

State of Colorado
Energy & Carbon Management Commission

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Document Number:
403943840
Date Issued:
10/02/2024
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

ECMC Operator Number: <u>10775</u>	Contact Name and Telephone:
Name of Operator: <u>KT RESOURCES LLC</u>	Name: <u>KAREN ADAMS</u>
Address: <u>3381 WESTBROOK LANE</u>	Phone: <u>(303) 886-8733</u> Fax: <u>()</u>
City: <u>HIGHLANDS RANCH</u> State: <u>CO</u> Zip: <u>80129</u>	Email: <u>adams@kt-res.com</u>

Well Location, or Facility Information (if applicable):

API Number: 05-103-10189-00 Facility or Location ID: _____
Name: ANT HILL UNIT Number: 16-22
QtrQtr: SENW Sec: 16 Twp: 2N Range: 96W Meridian: 6
County: RIO BLANCO

ALLEGED VIOLATION

Rule: 417
Rule Description: Mechanical Integrity Testing
Initial Discovery Date: 10/02/2024 Was this violation self-reported by the operator? No
Date of Violation: 05/31/2024 Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 417.b., KT Resources, LLC ("Operator") is required to conduct a 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.

ECMC Staff conducted an audit of ECMC records for the Ant Hill Unit 16-22 (API# 05-103-10189) well on October 2, 2024, and determined that the well has been SI since May 2022 without an MIT being conducted.

Operator failed to conduct an MIT within two years of the initial SI date of the Ant Hill Unit 16-22 well, violating Rule 417.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 10/02/2024

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

If the well is SI but Operator has not conducted an initial MIT or a follow-up five year MIT, then Operator shall conduct an MIT on the well or plug and abandon the well.

Rule 417.e. requires notice to the Director on a Form 42, Field Operations Notice at least ten (10) days prior to conducting an MIT and submission of MIT results (successful or not) on a Form 21, within thirty (30) days after the test. If an MIT is not witnessed by ECMC Staff, a pressure chart must accompany this Form

21 report.

If the well lacks mechanical integrity, Rule 417.f. requires the Operator to immediately make repairs or plug and abandon the well.

Rule 435 requires Operator to submit a Form 6, Notice of Intent to Abandon, and secure Director approval prior to plugging and abandonment of a well and to submit a Form 6, Subsequent Report of Abandonment, within 30 days after plugging and abandonment of the well has been completed.

Rule: 434.c.

Rule Description: Plugging Inactive Wells

Initial Discovery Date: 10/02/2024

Was this violation self-reported by the operator? No

Date of Violation: 11/30/2022

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 434.c.(1), KT Resources, LLC ("Operator") is required, within six (6) months of a Well becoming inactive, to Plug and Abandon the Well, unless Operator: A. Brings the Well back to production so that it is no longer an Inactive Well; B. Files a Form 5B, Inactive Well Notice and provides Single Well Financial Assurance via a Form 3A, Financial Assurance, if required by Operator's Financial Assurance Plan's requirements to Low Producing Wells; or C. Files a Form 6A, Out of Service Designation, to designate the Well as Out of Service pursuant to Rule 434.d.

ECMC Staff conducted an audit of ECMC records for the Ant Hill Unit 16-22 (API# 05-103-10189) well on October 2, 2024, and determined that the well has been SI since May 2022 without an MIT being conducted.

Operator's Ant Hill Unit 16-22 well has been SI and not produced for a period longer than 12 consecutive months. Operator failed to Plug and Abandon an inactive well within six (6) months of the well becoming inactive; bring the well back into production so that it is no longer inactive; file a Form 5B, Inactive Well Notice with Single Well Financial Assurance via a Form 3A; or file a Form 6A, Out of Service Designation, violating Rule 434.c.(1).

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

Corrective Action Due Date: 10/02/2024

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

If the well is SI but Operator has not conducted an initial MIT or a follow-up five year MIT, then Operator shall conduct an MIT on the well or plug and abandon the well.

Rule 417.e. requires notice to the Director on a Form 42, Field Operations Notice at least ten (10) days prior to conducting an MIT and submission of MIT results (successful or not) on a Form 21, within thirty (30) days after the test. If an MIT is not witnessed by ECMC Staff, a pressure chart must accompany this Form 21 report.

If the well lacks mechanical integrity, Rule 417.f. requires the Operator to immediately make repairs or plug and abandon the well.

Rule 435 requires Operator to submit a Form 6, Notice of Intent to Abandon, and secure Director approval prior to plugging and abandonment of a well and to submit a Form 6, Subsequent Report of Abandonment, within 30 days after plugging and abandonment of the well has been completed.

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_ecmc_enforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: <u>10/02/2024</u>
ECMC Representative Signature: _____
ECMC Representative: <u>Trent Lindley</u> Title: <u>NOAV Specialist</u>
Email: <u>trent.lindley@state.co.us</u> Phone Num: <u>(720) 765-0031</u>

CORRECTIVE ACTION COMPLETED

Rule: <u>417</u>
Rule Description: <u>Mechanical Integrity Testing</u>
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: <u>434.c.</u>
Rule Description: <u>Plugging Inactive Wells</u>
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 ECMC website (<http://ecmcweblink.state.co.us/>) - Search by Document Number.

<u>Document Number</u>	<u>Description</u>
403943860	NOAV CERTIFIED MAIL RECEIPT
403943882	NOAV ISSUED

Total Attach: 2 Files