

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:

403160904

Date Issued:

09/09/2022

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: 05-113-06087-00

Facility or Location ID:

Name: ANDY'S MESA FEE

Number: 21

QtrQtr: NWSE Sec: 20

Twp: 44N

Range: 16W

Meridian: N

County: SAN MIGUEL

ALLEGED VIOLATION

Rule: 206

Rule Description: Reports

Initial Discovery Date: 08/15/2022

Was this violation self-reported by the operator? No

Date of Violation: 09/30/2019

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 206, now Rule 207, Paradox Upstream, LLC ("Operator") shall file accurate and complete reports.

COGCC staff conducted an audit of COGCC records for the Andy's Mesa Fee #21 well on August 15, 2022, and determined Operator has filed multiple forms with contradictory information.

Operator submitted a Form 5A, Completed Interval Report on October 8, 2015 (document no. 400912715), indicating the Cutler and Honaker Trail Formations were abandoned May 26, 2015 and the Ismay Formation was abandoned May 27, 2015.

Operator submitted a Form 4, Sundry Notice on June 6, 2019 (document no. 402066723), indicating the well had been Temporarily Abandoned ("TA") since May 27, 2015.

Operator filed inaccurate Form 7, Monthly Report of Operations, reporting the Ismay Formation has been TA since August 2016, and reporting the Cutler Formation produced 101 bbls of water in June 2019 and 1 bbl of oil in September 2019.

Operator failed to file accurate and complete reports, violating Rule 206, now Rule 207.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/09/2022

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: 308B

Rule Description: Completed Interval Report

Initial Discovery Date: 08/15/2022

Was this violation self-reported by the operator? No

Date of Violation: 09/30/2019

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 308B., now Rule 416.a., Paradox Upstream, LLC ("Operator") is required to submit a Completed Interval Report ("Form 5A"), within 30 days after a formation is completed (successful or not); temporarily or permanently abandoned; recompleted, reperforated, or restimulated; or commingled. Operator shall include on the Form 5A details of fracturing, acidizing, or other similar treatment, including the volumes of all fluids involved. Pursuant to the 100 series rules, date of first production is the date of completion.

Operator submitted a Form 5A, Completed Interval Report on October 8, 2015 (document no. 400912715), indicating the Cutler and Honaker Trail Formations were abandoned May 26, 2015 and the Ismay Formation was abandoned May 27, 2015.

COGCC staff conducted an audit of COGCC records for the Andy's Mesa Fee #21 well on August 15, 2022, and determined Operator reported the Cutler Formation as producing 101 bbls of water in June 2019 and 1 bbl of oil in September 2019.

Operator failed to submit a Form 5A before removing the cast iron bridge plug ("CIBP"), reported on the October 8, 2015 Form 5A (document no. 400912715), and before returning formations to production, violating Rule 308B., now Rule 416.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/09/2022

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

Operator shall submit a complete and accurate Form 5A.

Rule: 326.b

Rule Description: Shut-in Wells

Initial Discovery Date: 08/15/2022

Was this violation self-reported by the operator? No

Date of Violation: 10/31/2021

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.

COGCC staff conducted an audit of COGCC records for the Andy's Mesa Fee #21 well on August 15, 2022, and determined the well has been Shut-In since October 2019 without an MIT being conducted.

COGCC staff issued a Warning Letter on December 15, 2021 (document no. 402899825), for the Andy's Mesa Fee #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 Andy's Mesa Fee #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: 10/09/2022

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

Operator shall conduct a successful MIT on the Andy's Mesa Fee #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: 08/15/2022

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.

COGCC staff conducted an audit of COGCC records for the Andy's Mesa Fee #21 well on August 15, 2022, and determined that Operator has not filed a Form 17 reporting that a Bradenhead Test was conducted in 2021, violating Rule 419.c.

Abatement or Corrective Action Required to be Performed by Operator: _____

Corrective Action Due Date: 10/09/2022

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: 09/09/2022

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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403160948	NOAV CERTIFIED MAIL RECEIPT
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Total Attach: 1 Files