

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: 10605
Name of Operator: APEX OIL VENTURES INC
Address: 8823 S. REDWOOD ROAD #D-1
City: WEST JORDAN State: UT Zip: 84088

Contact Name and Telephone:
Name: JAN CALLISTER
Phone: (801) 571-5890 Fax: ()
Email: jec-apex@outlook.com

Well Location, or Facility Information (if applicable):

API Number: 05-103-07182-00 Facility or Location ID: _____
Name: GILLAM-TRIGOOD- GOV'T Number: 14
QtrQtr: SESW Sec: 4 Twp: 1N Range: 101W Meridian: 6
County: RIO BLANCO

ALLEGED VIOLATION

Rule: 309
Rule Description: Operator's Monthly Report of Operations

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., Apex Oil Ventures Inc ("Operator") shall report every existing oil and gas well that is not plugged and abandoned on the Operator's Monthly Report of Operations ("Form 7"), within 45 days after the end of each month. Operator shall report such well every month from the month it is spud until it has been reported for one month as abandoned. Operator is required to report each formation that is completed in a well every month from the time that it is completed until one month after abandonment.

On October 30, November 16, and November 20, 2018, and February 8, 2019, COGCC Staff inspected Operator's Gillam-Trigood-Gov't 14 (API No. 05-103-07182, "Well") location and observed the Well in production status. (Field Inspection Report Nos. 679701558, 679701741, 679701828, 679702971, respectively).

On February 8, 2019, COGCC Staff conducted an audit of Operator's monthly production reporting and found that the last month for which Operator submitted Form 7 reporting for the Well was July 2018.

Operator failed to report production for each month from August 2018, violating Rule 309.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 03/18/2019

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

In its Rule 522.d.(2) Answer, due within 28 days of the Operator's receipt of the NOAV, Operator shall provide the following to COGCC:

- 1) A plan for estimating monthly gas vented volumes in accordance with Rule 912.c.; and
- 2) Documentation of implementation of an internal procedure to ensure timely submittal of accurate Form 7 reporting in the future.

By the Corrective Action Due Date, Operator shall submit all delinquent Form 7 reports, and shall submit revised Form 7 reports with estimated gas volumes for any month during which gas was vented from the Well from October 2016 through the most current month for which Form 7 reporting is due, in accordance with Rules 912.c. and 309.

Rule: 912.b

Rule Description: Venting or Flaring Natural Gas - Notice and Prior Approval Required

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 912.b., except for gas flared or vented during an upset condition, well maintenance, well stimulation flowback, purging operations, or a productivity test, Apex Oil Ventures Inc ("Operator") shall flare or vent gas from a well only after Operator has given notice to and obtained approval from COGCC on a Sundry Notice ("Form 4") stating the estimated volume and content of the gas.

On October 25, 2016, COGCC Staff inspected Operator's Gillam-Trigood-Gov't 14 (API No. 05-103-07182, "Well") location and observed a valve open at the wellhead allowing casing gas to vent to the atmosphere. COGCC Staff observed that no upset conditions or other 912.b. exceptional circumstances were occurring at the time of the venting, and that Operator had neither requested nor received approval from COGCC for venting/flaring at the Well location. (Field Inspection Report No. 675103052).

On March 28, 2017, Operator submitted a Form 4 request to vent or flare at the Well location. (Form 4 Document No. 2303381). COGCC Staff entered a note that the request could not be approved due to inadequate information provided in the request. As of February 8, 2019, COGCC has not approved this Form 4 request, and Operator has not submitted any other Form 4 request to vent or flare.

On October 30, 2018, and February 8, 2019, COGCC Staff conducted follow up inspections of the Well location and observed venting of gas. COGCC Staff observed that no upset conditions or other 912.b. exceptional circumstances were occurring at the time of the venting. (Field Inspection Report Nos. 679701558 for October 2018 and 679702971 for February 2019).

As of February 8, 2019, Operator has not obtained COGCC approval to vent or flare at the Well location.

Operator vented gas from the Well, and failed to obtain approval from COGCC prior to such flaring/venting, violating Rule 912.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 02/15/2019

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

Operator shall immediately cease venting and flaring at the Well location, and shall ensure it has obtained written COGCC approval via Form 4 prior to resuming venting or flaring.

In its Rule 522.d.(2) Answer, due within 28 days of the Operator's receipt of the NOAV, Operator shall include documentation of implementation of an internal procedure to ensure COGCC approval is obtained prior to any venting or flaring at its locations, as required by Rule 912.b.

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_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: <u>02/15/2019</u>	
COGCC Representative Signature: _____	_____
COGCC Representative: <u>Kira Gillette</u>	Title: <u>NOAV Specialist</u>
Email: <u>kira.gillette@state.co.us</u>	Phone Num: <u>(303) email</u>

ATTACHMENT LIST

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

Document Number	Description
401941801	NOAV DOCUMENTATION
401941802	NOAV COVER LETTER
401941844	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 3 Files