

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax: (303) 894-2109



FOR OGCC USE ONLY

4/29/2015

200429859

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 74500
Name of Operator: REYNOLDS* NOEL
Address: BOX 356
City: FLORA VISTA State: NM Zip: 87415
Company Representative:

Date Notice Issued:

4/29/2015

Well Name: ESTER Well Number: 1 Facility Number: 214628
Location (QtrQtr, Sec, Twp, Rng, Meridian): SESE 21 33N 12W N County: LA PLATA
API Number: 05 067 06232 00 Lease Number:

COGCC Representative: Bradshaw Leigh Phone Number: 303 894-2100

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 4/29/2015 Approximate Time of Violation: 1:17PM

Description of Alleged Violation:

Well is not plugged and abandoned; operator's production records are not up to date. Well has Shut In status on 3/1/1993, however, to this date there is no proof of well passing Mechanical Integrity Test.

Act, Order, Regulation, Permit Conditions Cited:

Rule 326.b, All shut -in wells shall pass a mechanical integrity test. 326.f, All wells shall maintain mechanical integrity. Rule 309, COGCC Form 7. Operator's Monthly Report of Operations

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

On or before May 30, 2015: Operator must submit Form 7s to bring production records up to date. Operator must either 1) Provide proof of well integrity with passing MIT and submit sundry request for TA status or 2) Plug and abandon the well following Rule 311. Completion of required corrective action(s) will not eliminate the imposition of a penalty for past noncompliance.

Abatement or Corrective Action to be Completed by (date): 4/29/2015

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

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: Title:
Signature: Date: 4/29/2015
Company Comments:

*** THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED ***

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 523, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 522.d.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgment may be entered. Hard-copy answers are filed with the Commission Secretary at the Commission's Denver office and should also be emailed to dnr_cogccenforcement@state.co.us.

Signature of COGCC Representative:

Date: 4/29/15

Time: 1:21pm

Resolution Approved by:

Date:



COLORADO

Oil & Gas Conservation
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

April 29, 2015

74500- REYNOLDS * NOEL
BOX 356
FLORA VISTA, NM. 87415
Attn: Johnny Cunningham

RE: NOAV

This Letter is to inform you that the oil and gas facility or the oil and gas operations listed below may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission ("COGCC") and corrective action is required.

05-067-06232-00 ESTER 1 SESE 21 33N 12W N

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator's compliance with is required to resolve these alleged violations. This document requires the Operator to respond to the COGCC within 28 days of its receipt pursuant to Rule 522.d.(2). **This document requires the Operator to comply with directives as listed by the May 30, 2015 Corrective Action Deadline Date.** Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 523, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

The COGCC requires REYNOLDS * NOEL (Operator) to implement these corrective actions:

On or before May 30, 2015, Per Rule 309, Operator must submit Form 7s to bring production records up to date. Per Rule 326.b & 326.f, Operator must either 1) Provide proof of well integrity with passing MIT and submit sundry request for TA status or 2) Plug and abandon the well following Rule 311.

Completion of required corrective action(s) will not eliminate the imposition of a penalty for past noncompliance.

P 303.894.2100 F 303.894.2109 www.colorado.gov/cogcc

Commissioners: Thomas L. Compton - Chairman, Richard Alward, John H. Benton, DeAnn Craig,
James W. Hawkins, Tommy Holton, Andrew L. Spielman, Mike King, Dr. Larry Wolk

John W. Hickenlooper, Governor | Mike King, Executive Director, DNR | Matthew J. Lepore, Director



326. MECHANICAL INTEGRITY TESTING

For the purpose of this rule, a mechanical integrity test of a well is a test to determine if there is a significant leak in the well's casing, tubing, or mechanical isolation device, or if there is significant fluid movement into an underground source of drinking water through vertical channels adjacent to the wellbore.

b. **Shut-in Wells** - All shut-in wells shall pass a mechanical integrity test.

- (1) A mechanical integrity test shall be performed on each shut-in well within two years of the initial shut-in date.
- (2) Subsequently, a mechanical integrity test shall be performed on each shut-in well on 5 year intervals from the date the initial mechanical integrity test was performed, as long as the well remains shut-in.
- (3) The mechanical integrity test for a shut-in well shall be performed after: isolating the wellbore with a bridge plug or similar approved isolating device set 100 feet or less above the highest open perforation. The pressure test shall be with liquid or gas at an initial, stabilized surface pressure of not less than 300 psi surface pressure or any equivalent test or combination of tests approved by the Director.

f. All wells shall maintain mechanical integrity.

- (1) All non-injection wells which lack mechanical integrity, as determined through a mechanical integrity test or other means, shall be repaired or plugged and abandoned within six months. If an operator has performed a mechanical integrity test within the two years required for shut-in wells or the 30 days required for temporarily abandoned wells by this Rule, they will have six months from the date of the unsuccessful test to make repairs or plug and abandon the well. If the operator has not performed a mechanical integrity test within the required time frames in Rule 326.b.(1) and 326.c.(1), they will not be given an additional six months in the event of an unsuccessful test.
- (2) All injection wells which fail a mechanical integrity test, or which are determined through any other means to lack mechanical integrity, shall be shut-in immediately.

If you have any questions about this Warning Letter, please contact the COGCC representative below.

Sincerely,



Leigh Bradshaw
Engineering Technician
P 303.894.2100 x5187 | F 303.894.2109
1120 Lincoln Street, Suite 801, Denver, CO 80203
Email: leigh.bradshaw@state.co.us