successful MIT or after isolating the wellbore with a bridge plug or similar approved isolating device set 100 feet or less above the highest open perforation.

COGCC staff conducted an audit of COGCC records for the Hamilton Creek Federal #1-21 well on August 22, 2022, and determined that it has been SI since August 2019 without an MIT being conducted.

COGCC staff issued a Warning Letter on September 23, 2021 (document no. 402818302), for the Hamilton Creek Federal #1-21 well, requiring Operator to conduct a successful MIT on the well or plug and abandon the well. As of August 24, 2022, no MIT has been conducted on the well nor has the well been plugged and abandoned.

Operator failed to conduct an MIT on the Hamilton Creek Federal #1-21 well within two years of the initial SI date, violating Rule 326.b., now Rule 417.b.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/24/2022

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

Operator shall conduct a successful MIT on the Hamilton Creek Federal #1-21 well and submit results on a Form 21, within 30 days after the test or plug and abandon the well.

Rule: 419

Rule Description: Bradenhead Monitoring, Testing, and Reporting

Initial Discovery Date: 08/22/2022

Was this violation self-reported by the operator? No

Date of Violation: 12/31/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 419.c., Paradox Upstream, LLC ("Operator") is required to perform an annual Bradenhead Test and submit the data on a Form 17, Bradenhead Test Report, within 10 days after the test. A wellbore diagram shall be submitted if not previously submitted or if the wellbore configuration has changed with every Form 17.

COGCC staff conducted an audit of COGCC records for the Hamilton Creek Federal #1-21 well on August 22, 2022, and determined that Operator has not filed a Form 17 for the year of 2021 reporting that a Bradenhead Test was conducted, violating Rule 419.c.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/24/2022

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

Operator shall conduct a Bradenhead Test and submit any delinquent Form 17s.

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 525, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 523.c.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgment may be entered. Answers are filed by email to dnr_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 08/25/2022

COGCC Representative Signature:

COGCC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (303) 894-2100 x5143

CORRECTIVE ACTION COMPLETED

Rule: 326.b

Rule Description: Shut-in Wells

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

Rule: 419

Rule Description: Bradenhead Monitoring, Testing, and Reporting

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.

<u>Document Number</u>	<u>Description</u>
403147396	NOAV CERTIFIED MAIL RECEIPT
403147416	NOAV ISSUED

Total Attach: 2 Files