

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:

403161133

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: 05-113-06054-00

Facility or Location ID:

Name: STATE

Number: 2-36

QtrQtr: SWSW Sec: 36

Twp: 45N Range: 15W

Meridian: N

County: SAN MIGUEL

ALLEGED VIOLATION

Rule: 326.b

Rule Description: Shut-in Wells

Initial Discovery Date: 08/11/2022

Was this violation self-reported by the operator? No

Date of Violation: 12/09/2020

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 State #2-36 well on August 11, 2022, and determined the well has been Shut-In since October 2011 with the most recent MIT conducted on December 9, 2015.

COGCC staff issued a Warning Letter on March 15, 2021 (document no. 402628721), for the State #2-36 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 State #2-36 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:

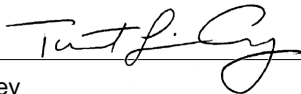
Corrective Action Due Date: 10/09/2022

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

Operator shall conduct a successful MIT on the State #2-36 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: 08/11/2022	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:	
<p>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.</p> <p>COGCC staff conducted an audit of COGCC records for the STATE #2-36 well on August 11, 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.</p>	
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.	
Document Number	Description
403161135	NOAV CERTIFIED MAIL RECEIPT
Total Attach: 1 Files	