

State of Colorado
Oil and Gas Conservation Commission

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NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 522, 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 523, 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: 36200 Contact Name and Telephone:
Name of Operator: GRYNBERG* JACK DBA GRYNBERG PETROLEUM CO Name: Jack Grynberg
Address: 3600 S. YOSEMITE ST - STE 900 Phone: (303) 850-7490 Fax: ()
City: DENVER State: CO Zip: 80237-1830 Email: grynpetro@grynberg.com

Additional Operator Contacts	Email
Roger Jatko	r.jatko@grynberg.com

Well Location, or Facility Information (If applicable):

API Number: 05-081-07427-00 Facility or Location ID: _____
Name: HIAWATHA DEEP Number: 4-36
QtrQtr: SWSW Sec: 36 Twp: 12N Range: 101W Meridian: 6
County: MOFFAT

ALLEGED VIOLATION

Rule: 205A

Rule Description: Hydraulic Fracturing Chemical Disclosure

Initial Discovery Date: _____ Was this violation self-reported by the operator? No
Date of Violation: _____ Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 205A.b.(2)A., within 60 days following the conclusion of a hydraulic fracturing treatment, and in no case later than 120 days after the commencement of such hydraulic fracturing treatment, Grynberg* Jack DBA Grynberg Petroleum Co (Operator) is required to complete the chemical disclosure registry and post the form on the chemical disclosure registry. Operator disclosed an April 4, 2014 Mesaverde Formation hydraulic fracturing treatment on Hiawatha Deep #4-36 (API 05-081-07427) in its June 12, 2015 Form 5A, Completed Interval Report, submission, Document #400852429, but to date Operator has not posted a disclosure form to the chemical disclosure registry, violating Rule 205A.b.(2)A.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 08/08/2016

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

Operator shall submit a chemical registry disclosure on fracfocus.org for the hydraulic fracturing treatment conducted on April 4, 2014.

Rule: 308A

Rule Description: Drilling Completion Report

Initial Discovery Date: _____ Was this violation self-reported by the operator? No
Date of Violation: _____ Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 308A and COGCC Order 1V-510, Agreement IV.a., Operator was required to submit a complete and accurate Form 5, Drilling Completion Report, for the Hiawatha Deep #4-36 (API 05-081-07427) by June 19, 2015. Operator submitted a Form 5, Document #400852284, for API 05-081-07427 to the COGCC on June 12, 2015, but COGCC staff determined the form was not accurately completed. The Operator submitted a revised Form 5 for API 05-081-07427, Document #400870692, to the COGCC on July 20, 2015, but COGCC staff has determined that the form was not accurately completed. To date, Operator has failed to submit a complete and accurate Form 5 for API 05-081-07427, violating Rule 308A, Rule 522.f., and § 34-60-121(1), C.R.S.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 06/19/2015

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

Operator shall immediately submit a complete and accurate Form 5 for the existing wellbore conditions for API 05-081-07427.

Rule: 309

Rule Description: Operator's Monthly Production Report

Initial Discovery Date: _____

Was this violation self-reported by the operator? No

Date of Violation: _____

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 309.a. and COGCC Order 1V-510 Agreement IV.f., Operator is required to submit complete and accurate Form 7 Monthly Reports of Operations for all oil and gas wells for all completed formations from the month of completion to one month after abandonment. COGCC Order 1V-510 cited inaccurate and missing reporting for Hiawatha Deep #4-36 (API 05-081-07427) and required Operator to remedy all Form 7 reporting deficiencies by June 19, 2015. Operator has submitted reporting for API 05-081-07427 through the present date, but COGCC staff has determined that Form 7 reporting has not accurately been completed, violating Rule 309.a., Rule 522.f., and § 34-60-121(1), C.R.S.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 06/19/2015

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

Operator shall immediately submit revised Form 7 reporting for API 05-081-07427 remedying the following deficiencies. The status of all formations reported on Form 7's beginning December 2008 should be WO until July 2009 when Nugget Sandstone is correctly reported as AB. Morrison should be reported as AB beginning July 2009. Frontier should be reported as SI beginning July 2009 until it became AB in November 2009. Baxter should be reported as AB beginning in September 2009. Mesaverde should be reported WO until April 2014 when the status changed to SI, the correct status for Mesaverde from April 2014 to the present. Operator should note that no Form 7 reporting for a formation is required after two months of AB status.

Rule: 317.j

Rule Description: Production Casing Cementing

Initial Discovery Date: _____

Was this violation self-reported by the operator? No

Date of Violation: _____

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 317.j., Rule 209, and the COGCC Conditions of Approval (COA) included in the approved Application for Permit to Drill, Document #2059495, Operator was required to provide First String intermediate casing cement (9+5/8 inch "Midstring," as shown on the permit) for Hiawatha Deep #4-36 (API 05-081-07427) at least 200 feet above the top of the Fort Union formation and verify that oil, gas, and fresh water bearing zones were segregated and coal seams were protected by running a cement bond log on the intermediate casing. In its July 20, 2015 Form 5 submission, Document #400870692, Operator reported a Fort Union Formation top of 2,830 feet with no cement bond log verification or reported top of cement for the 9+5/8" First String to verify that the Fort Union Formation was isolated with cement behind the 9+5/8" casing, as required by rule and the permit condition of approval. Cement bond logs in COGCC's well file were run on the 7" Second String, not the First String 9+5/8" casing. Operator's original, calculated top of cement for the 9+5/8" casing of 3,500 feet on its previous Form 5 submission, Document #2587717, is below the reported Fort Union Formation top of 2,830 feet on new Form 5, Document #400870692. Operator failed to verify that cementing was completed as required by rule and COA, violating Rule 317.j., Rule 209, and § 34-60-121(1), C.R.S.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/15/2016

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

Operator shall run a cement bond log on API 05-081-07427 for the 9+5/8" casing to verify Fort Union cement isolation and remediate to provide coverage if existing Fort Union cement coverage is not present. Additionally, current isolation requirements in the area also requires Wasatch Formation cement isolation if remediation is performed. If remediation is performed, Operator shall submit a Form 4, Sundry Notice, Notice of Intent with a proposed procedure prior to remediation, verify cement remediation with a new cement bond log, and submit a new Form 5 after remediation with cement tickets and the post-remediation cement bond log to document the remediation. Cement bond log(s) and cement ticket(s) shall be submitted with the post-remediation Form 5. Alternatively, if Operator chooses to plug and abandon the well, then a Form 6 Notice of Intent to Abandon and a Form 6 Subsequent Report of Abandonment, with supporting documentation shall be filed in accordance with COGCC rules. Plugging procedures shall adequately

isolate the Fort Union Formation from the overlying Wasatch Formation.

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 judgement 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_cogccenforecment@state.co.us.

NOAV ISSUED

NOAV Issue Date: 07/08/2016

COGCC Representative Signature: Steven Mabe signing for Dave Andrews

COGCC Representative: Dave Andrews

Title: West Region Engineering S

Email: david.andrews@state.co.us

Phone Num: (970) 625-2497x1

ATTACHMENT LIST

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

<u>Document Number</u>	<u>Description</u>
401075636	NOAV COVER LETTER
401075641	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 2 Files