

State of Colorado
Oil and Gas Conservation Commission

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Date Issued:
10/27/2016
Date Resolved:

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: 10548
Name of Operator: HRM RESOURCES II LLC
Address: 410 17TH STREET #1600
City: DENVER State: CO Zip: 80202

Contact Name and Telephone:

Name: Roger Hutson
Phone: (303) 893-6621 Fax: ()
Email: lrhutson@hrmres.com

Well Location, or Facility Information (if applicable):

API Number: 05-039-06641-00 Facility or Location ID:
Name: CANYON ENERGY STATE Number: 36-24
ALBERTA
QtrQtr: SESW Sec: 36 Twp: 8S Range: 59W Meridian: 6
County: ELBERT

ALLEGED VIOLATION

Rule: 326.b

Rule Description: Shut-in Wells

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 Rules 326.b.(1) and (2), HRM Resources II LLC (Operator) is required to perform a mechanical integrity test (MIT) on shut in (SI) wells within two (2) years of the initial shut in date and then at five (5) year intervals after an initial successful MIT. Based on Operator's Form 7 Monthly Reports of Operations stating the well has been SI since December 2012, COGCC staff has reason to believe the Canyon Energy State Alberta #36-24, API 039-06641, (Well) is past due for performance of an MIT. Warning Letter #2193162 was issued to Operator on February 2, 2016 and required corrective action to resolve the delinquent MIT by April 30, 2016. To date Operator has not conducted an MIT for the Well, violating Rules 326.b.(1) and (2).

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 04/30/2016

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

Operator shall immediately schedule and complete either an MIT of the Well or plugging and abandonment of the Well. Rule 316B requires notice to the Director on a Form 42 at least ten (10) days prior to conducting an MIT and submission of MIT results on a Form 21, within thirty (30) days after the test. A pressure chart shall accompany this Form 21 report. Rule 311 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 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: 10/27/2016

COGCC Representative Signature: _____

COGCC Representative: Andrew Stone

Title: Engineering Tech

Email: andrewg.stone@state.co.us

Phone Num: (303) 894-2100x5188

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? _____

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 COGCC website (<http://ogccweblink.state.co.us/>) - Search by Document Number.

<u>Document Number</u>	<u>Description</u>
401137910	NOAV COVER LETTER
401137911	NOAV CERTIFIED MAIL RECEIPT
401138098	NOAV ISSUED

Total Attach: 3 Files