

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

IN THE MATTER OF ALLEGED VIOLATIONS OF ) CAUSE NO. 1V  
THE RULES AND REGULATIONS OF THE ) DOCKET NO. 161200402  
COLORADO OIL AND GAS CONSERVATION )  
COMMISSION BY **ALFRED WARD & SON,** ) TYPE: ENFORCEMENT  
WASHINGTON & LOGAN COUNTIES, COLORADO ) ORDER NO: 1V-626

**ADMINISTRATIVE ORDER BY CONSENT**

(Pursuant to Rule 522.e. of the Rules and Regulations of the  
Colorado Oil and Gas Conservation Commission, 2 CCR 404-1)

FINDINGS

1. Alfred Ward & Son ("Ward & Son") (Operator No. 94300) is the operator of the Michaels 2 Well (API No. 05-075-09361) in Logan County and the Blomenkamp 1 Well (API No. 05-121-08878) in Washington County, Colorado ("Wells").

2. The Michaels 2 Well has been shut-in without a passing Mechanical Integrity Test ("MIT") from May 2013 to the date of this AOC's execution. The Blomenkamp 1 Well was temporarily abandoned without a passing MIT from February 2013 until December 1, 2016, when it was plugged and abandoned.

3. On February 2, 2016, COGCC Staff issued Warning Letter No. 2193171 to Ward & Son for alleged violations of Rules 319 and 326 of the COGCC Rules of Practice and Procedure, 2 C.C.R. 404-1 ("Rule" or "Rules") at the Wells. The Warning Letter required corrective actions to resolve these violations, including the filing of Form 7, Operator's Monthly Report of Operations ("Form 7s"), by April 30, 2016.

4. Ward & Son did not perform the corrective actions required in the Warning Letter by April 30, 2016.

5. On August 25, 2016, COGCC Staff issued Notices of Alleged Violation Nos. 401080106 & 401082382 ("NOAVs") to Ward & Son for violations of the following Rules:

- a. Rule 309 (Form 7, Operator's Monthly Report of Operations) for the failure to submit Form 7s for the Wells from December 2015 to June 2016;
- b. Rule 326.b. (Mechanical Integrity Test, Shut-in Wells) for the failure to perform an MIT on the Michaels 2 Well within two years of the initial shut-in date; and
- c. Rule 326.c.(1) (Mechanical Integrity Test, Temporarily Abandoned Wells) for the failure to perform an MIT on the Blomenkamp 1 Well within 30 days of temporary abandonment.

6. On August 30 & 31, 2016, Ward & Son submitted the delinquent Form 7s for the months of December 2015 to March 2016 for the Wells.

7. On October 17, 2016, Ward & Son submitted the delinquent Form 7s for the months of April through August 2016 for the Wells, satisfying the corrective action requirements for the Rule 309 violations in the NOAVs.

8. On December 1, 2016, Ward & Son plugged and abandoned the Blomenkamp 1 Well, satisfying the corrective action requirements for NOAV No. 401082382 (Doc. No. 401178235).

9. Pursuant to Rule 523 and the Commission's Enforcement Guidance and Penalty Policy, Hearings staff calculated a penalty of \$98,054. The penalty calculation is based on the following:

NOAV No.	Rule	Class, Impact	Daily Penalty	Start Date	End Date	Days	Total Penalty
401080106	309	Class 1, Minor	\$200	2/16/2016	10/17/2016	245	\$3,782
401080106	326.b.	Class 2, Minor	\$1,800	8/25/2015	12/12/2016	475	\$45,324
401082382	309	Class 1, Minor	\$200	2/16/2016	10/17/2016	245	\$3,782
401082382	326.c.(1)	Class 2, Minor	\$1,800	8/25/2015	12/1/2016	464	\$45,166
<b>TOTAL PENALTY</b>							<b>\$98,054</b>

- a. Application of the Duration Matrix of the COGCC Enforcement Guidance and Penalty Policy;
- b. Reduced daily penalty for the Rule 326 violations to make the overall penalty appropriate to the nature of the violations;
- c. For the Rule 309 violation, start date of the overdue December 2015 report and end date of the submission of all delinquent reports;
- d. For the Rule 326.b. violation, start date one year prior to the issuance of the NOAV and end date of the first-noticed hearing;
- e. For the Rule 326.c.(1) violation, start date one year prior to the issuance of the NOAV and end date of the performance of the corrective action;
- f. No aggravating or mitigating factors; and
- g. No pattern of violation, or gross negligence or knowing and willful misconduct.

AGREEMENT

NOW, THEREFORE, based on the Findings and pursuant to Rule 522.e.(1) and the Commission's Enforcement Guidance and Penalty Policy, the Director and Ward & Son agree to request that the Commission enter the Order set forth below.

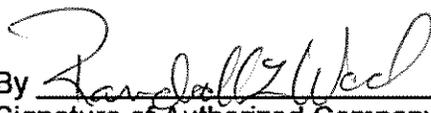
RECOMMENDED this 2<sup>nd</sup> day of March, 2017.

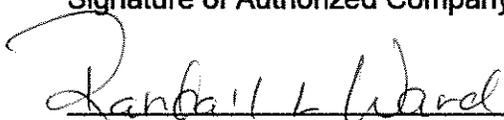
OIL AND GAS CONSERVATION COMMISSION OF  
THE STATE OF COLORADO

By   
Britta Beckstead, Asst. Attorney General

AGREED TO AND ACCEPTED this 4 day of March, 2017.

ALFRED WARD & SON

By   
Signature of Authorized Company Representative

 Pres  
Print Signatory Name and Title

ORDER

HAVING CONSIDERED the Findings and the Agreement between the Director and Ward & Son to resolve the NOAVs, the COMMISSION ORDERS:

1. Ward & Son is found in violation of Rules 309, 326.b., and 326.c.(1), as described above.
2. Ward & Son is assessed a penalty of \$98,054 for these violations.
3. Ward & Son will pay \$49,027, by certified check, according to the following payment schedule:
  - a. \$16,343 of the penalty is due April 30, 2017.
  - b. \$16,342 of the penalty is due June 30, 2017.
  - c. \$16,342 of the penalty is due August 30, 2017.

4. The remaining \$49,027 of the penalty is suspended pending Ward & Son's timely payment of the \$49,027 pursuant to the payment schedule in Paragraph 3 and timely completion of the corrective action in Paragraph 5.

5. Within 35 days of the mailing of this Order, Ward & Son will either: (1) perform a passing MIT on the Michaels 2 Well in accordance with the Rules; or (2) plug and abandon the Michaels 2 Well in accordance with the Rules.

6. If Ward & Son timely pays the penalty according to the payment schedule in Paragraph 3 and timely completes the corrective action required by Paragraph 5, the suspended \$49,027 penalty will be vacated. If Ward & Son fails to comply with Paragraphs 3 or 5, the Director may require Ward & Son to pay the suspended \$49,027 and any overdue penalties required by Paragraph 3, by certified check, without further action from the Commission. Ward & Son will pay any suspended or overdue penalties assessed pursuant to this Paragraph within 30 days of the mailing of the Director's demand for payment, unless an alternative deadline is granted by the Director for good cause.

7. Compliance dates specified in this Order may be extended only for good cause, as determined at the Director's sole discretion. A request for extension must be made, in writing, at least 14 days prior to the pertinent compliance deadline or as soon as possible if 14 days prior notice is not feasible.

8. Payment of the penalty pursuant to this Order does not relieve Ward & Son from its obligations to complete corrective actions set forth in Paragraph 5.

9. Failure to pay the penalty or perform the corrective action by the above deadlines is an independent violation that may be subject to additional penalties.

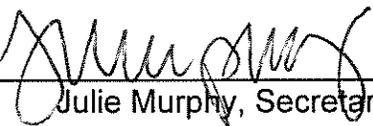
10. This Order is effective as of the date it is mailed by the Commission. It constitutes final agency action for purposes of judicial review.

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 20<sup>th</sup> day of March, 2017 as of the 20<sup>th</sup> day of March, 2017.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By  \_\_\_\_\_  
Julie Murphy, Secretary

CERTIFICATE OF MAILING

On March 24<sup>th</sup>, 2017, a true and accurate copy of Order 1V-626 was mailed by certified mail, return receipt requested to the following address:

Alfred Ward & Son  
Attn: Randall L. Ward  
P.O. Box 737  
Ogallala, NE 69513

  
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Margaret Humecki