

State of Colorado
Oil and Gas Conservation Commission

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Date Issued:

06/02/2021

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: 16520

Name of Operator: CHEMCO INC

Address: 6970 SOUTH HOLLY CIR STE 206

City: CENTENNIAL State: CO Zip: 80112

Contact Name and Telephone:

Name: GRAY H NEHER

Phone: (303) 771-7777 Fax: ()

Email: gh.neher@chemco-og.com

Well Location, or Facility Information (if applicable):

API Number: 05-061-06136-00

Facility or Location ID:

Name: T-WEAR

Number: 1

QtrQtr: NWSW

Sec: 13

Twp: 18S

Range: 45W

Meridian: 6

County: KIOWA

ALLEGED VIOLATION

Rule: 309

Rule Description: Operator's Monthly Report of Operations

Initial Discovery Date: 05/04/2021

Was this violation self-reported by the operator? No

Date of Violation: 07/01/2018

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 309.a., Chemco Inc. ("Operator") shall report every existing oil and gas well that is not plugged and abandoned on the Operator's Monthly Report of Operations ("Form7"), within 45 days after the end of each month. Operator shall report each 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.

Based on COGCC records, Operator has not filed a Form 7, Monthly Report of Operations, since December 2020, and is missing eight reporting months between 2018-2021, violating Rule 309.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 07/02/2021

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

Operator shall submit any delinquent forms, notices, or reports; and correct any incomplete or inaccurate reports. Confirm that all required Form 7s are submitted, accurate, and up-to-date.

Rule: 326.b

Rule Description: Shut-in Wells

Initial Discovery Date: 05/04/2021

Was this violation self-reported by the operator? No

Date of Violation: 09/01/2018

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 326.b./417.b., Chemco Inc ("Operator") is required to conduct a Mechanical Integrity Test ("MIT") on shut-in ("SI") wells within two years of the initial shut-in date and then at five (5) year intervals after an initial successful MIT.

According to COGCC Records, Operator's well has been Shut-In since September 2018 without an MIT being conducted, violating Rule 326.b.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 07/02/2021

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

Operator shall conduct an MIT on the well or plug and abandon the well.

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: 06/02/2021

COGCC Representative Signature: _____

COGCC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (303) 894-2100 x5143

CORRECTIVE ACTION COMPLETED

Rule: 309

Rule Description: Operator's Monthly Report of Operations

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

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>
402706655	NOAV ISSUED
402706656	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 2 Files