

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
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Document Number:

403161100

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: 05-113-06173-00

Facility or Location ID:

Name: HC MEX

Number: 14-13-44-15

QtrQtr: NENW

Sec: 14

Twp: 44N

Range: 15W

Meridian: N

County: SAN MIGUEL

ALLEGED VIOLATION

Rule: 206

Rule Description: Reports

Initial Discovery Date: 08/19/2022

Was this violation self-reported by the operator? No

Date of Violation: 09/22/2006

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 HC MEX #14-13-44-15 well on August 19, 2022, and determined the Form 5A, submitted on September 22, 2006 (document no. 1730432), reported the Cutler Formation was abandoned after a bridge plug was placed below the Cutler Formation perforations on April 28, 2005. The Form 5A, should have reported the Hermosa Formation was abandoned after the bridge plug was set at 8,970 feet.

Operator failed to submit an accurate Form 5A reporting the abandonment of the Hermosa Formation, 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 a complete and accurate Form 5A.

Rule: 326.c

Rule Description: MIT - Temporarily Abandoned Wells

Initial Discovery Date: 08/19/2022

Was this violation self-reported by the operator? No

Date of Violation: 12/07/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 326.c., now Rule 417.c., Paradox Upstream, LLC ("Operator") is required to conduct an mechanical integrity test ("MIT") on temporarily abandoned ("TA") wells within thirty (30) days of temporarily abandoning the well, and then at five (5) year intervals after an initial successful MIT. COGCC staff conducted an audit of COGCC records for the HC MEX #14-13-44-15 well on August 19, 2022, and determined from the Form 4 Sundry, submitted on February 1, 2016 (document no. 400952158), the well has been TA since January 17, 2005, with the most recent MIT conducted on December 7, 2015.

COGCC staff issued a Warning Letter on March 15, 2021 (document no. 402628721), for the HC MEX #14-13-44-15 well, requiring Operator to conduct a successful MIT on the well or plug and abandon the well. As of September 7, 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 HC MEX #14-13-44-15 well at the five year interval date, violating Rule 326.c., now Rule 417.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 successful MIT on the HC MEX #14-13-44-15 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: 08/19/2022

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 HC MEX #14-13-44-15 well on August 19, 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.

NOAV ISSUED

NOAV Issue Date: 09/09/2022

COGCC Representative Signature: _____

COGCC Representative: Trent Lindley

Email: trent.lindley@state.co.us

Title: NOAV Specialist

Phone Num: (303) 894-2100x5143

CORRECTIVE ACTION COMPLETED

Rule: 206

Rule Description: Reports

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: 326.c

Rule Description: MIT - Temporarily Abandoned 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.

Document Number	Description
403161109	NOAV CERTIFIED MAIL RECEIPT
403161114	NOAV ISSUED

Total Attach: 2 Files