

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF ALLEGED VIOLATIONS OF THE)	CAUSE NO. 1V
RULES AND REGULATIONS OF THE COLORADO OIL)	
AND GAS CONSERVATION COMMISSION BY TUDEX)	DOCKET NO. 171000766
PETROLEUM INC., ADAMS COUNTY, COLORADO)	
)	TYPE: ENFORCEMENT
	ORDER No. 1V-646

ORDER FINDING VIOLATION

The Colorado Oil and Gas Conservation Commission ("Commission" or "COGCC"), having reviewed the administrative record and being fully advised on the premises, enters this Order Finding Violation ("OFV") against Tudex Petroleum Inc., Operator No. 90615 ("Tudex"), pursuant to the Rules and Regulations of the Colorado Oil and Gas Conservation Commission, 2 CCR 404-1 ("Rule" or "Rules"), and finds and states as follows:

LEGAL AND FACTUAL FINDINGS

A. NOAV No. 401395409, Croff 12-5 Well, API No. 05-001-08162

Tudex is the operator of record of the Croff 12-5 well (API No. 05-001-08162) ("Croff Well") (Staff's Exhibit 1 – Well Records).

1. Rule 210.b states that within 60 days after the installation of a battery, operators are required to install a permanent sign at the wellhead. This sign shall provide, among other required information, the name of the Operator, a phone number at which the Operator can be reached at all times, and a phone number for local emergency services (911 where available). During an inspection on June 20, 2017 (Staff's Exhibit 2 – Croff June Inspection), Commission Staff observed that the signage on site at the Croff Well did not include emergency contact information. Commission Staff required Operator to modify the signage to include emergency contact information by July 20, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 3 – Croff July Inspection), Commission Staff observed that the signage had not been modified to include emergency contact information.

Based on the foregoing, the Commission finds that Tudex has violated Rule 210.b.

2. Rule 309.a states that "Operator shall report all existing oil and gas wells that are 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 every month from the month that it is spud until it has been reported for one month as abandoned." A review of records in connection with a July 26, 2017 follow up inspection revealed that Tudex has not filed Form 7s since January 2016. (Id., see also Staff's Exhibit 35 – Production Records).

Based on the foregoing, the Commission finds that Tudex has violated Rule 309.a.

3. Pursuant to Rule 906.a, operators shall, immediately upon discovery, control and contain all spills/releases of exploration and production waste or produced fluids. Operators shall investigate, clean up, and document impacts resulting from spills/releases as soon as practicable. During an inspection of the Croff Well on June 20, 2017 (Staff's Exhibit 2 – Croff June Inspection), COGCC Staff observed oil stained soil at the wellhead. COGCC Staff required Operator to control, contain, and clean up the spill/release by July 20, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 3 – Croff July Inspection), COGCC Staff again observed stained soil around the wellhead. (Staff's Exhibit 4 – Croff July Photos).

Based on the foregoing, the Commission finds that Tudex has violated Rule 906.a.

B. NOAV No. 401395439, Reinholt 12-6 Well, API No. 05-001-08163

Tudex is the operator of record of the Reinholt 12-6 well (API No. 05-001-08163) ("Reinholt Well"). (Staff's Exhibit 1 – Well Records).

1. The requirements of Rule 210.b have been summarized above. During an inspection of the Reinholt Well on June 20, 2017 (Staff's Exhibit 5 – Reinholt June Inspection), Commission Staff observed that the signage on site at the well did not include emergency contact information. Commission Staff required Operator to modify the signage to include emergency contact information by July 20, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 6 – Reinholt July Inspection), Commission Staff observed that the signage had not been modified to include emergency contact information.

Based on the foregoing, the Commission finds that Tudex has violated Rule 210.b.

2. The requirements of Rule 309.a have been summarized above. A review of records in connection with a June 20, 2017, inspection (Staff's Exhibit 5 – Reinholt June Inspection) indicated that Tudex has not filed Form 7s since January 2016. (Staff's Exhibit 35 – Production Records). Staff required Tudex to file Form 7 by July 20, 2017. (Staff's Exhibit 6 – Reinholt July Inspection).

Based on the foregoing, the Commission finds that Tudex has violated Rule 309.a.

3. Rule 603.f states that Operator shall keep all locations including wells and surface production facilities free of equipment and supplies not necessary for use on that lease, weeds, rubbish, and other waste materials. During a June 20, 2017, inspection Staff's Exhibit 5 – Reinholt June Inspection), Staff observed an unused long run drum and scrubber pot at the well. Staff required Tudex to comply with Rule 603.f by July 20, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 6 – Reinholt July Inspection), Staff observed unused equipment and litter in multiple areas around the well and inside the separator housing, in addition to weed overgrowth around production tanks, water tanks, and facility berms. (Staff's Exhibit 7 – Reinholt July Photos).

Based on the foregoing, the Commission finds that Tudex has violated Rule 603.f.

C. NOAV No. 401395447, Tudex Brink S-2 Well, API No. 05-001-09363

Tudex is the operator of record of the Tudex Brink S-2 Well (API No. 005-001-09363) ("Brink Well"). (Staff's Exhibit 1 – Well Records).

1. The requirements of Rule 210.b have been summarized above. During an inspection of the Brink Well on June 20, 2017 (Staff's Exhibit 8 – Brink June Inspection), Commission Staff observed that the signage on site at the well did not include emergency contact information. Commission Staff required Operator to modify the signage to include emergency contact information by July 20, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 9 – Brink July Inspection), Commission Staff observed that the signage had not been modified to include emergency contact information.

Based on the foregoing, the Commission finds that Tudex has violated Rule 210.b.

2. The requirements of Rule 309.a have been summarized above. A review of records in connection with a July 26, 2017 follow up inspection revealed that Tudex has not filed Form 7s since January 2016. (Id., see also Exhibit 35 – Production Records).

Based on the foregoing, the Commission finds that Tudex has violated Rule 309.a.

3. The requirements of Rule 603.f have been summarized above. During a June 20, 2017, inspection (Staff's Exhibit 8 – Brink June Inspection), Staff observed trash, including a 55-gallon drum and 5-gallon buckets, littered at the well. Staff required Tudex to comply with Rule 603.f by July 5, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 9 – Brink July Inspection), Staff observed the same litter at the Well. (Staff's Exhibit 10 – Brink July Photos).

D. NOAV No. 401395685 – Lambert 2 Well, API No. 05-001-08491

Tudex is the operator of record of the Lambert 2 Well (API No. 005-001-08491) ("Lambert Well"). (Staff's Exhibit 1 – Well Records).

1. The requirements of Rule 210.b have been summarized above. During an inspection of the Lambert Well on June 20, 2017 (Staff's Exhibit 11 – Lambert June Inspection), Commission Staff observed that the signage on site at the well did not include emergency contact information. Commission Staff required Operator to modify the signage to include emergency contact information by July 20, 2017. (Id.). During follow up inspections on July 26, 2017 (Staff's Exhibit 12 – Lambert July Inspection), Commission Staff observed that the signage had not been modified to include emergency contact information.

Based on the foregoing, the Commission finds that Tudex has violated Rule 210.b.

2. The requirements of Rule 309.a have been summarized above. A review of records in connection with a July 26, 2017 follow up inspection revealed that Tudex has not filed Form 7s since January 2016. (Id., see also Staff's Exhibit 35 – Production Records).

Based on the foregoing, the Commission finds that Tudex has violated Rule 309.a.

3. The requirements of Rule 603.f have been summarized above. During a June 20, 2017 inspection of the Lambert Well (Staff's Exhibit 11 – Lambert June Inspection), Staff observed fittings and a container full of liquid with a wax-like substance on the surface at the well. Staff required Tudex to comply with Rule 603.f by July 11, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 12 – Lambert July Inspection), COGCC Staff again observed the fittings and container, as well as multiple joints of tubing littered around the wellhead and overgrown weeds at the wellhead. (Staff's Exhibit 13 – Lambert July Photos).

Based on the foregoing, the Commission finds that Tudex has violated Rule 603.f.

4. The requirements of Rule 906.a have been summarized above. During a June 20, 2017 inspection of the Lambert Well (Staff's Exhibit 11– Lambert June Inspection), Staff observed stained soil and motor mounts at the wellhead and stained soil inside the berms at the well. Staff required Tudex to control, contain, and clean up the spills/releases by July 20, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 12 – Lambert July Inspection), Staff again observed stained soil around the wellhead, the pumping unit frame around the prime mover, under the separator fire tube, inside the separator cabinet, and behind the production tank. (Staff's Exhibit 13 – Lambert July Photos).

Based on the foregoing, the Commission finds that Tudex has violated Rule 906.a.

E. NOAV No. 401396202 – Hi-Land-61S67W Facility, Facility ID 335737

Tudex is the Operator of record of the Hi-Land-61S67W Facility (Facility ID 335737) ("Hi-Land Facility"). (Staff's Exhibit 1 – Well Records).

1. The requirements of Rule 210.b have been summarized above. During an inspection of the Hi-Land Facility on June 20, 2017 (Staff's Exhibit 14 – Hi-Land June Inspections), Commission Staff observed that the signage on site at the facility did not include emergency contact information. Commission Staff required Operator to modify the signage to include emergency contact information by July 21, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 15 – Hi-Land July Inspection), Commission Staff observed that the signage had not been modified to include emergency contact information.

Based on the foregoing, the Commission finds that Tudex has violated Rule 210.b.

2. The requirements of Rule 309.a have been summarized above. A review of records in connection with a June 20, 2017, inspection (Staff's Exhibit 14 – Hi-Land June Inspections) indicated that Tudex has not filed Form 7s since January 2016. (Staff's Exhibit 35 – Production Records).

Based on the foregoing, the Commission finds that Tudex has violated Rule 309.a.

3. The requirements of Rule 603.f have been summarized above. During a June 20, 2017 inspection of the Hi-Land Facility (Staff's Exhibit 14 – Hi-Land June Inspections), Staff observed a trash barrel at a wellhead near the fencing and trash inside the separator housing. Staff required Tudex to comply with Rule 603.f by July 3, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 15 – Hi-Land July Inspection), Staff observed the same barrel at the wellhead and trash inside and outside the separator housing, as well as operational parts and supplies stored inside the separator housing and overgrown weeds throughout the facility. (Staff's Exhibit 16 – Hi-Land July Photos).

Based on the foregoing, the Commission finds that Tudex has violated Rule 603.f.

4. Rule 605.a.(4) states that Operator shall regularly inspect berms and secondary containment devices and maintain berms and secondary containment devices in good condition. During a July 26, 2017 inspection of the Hi-Land Facility (Staff's Exhibit 15 – Hi-Land July), Staff observed that berm walls on the north end of the production and water tanks are in disrepair.

Based on the foregoing, the Commission finds that Tudex has violated Rule 605.a.(4).

5. The requirements of Rule 906.a have been summarized above. During a June 20, 2017 inspection of the Hi-Land Facility (Staff's Exhibit 14 – Hi-Land June Inspections), Staff observed stained soil inside the separator housing and near the motor mounts. Staff required Tudex to control, contain, and clean up the spills/releases by July 20, 2017. (Id.). During a follow up inspection on July 26, 2017 (Staff's Exhibit 15 – Hi-Land July Inspection), Staff again observed stained soil inside the separator housing, as well as around the fencing at the pumping unit, on and around the tank bottom pump, around the long run drum, and on the production tank rear drain valve. (Staff's Exhibit 16 – Hi-Land July Photos).

Based on the foregoing, the Commission finds that Tudex has violated Rule 906.a.

G. NOAV No. 401396332

1. Rule 302.b states that Operator shall submit a Form 1A, Designation of Agent, listing employees approved to submit documents to COGCC on behalf of the Operator. The Form 1A requires identification of a Principal Agent designated to accept and be served notices from COGCC. On May 11, 2017, Staff issued a Warning Letter to Tudex requiring Tudex to file Form 1A and designate a Principal Agent by a corrective action deadline of June 12, 2017. (Staff's Exhibit 18 – Tudex 1A Warning Letter). On June 21, 2017, Tudex filed a Form 1A. (Staff's Exhibit 19 – Tudex 1A). When contacted by COGCC Staff, the contact listed on the Form 1A stated that they were not and should not be considered the Principal Agent for the Operator. (Staff's Exhibit 33 – Tudex 1A Principal Agent Email). A review of COGCC Records reveals that another Form 1A has not been filed.

Based on the foregoing, the Commission finds that Tudex has violated Rule 302.b.

2. The requirements of Rule 309.a have been summarized above. On May 11, 2017, Staff issued a Warning Letter to Tudex identifying multiple wells for which Form 7s – including wells not addressed in the NOAVs described above – were delinquent and requiring Tudex to update Form 7s for all wells, formations, and timeframes identified in the report by June 12, 2017. (Staff's Exhibit 18 – Tudex 1A Warning Letter).

Based on the foregoing, the Commission finds that Tudex has violated Rule 309.a.

3. Rule 310 states that on or before March 1, June 1, September 1, and December 1 of each year, every producer or purchaser shall file a return with the Director showing by operator, the volume of oil, gas, or condensate produced or purchased during the preceding calendar quarter, including the total consideration due or received at the point of delivery. Tudex last filed Form 8, Oil & Gas Conservation Levy, and remitted the levy for oil sales on April 8, 2004 for the fourth quarter of calendar year 2003. (Staff's Exhibit 20 – Levy Info). Form 8 was last filed and the levy remitted on Tudex's behalf for gas sales on November 13, 2014 for the third quarter of calendar year 2014. (Id.). Per Tudex's Form 7s, Tudex sold oil through calendar year 2015, and gas through calendar year 2016. (Staff's Exhibit 35 – Production Records).

Based on the foregoing, the Commission finds that Tudex has violated Rule 310.

4. Rule 312 states that Operator shall, within 30 days after a change in oil transporter and/or gas gatherer, file Form 10, Certificate of Clearance and/or Change of Operator, with the Director. DCP Midstream LP (Operator No. 4680) last remitted the levy for gas sales on Tudex's behalf on November 13, 2014, covering the third quarter of calendar year 2014. (Staff's Exhibit 20 – Levy Records). Tudex sold gas through calendar year 2016. (Staff's Exhibit 35 – Production Records).

Based on the foregoing, the Commission finds that Tudex has violated Rule 312.

5. Rule 1102.d states that each operator with pipelines under COGCC jurisdiction shall become a member of the Utility Notification Center of Colorado and participate in Colorado's One Call notification system. On August 29, 2017, the previous contact for Tudex informed Colorado 811 that he is no longer locating for Tudex in Colorado. (Staff's Exhibit 17 – One Call Email). On August 30, 2017, Colorado 811 informed Tudex that no one is presently locating underground facilities for Tudex in Colorado (i.e., no one is "participating" in Colorado's One Call notification system on Tudex's behalf). (Id.).

Based on the foregoing, the Commission finds that Tudex has violated Rule 1102.d.

H. Enforcement Proceedings

On September 8, 2017, COGCC Staff issued NOAV Nos. 401395409, 401395439, 401395447, 401395685, 401396202 & 401396332 to Tudex for the violations listed above. (Staff's Exhibit 22 - NOAVs).

The NOAVs were served upon Tudex via certified mail at its address on file with the COGCC pursuant to Rule 302. (Staff's Exhibit 23 – Tudex NOAV Mail Receipts). The NOAVs were also served upon Tudex via certified mail at the address of its Registered Agent with the Colorado Secretary of State's Office. (Id.).

The NOAVs were also emailed to Tudex at an email address known to be monitored by a Tudex representative. (Staff's Exhibit 24 – Tudex NOAV Service Emails).

To date, Tudex has filed no answers to the NOAVs and taken no action to comply with the corrective actions listed in the NOAVs.

This matter was noticed for hearing on September 20, 2017. (Staff's Exhibit 25 – Notice of Hearing). Tudex (Staff's Exhibit 21 – Tudex Hard Copy Service Tracking) and Western Surety Company (who holds Tudex's financial assurance) were served with the Notice of Hearing via certified and/or registered mail at the addresses on file with the COGCC pursuant to Rule 302. (Staff's Exhibit 26 – Bondholder Notice Return Receipt). Tudex was also served with the Notice of Hearing at an address specified by Judith Hagan of Tudor Corporation, who identified herself as a contact for Tudex, as the correct address to which mail should be sent to Tudex. (Staff's Exhibit 21 – Tudex Hard Copy Service Tracking, see also Staff's Exhibit 36 – Tudex Correct Address Email). The Notice was also served upon Tudex via certified mail at the address of its Registered Agent with the Colorado Secretary of State's Office (Staff's Exhibit 34 – SOS Registered Agent Certified Mail Receipt).

COGCC Staff also emailed the Notice of Hearing to all email addresses on file with the COGCC (Staff's Exhibit 27 – Notice Service Email) and with the bondholder. (Staff's Exhibit 28 – Bondholder Notice Email).

On September 27, 2017, Judith Hagan of Tudor Corporation, who identified herself as a contact for Tudex, acknowledged receipt of the Notice of Hearing in an email to Staff. (Staff's Exhibit 29 – Notice Acknowledgement Email).

Due notice of the time, place and purpose of the hearing has been given in all respects, as required by law. (Staff's Exhibit 30 – Notice of Publication – Daily Journal).

Hearing Officer Hazelton held an initial prehearing conference in this matter on September 28, 2017. (Staff's Exhibit 31 – Case Management Order). Staff appeared at the prehearing conference. Tudex did not appear at the prehearing conference despite being notified of the prehearing conference in advance via email. (Staff's Exhibit 32 – Prehearing Conference Email).

Under the Case Management Order, the parties were ordered to submit prehearing statements and exhibits no later than October 16, 2017. (Staff's Exhibit 31 – Case Management Order). Staff timely submitted its Prehearing Statement and Exhibits. Tudex submitted neither a prehearing statement nor exhibits.

Under the Case Management Order, the parties were ordered to submit any objections to a prehearing statement, witnesses, or exhibits no later than October 18, 2017.

(Id.). Tudex submitted no objections.

Under the Case Management Order, the parties were ordered to submit a proposed order for Commission consideration no later than October 18, 2017. (Id.). Staff timely submitted a proposed order. Tudex failed to submit a proposed order.

No person representing Tudex appeared at the October 30, 2017, hearing on this matter.

H. Penalty Calculation

Based on the foregoing, the Commission finds that Tudex has committed the following violations and calculates the following penalties:

NOAV No.	Order No./Well Name	Rule	Start Date	Class, Impact	Days of Violation	Total Penalty
401395409	Croff 12-5	210.b	June 20, 2017	2/Minor	132	\$49,100
401395409	Croff 12-5	309.a	April 14, 2016	1/Minor	417	\$4,207
401395409	Croff 12-5	906.a	June 20, 2017	2/Minor	132	\$330,000
401395439	Reinholt 12-6	210.b	June 20, 2017	2/Minor	132	\$49,100
401395439	Reinholt 12-6	309.a	April 14, 2016	1/Minor	417	\$4,207
401395439	Reinholt 12-6	603.f	June 20, 2017	2/Minor	132	\$49,100
401395447	Tudex Brink S-2	210.b	June 20, 2017	2/Minor	132	\$49,100
401395447	Tudex Brink S-2	309.a	April 14, 2016	1/Minor	417	\$4,207
401395447	Tudex Brink S-2	603.f	June 20, 2017	2/Minor	132	\$49,100
401395685	Lambert 2	210.b	June 20, 2017	2/Minor	132	\$49,100
401395685	Lambert 2	309.a	April 14, 2016	1/Minor	417	\$4,207
401395685	Lambert 2	603.f	June 20, 2017	2/Minor	132	\$49,100
401395685	Lambert 2	906.a	June 20, 2017	2/Minor	132	\$330,000
401396202	Hi-Land-61S67W	210.b	June 20, 2017	2/Minor	132	\$49,100
401396202	Hi-Land-61S67W	309.a	April 14, 2016	1/Minor	417	\$4,207
401396202	Hi-Land-61S67W	603.f	June 20, 2017	2/Minor	132	\$49,100
401396202	Hi-Land-61S67W	605.a	June 20, 2017	2/Minor	132	\$49,100
401396202	Hi-Land-61S67W	906.a	June 20, 2017	2/Minor	132	\$330,000
401396332	Operator-Wide	302.b	May 11, 2017	2/Minor	172	\$51,100
401396332	Operator-Wide	309.a	April 14, 2016	1/Minor	417	\$4,207
401396332	Operator-Wide	310	January 1, 2004	1/Minor	417	\$4,207
401396332	Operator-Wide	312	October 1, 2014	1/Minor	417	\$4,207
401396332	Operator-Wide	1102.d	August 29, 2017	2/Minor	62	\$42,700
TOTAL						\$1,608,456

Pursuant to Rule 523 and the Commission's Enforcement and Penalty Policy, the Commission calculates a penalty of \$1,608,456 for these violations. The penalty calculation is based on the following:

a. NOAV No. 401395409:

- i. Tudex violated Rule 210.b by failing to include required information on the signage at the Croff Well. The calculated duration for this

violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.

1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix from the COGCC Enforcement Guidance and Penalty Policy January 2015 (corrected 4/8/2015) ("Duration Matrix").
- ii. Tudex violated Rule 309.a by failing to file Form 7s since January 2016. Per the statute of limitations, the violation commenced one year prior to the issuance of the NOAV and continues through the hearing date of October 30, 2017.
1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 1 Rule, with a minor impact, results in a daily penalty of \$200.
 3. Application of the Duration Matrix.
- iii. Tudex violated Rule 906.a by failing to control, contain, or clean up spills/releases of exploration and production wastes and/or produced fluids at the Croff Well. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.
1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.

b. NOAV No. 401395439:

- i. Tudex violated Rule 210.b by failing to include required information on the signage at the Reinholt Well. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.

 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix.

- ii. Tudex violated Rule 309.a by failing to file Form 7s since January 2016. Per the statute of limitations, the violation commenced one

year prior to the issuance of the NOAV and continues through the hearing date of October 30, 2017.

1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 1 Rule, with a minor impact, results in a daily penalty of \$200.
 3. Application of the Duration Matrix.
- iii. Tudex violated Rule 603.f by failing to keep the Reinholt Well free of equipment and supplies not necessary for use on that lease, weeds, rubbish, and other waste materials. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.
1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix.
- c. NOAV No. 401395447:
- i. Tudex violated Rule 210.b by failing to include required information on the signage at the Brink Well. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.
1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix.
- ii. Tudex violated Rule 309.a by failing to file Form 7s since January 2016. Per the statute of limitations, the violation commenced one year prior to the issuance of the NOAV and continues through the hearing date of October 30, 2017.
1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 1 Rule, with a minor impact, results in a daily penalty of \$200.
 3. Application of the Duration Matrix.
- iii. Tudex violated Rule 603.f by failing to keep the Brink Well free of equipment and supplies not necessary for use on that lease, weeds, rubbish, and other waste materials. The calculated

duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.

1. Staff determined that this violation resulted in a minor impact.
2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
3. Application of the Duration Matrix.

d. NOAV No. 401395685:

- i. Tudex violated Rule 210.b by failing to include required information on the signage at the Lambert Well. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.
 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix.
- ii. Tudex violated Rule 309.a by failing to file Form 7s since January 2016. Per the statute of limitations, the violation commenced one year prior to the issuance of the NOAV and continues through the hearing date of October 30, 2017.
 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 1 Rule, with a minor impact, results in a daily penalty of \$200.
 3. Application of the Duration Matrix.
- iii. Tudex violated Rule 603.f by failing to keep the Lambert Well free of equipment and supplies not necessary for use on that lease, weeds, rubbish, and other waste materials. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.
 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix.
- iv. Tudex violated Rule 906.a by failing to control, contain, or clean up spills/releases of exploration and production wastes and/or

produced fluids at the Lambert Well. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.

1. Staff determined that this violation resulted in a minor impact.
2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.

e. NOAV No. 401396202:

- i. Tudex violated Rule 210.b by failing to include required information on the signage at the Hi-Land Facility. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.
 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix.
- ii. Tudex violated Rule 309.a by failing to file Form 7s since January 2016. Per the statute of limitations, the violation commenced one year prior to the issuance of the NOAV and continues through the hearing date of October 30, 2017.
 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 1 Rule, with a minor impact, results in a daily penalty of \$200.
 3. Application of the Duration Matrix.
- iii. Tudex violated Rule 603.f by failing to keep the Hi-Land Facility free of equipment and supplies not necessary for use on that lease, weeds, rubbish, and other waste materials. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.
 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix.
- iv. Tudex violated Rule 605.a at the Hi-Land Facility by failing to regularly inspect berms and secondary containment devices and maintain berms and secondary containment devices in good

condition. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.

1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix.
- v. Tudex violated Rule 906.a by failing to control, contain, or clean up spills/releases of exploration and production wastes and/or produced fluids at the Hi-Land Facility. The calculated duration for this violation commenced on the initial inspection date, June 20, 2017, and continues through the hearing date of October 30, 2017.
1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
- f. NOAV No. 401396332:
- i. Tudex violated Rule 302.b by failing to properly identify a Principal Agent on the Form 1A, Designation of Agent. Though Tudex submitted a Form 1A on June 21, 2017, the contact listed specified that they should not be considered a Principal Agent for Tudex. The violation commenced on the date of the Warning Letter, May 11, 2017, and continues through the hearing date of October 30, 2017.
 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 3. Application of the Duration Matrix. - ii. Tudex violated Rule 309.a by failing to file Form 7s for multiple additional wells and facilities since January 2016. Per the statute of limitations, the violation commenced one year prior to the issuance of the NOAV and continues through the hearing date.
 1. Staff determined that this violation resulted in a minor impact.
 2. Violation of a Class 1 Rule, with a minor impact, results in a daily penalty of \$200.
 3. Application of the Duration Matrix.

- iii. Tudex violated Rule 310 by failing to file Form 8s since the fourth quarter of calendar year 2003 for oil and the third quarter of calendar year 2014 for gas. Per the statute of limitations, the violation commenced one year prior to the issuance of the NOAV and continues through the hearing date of October 30, 2017.
 - 1. Staff determined that this violation resulted in a minor impact.
 - 2. Violation of a Class 1 Rule, with a minor impact, results in a daily penalty of \$200.
 - 3. Application of the Duration Matrix.
- iv. Tudex violated Rule 312 by failing to file a Form 10, Certificate of Clearance and/or Change of Operator, with the Director to change its oil transporter and/or gas gatherer. DCP Midstream, LP ceased remitting the levy on behalf of Tudex in the third quarter of 2014. Production continued through at least 2016. The violation therefore commenced on the first day of the fourth quarter of 2014, more than one year prior to the issuance of NOAV No. 401396332 and continues through the hearing date of October 30, 2017. the statute of limitations, the violation commenced one year prior to the issuance of the NOAV and continues through the hearing date of October 30, 2017.
 - 1. Staff determined that this violation resulted in a minor impact.
 - 2. Violation of a Class 1 Rule, with a minor impact, results in a daily penalty of \$200.
 - 3. Application of the Duration Matrix.
- v. Tudex violated Rule 1102.d by failing to participate in Colorado's One Call notification system. The violation commenced on August 29, 2017, when Colorado's One Call notification system received word from the previous contact for Tudex that he was no longer locating underground facilities for Tudex, and continues through the hearing date of October 30, 2017.
 - 1. Staff determined that this violation resulted in a minor impact.
 - 2. Violation of a Class 2 Rule, with a minor impact, results in a daily penalty of \$2,500.
 - 3. Application of the Duration Matrix.
- g. No aggravating factors;
- h. No mitigating factors; and
- i. No gross negligence or knowing and willful misconduct.

ORDER

NOW, THEREFORE, the COMMISSION ORDERS:

1. Tudex is found in violation of COGCC Rules 210.b, 302.b, 309.a, 310, 312, 603.f, 605.a.(4), 906.a, and 1102 as described above.

2. Tudex is ordered to pay a \$1,608,456 penalty, by certified check, within 35 days after this Order is mailed by the Commission.

3. Tudex is ordered to return to compliance with the Act and Rules including, but not limited to, the instances of non-compliance described above.

4. If Tudex fails to pay the penalty or return to compliance within 35 days of mailing of the approved Order Finding Violation, the Director shall take the following actions:

- a. Suspend Tudex's Form 10s, Certificates of Clearance, for Tudex's wells, and withhold the issuance of any new drilling or oil and gas location permits, until Tudex demonstrates to the satisfaction of the Director that it has brought all violations cited in the Order into compliance and that any penalty assessed has been paid;
- b. Terminate Tudex's Operator Number (Operator No. 64310), rescind Tudex's Form 1 (Doc. No. 2539977), and revoke Tudex's right to conduct oil and gas operations in Colorado, until Tudex demonstrates at a Commission hearing that Tudex has brought all violations cited in the Order into compliance, any penalty assessed has been paid, and that re-instating Tudex's Form 1 will not threaten to or actually create significant adverse impacts to public welfare or the environment;
- c. Foreclose Tudex's existing financial assurance (Surety ID 1981-0010) and claim both the principal and any accrued, but undisbursed, interest that may exist and use those funds to remediate conditions that threaten to cause, or that actually cause, significant environmental impacts at non-federal and non-tribal wells and locations formerly operated by Tudex. To the extent COGCC Staff has already expended Oil and Gas Conservation and Environmental Response Funds at non-federal and non-tribal wells and locations formerly operated by Tudex, foreclosed financial assurance can be used to repay those funds;
- d. Require Tudex, and its successors or assigns, to comply with the Order and repay any funds expended by the Commission from the Oil and Gas Conservation and Environmental Response Fund for any work undertaken by COGCC Staff; and/or

5. If Tudex fails to pay the penalty or return to compliance within 35 days of mailing of the approved Order Finding Violation, the Director is authorized, but not required, to take any or all of the following actions:

- a. Declare Tudex's wells "Orphaned Wells", as defined in the 100-Series Rules;

- b. Use funds from the Oil and Gas Conservation and Environmental Response Fund to investigate, prevent, monitor, or mitigate conditions that threaten to cause, or that actually cause, significant adverse environmental impacts at non-federal and non-tribal wells and locations formerly operated by Tudex. To the extent COGCC Staff has already expended Oil and Gas Conservation and Environmental Response Funds at non-federal and non-tribal wells and locations formerly operated by Tudex, foreclosed financial assurance can be used to repay those funds;
- c. Claim all equipment, saleable product, and appurtenances related to Tudex's oil and gas operations at its wells as property of the Commission, provided that any proceeds from the disposition of the assets will be credited to the cost of plugging and abandonment of the Well and/or the Oil and Gas Conservation and Environmental Response Fund.

6. At the Director's request, Tudex will assign equipment, saleable product, and appurtenances related to Tudex's oil and gas operations to the Commission or a third party to be determined by the Director.

7. In the event the Director determines, in the Director's discretion and consistent with the Director's independent determination of operational priorities, that there is a need to use the Commission's Emergency Response appropriation (Long Bill), which is funded by the Oil and Gas Conservation and Environmental Response Fund, to remediate conditions that threaten to cause, or that actually cause, significant environmental impacts at wells or locations formerly operated by Tudex, the Director will confer with the Commission regarding expenditure of Emergency Response appropriation funds at the earliest practical opportunity.

8. The following will not affect Tudex's obligations under this Order: (1) a change in ownership, corporate status, or partnership status; or (2) a conveyance of title or other interest relating to Tudex's oil and gas operations. Tudex will give written notice of this Order to any purchaser, successor, or assignee prior to transferring ownership or title to its oil and gas operations. Tudex will give written notice to the Director prior to any change in title, ownership, or status. If there are outstanding corrective actions at the time of a change in title or ownership, Tudex's successors or assigns will be responsible for completing those corrective actions at Tudex's former oil and gas locations.

9. Upon the Director's notice of a claim as described above, Tudex will not remove, transfer, or dispose of any equipment, saleable product, or appurtenances related to its oil and gas operations, unless permission is granted by the Director.


10. This Order is effective as of the date it is mailed by the Commission. It constitutes final agency action for purposes of judicial review.

11. The Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above Order.

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ENTERED this 1 day of Nov, 2017 as of the 30th day of October, 2017.

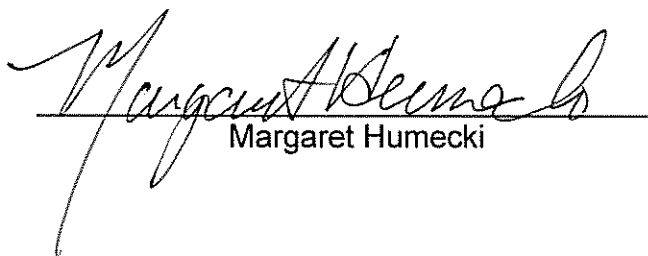
OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By  _____
Julie Pine, Secretary

CERTIFICATE OF MAILING

On 11/06/17, 2017, a true and correct copy of the foregoing Order Finding Violation was sent by certified mail, return receipt requested, to the following:

Lionel Conn
lconn@live.ca
Judith Hagan
#1106, 318-26 Ave. SW.
Calgary, AB T2S 2T9
Canada
TUDORCORP@hotmail.ca


Margaret Humecki