

State of Colorado
Oil and Gas Conservation Commission

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



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Date Issued:
08/27/2019
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: <u>10633</u>	Contact Name and Telephone:
Name of Operator: <u>CRESTONE PEAK RESOURCES OPERATING LLC</u>	Name: <u>DAVID STEWART</u>
Address: <u>1801 CALIFORNIA STREET #2500</u>	Phone: <u>(303) 774-3909</u> Fax: <u>()</u>
City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80202</u>	Email: <u>david.stewart@crestonepr.com</u>

Well Location, or Facility Information (if applicable):

API Number: 05-123-19555-00 Facility or Location ID: _____
Name: ELMQUIST Number: 11-23
QtrQtr: NWNW Sec: 23 Twp: 2N Range: 68W Meridian: 6
County: WELD

ALLEGED VIOLATION

Rule: 34-60-121(1) CRS-b
Rule Description: Statutory Violation - Permit Violation

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:

COGCC granted approval for Operator to plug the subject Well, subject to COGCC Conditions of Approval ("COA") in Operator's Notice of Intent to Abandon ("Form 6-N"). Pursuant to Form 6-N COA, Operator was required to submit certain documentation with the Subsequent Report of Abandonment ("Form 6-S").

Form 6-N No. 401805978
Requirement: Submit gyro of 5/24/11 with Form 6 SRA

Form 6-S No. 401904542
Form 6-S submitted: 01/15/2019
COGCC requested missing documentation from Operator: 04/22/2019
Missing documentation received by COGCC: 06/28/2019

Operator failed to submit required documentation with the Form 6-S, violating the Form 6-N permit COA and § 34-60-121.(1)(a), C.R.S.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 09/26/2019

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 include a compliance plan detailing an internal procedure to ensure future compliance with all terms of approved Form 6-Ns, including compliance with any approved amendments to the procedures or details in the Form 6-N.

Rule: 34-60-121(1) CRS-b

Rule Description: Statutory Violation - Permit Violation

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:

COGCC granted approval for Operator to plug the subject Well, subject to COGCC Conditions of Approval ("COA") in Operator's Notice of Intent to Abandon ("Form 6-N"). Pursuant to Form 6-N COA, Operator was required to follow certain procedures to mitigate potential risk from bradenhead pressure and/or fluid migration.

Form 6-N No. 401805978

Requirement: If there is any pressure/fluid on the surface casing during the pre-plugging bradenhead test ("BHT"), Operator must wait 8 hrs after pumping plug at 2200 feet and check for fluid migration or shut-in pressure on the well. Contact COGCC Engineer for revised plugging orders if well is not static at this time prior to continuing with plugging operations.

Pre-plugging BHT Form 17 No. 401817734
Surface casing pressure 6 psi

Form 6-S No. 401904542

Violation: Failed to wait required interval between plugs; Failed to do required pressure / fluid migration check

Other documentation supporting violation allegation:

Document No. 401905392

Document type: Form 6-S attachment: wireline summary with Swabco ticket

How it supports: Swabco ticket from 12/07/2018 shows morning 50 psi on the S. Casing. Casing was pulled and well circulated followed immediately by pumping stub plug and then shoe plug. Ops summary, however, contradicts this and reports no pressure that morning. Operator cannot explain the discrepancy.

Document No. 2304741

Document type: Form 6-S attachment: Ops/rig summary

How it supports: (see wireline summary note above)

Operator failed to follow the specified pressure/fluid migration mitigation procedures, violating the Form 6-N permit COA and § 34-60-121.(1)(a), C.R.S.

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

Corrective Action Due Date: 09/26/2019

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 include a compliance plan detailing an internal procedure to ensure future compliance with all terms of approved Form 6-Ns, including compliance with any approved amendments to the procedures or details in the Form 6-N.

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. An answer will, at a minimum, discuss the allegations contained in the NOAV, responding to each; identify corrective actions taken in response to the NOAV, if any; and identify facts known to the operator at the time that are relevant to the operator's response to the alleged violations. 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>08/27/2019</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>

CORRECTIVE ACTION COMPLETED

Rule: 34-60-121(1) <u>CRS-b</u>	
Rule Description: <u>Statutory Violation - Permit Violation</u>	
Corrective Action Start Date: _____	Corrective Action Complete Date: _____
Has corrective action for this violation been performed as required? <u>Yes</u>	
Description of Actual Corrective Action Performed by Operator	
<u>NOAV closed pursuant to Order 1v-743.</u>	
Rule: 34-60-121(1) <u>CRS-b</u>	
Rule Description: <u>Statutory Violation - Permit Violation</u>	
Corrective Action Start Date: _____	Corrective Action Complete Date: _____
Has corrective action for this violation been performed as required? <u>Yes</u>	
Description of Actual Corrective Action Performed by Operator	
<u>NOAV closed pursuant to Order 1v-743.</u>	

FINAL RESOLUTION

Cause #: <u>1v</u>	Order #: <u>743</u>	Docket #: <u>200800214</u>
Enforcement Action: <u>Administrative Order of Consent</u>	Final Resolution Date: <u>11/25/2020</u>	
Final Resolution Comments:		
<u>NOAV closed pursuant to Order 1v-743.</u>		

ATTACHMENT LIST

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

Document Number	Description
402156657	NOAV COVER LETTER
402156658	NOAV CERTIFIED MAIL RECEIPT
402156735	NOAV ISSUED
402156763	NOAV IN PROCESS

Total Attach: 4 Files