

State of Colorado  
Energy & Carbon Management Commission

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Document Number:  
403161042  
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

ECMC Operator Number: <u>10453</u>	Contact Name and Telephone:
Name of Operator: <u>PARADOX UPSTREAM LLC</u>	Name: <u>SCOTT NOWAK</u>
Address: <u>500 DALLAS ST SUITE #1650</u>	Phone: <u>(713) 600-6221</u> Fax: <u>( )</u>
City: <u>HOUSTON</u> State: <u>TX</u> Zip: <u>77002</u>	Email: <u>scottn@paradoxresources.com</u>

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

API Number: 05-113-06219-00 Facility or Location ID: \_\_\_\_\_  
Name: HC FED Number: 7-14-44-14  
QtrQtr: SWNE Sec: 7 Twp: 44N Range: 14W Meridian: N  
County: SAN MIGUEL

### ALLEGED VIOLATION

Rule: 326.b  
Rule Description: Shut-in Wells  
Initial Discovery Date: 08/22/2022 Was this violation self-reported by the operator? No  
Date of Violation: 11/30/2020 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 HC FED #7-14-44-14 well on August 22, 2022, and determined the well was Shut-In between November 2018 and January 2021, and returned to production in February 2021, without an MIT being conducted.

COGCC staff issued a Warning Letter on March 15, 2021 (document no. 402628721), for the HC FED #7-14-44-14 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 FED #7-14-44-14 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 HC FED #7-14-44-14 well and submit results on a Form 21, within 30 days after the test or plug and abandon the well.

Rule: 405.

Rule Description: Form 42, Field Operations Notice

Initial Discovery Date: 08/22/2022

Was this violation self-reported by the operator? No

Date of Violation: 02/28/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 405.p., Paradox Upstream, LLC ("Operator") will provide at least 48 hours advance written notice of return to service, as required by Rules 1104.A.(2).b. and 417. Such notice will be provided on a Form 42, Field Operations Notice - Notice of Return to Service.

COGCC staff conducted an audit of COGCC records for the HC FED #7-14-44-14 well on August 22, 2022, and determined from production reporting records, the well was returned to production in February of 2021 without submitting a Form 42, Field Operations Notices - Notice of Return to Service.

Operator failed to submit a Form 42, Notice of Return to Service prior to bringing the well back to production, violating Rule 405.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 send an email to [deborah.abrams@state.co.us](mailto:deborah.abrams@state.co.us), detailing an internal procedure for timely compliance with Rule 405.p. notice requirements. Operator shall reference this NOAV document number in the subject of the email.

Rule: 419

Rule Description: Bradenhead Monitoring, Testing, and Reporting

Initial Discovery Date: 08/22/2022

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 FED #7-14-44-14 well on August 22, 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: 09/09/2022

**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\\_ecmc\\_enforcement@state.co.us](mailto:dnr_ecmc_enforcement@state.co.us).

## NOAV ISSUED

NOAV Issue Date: <u>09/09/2022</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>(303) 894-2100x5143</u>

## CORRECTIVE ACTION COMPLETED

Rule: <u>326.b</u>
Rule Description: <u>Shut-in Wells</u>
Corrective Action Start Date: _____ Corrective Action Complete Date: _____
Has corrective action for this violation been performed as required? <u>No</u>
Description of Actual Corrective Action Performed by Operator <u>NOAV Resolved pursuant to Order 1V-937.</u>

Rule: <u>405.</u>
Rule Description: <u>Form 42, Field Operations Notice</u>
Corrective Action Start Date: _____ Corrective Action Complete Date: _____
Has corrective action for this violation been performed as required? <u>No</u>
Description of Actual Corrective Action Performed by Operator <u>NOAV Resolved pursuant to Order 1V-937.</u>

Rule: <u>419</u>
Rule Description: <u>Bradenhead Monitoring, Testing, and Reporting</u>
Corrective Action Start Date: _____ Corrective Action Complete Date: _____
Has corrective action for this violation been performed as required? <u>No</u>
Description of Actual Corrective Action Performed by Operator <u>NOAV Resolved pursuant to Order 1V-937.</u>

## FINAL RESOLUTION

Cause #: <u>1V</u> Order #: <u>937</u> Docket #: <u>240300072</u>
Enforcement Action: <u>Order Finding Violation</u> Final Resolution Date: <u>07/10/2024</u>
Final Resolution Comments: <u>NOAV Resolved pursuant to Order 1V-937.</u>

## ATTACHMENT LIST

View Attachments in Imaged Documents on ECMC website (<http://ecmcweblink.state.co.us/>) - Search by Document Number.

Document Number	Description
403161093	NOAV CERTIFIED MAIL RECEIPT
403161097	NOAV ISSUED
403161098	NOAV IN PROCESS

Total Attach: 3 Files