

State of Colorado  
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203  
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Document Number:  
403160999  
Date Issued:  
09/09/2022  
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: scottn@paradoxresources.com

### Well Location, or Facility Information (if applicable):

API Number: 05-113-06108-00

Facility or Location ID:

Name: FOSSIL FEDERAL

Number: 4-20

QtrQtr: NWNW

Sec: 20

Twp: 44N

Range: 16W

Meridian: N

County: SAN MIGUEL

### ALLEGED VIOLATION

Rule: 326.b

Rule Description: Shut-in Wells

Initial Discovery Date: 08/16/2022

Was this violation self-reported by the operator? No

Date of Violation: 09/16/2021

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.

Operator submitted a Form 17, Bradenhead Test Report for a bradenhead test that took place on September 6, 2016 (document no. 401111160).

COGCC staff conducted an audit of COGCC records for the Fossil Federal 4-20 well on August 16, 2022, and determined that it has been Shut-In since September 2016. Field Inspection Report (document no. 680401048) submitted on September 20, 2016 cites that a Bradenhead Test was accepted in lieu of the required MIT to maintain SI/TA status.

COGCC staff issued a Warning Letter on November 3, 2021 (document no. 402861430), for the Fossil Federal 4-20 well, requiring Operator to conduct a successful MIT on the well or plug and abandon the well. As of September 1, 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 Fossil Federal 4-20 well at the five year interval date, violating Rule 326.b., now Rule 417.b.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date:

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

Operator shall conduct a successful MIT on the Fossil Federal 4-20 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: 08/16/2022

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 Fossil Federal 4-20 well on August 16, 2022, and determined 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: 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](mailto: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](mailto:trent.lindley@state.co.us)

Phone Num: (303) 894-2100x5143

**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>
403161006	NOAV CERTIFIED MAIL RECEIPT
403161008	NOAV ISSUED

Total Attach: 2 Files