

State of Colorado  
Energy & Carbon Management Commission

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Document Number:  
403161133  
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: 05-113-06054-00 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:

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 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.

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

### NOAV ISSUED

NOAV Issue Date: 09/09/2022

ECMC Representative Signature: \_\_\_\_\_

ECMC 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? No

Description of Actual Corrective Action Performed by Operator

NOAV Resolved pursuant to Order 1V-937.

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? No

Description of Actual Corrective Action Performed by Operator

NOAV Resolved pursuant to Order 1V-937.

### FINAL RESOLUTION

Cause #: 1V Order #: 937 Docket #: 240300072

Enforcement Action: Order Finding Violation

Final Resolution Date: 07/10/2024

Final Resolution Comments:

NOAV Resolved pursuant to Order 1V-937.

### 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>
403161135	NOAV CERTIFIED MAIL RECEIPT
403161137	NOAV ISSUED
403161138	NOAV IN PROCESS

Total Attach: 3 Files