

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)
COLORADO OIL AND GAS CONSERVATION) DOCKET NO. 150500150
COMMISSION BY JACK GRYNBERG, DBA) TYPE: ENFORCEMENT
GRYNBERG PETROLEUM CO, MOFFAT AND) ORDER NO. 1V-510
WELD COUNTIES, COLORADO)

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. Jack Grynberg, d/b/a Grynberg Petroleum Co ("Grynberg") (Operator No. 36200). Grynberg is the operator of the following wells:

<u>Name</u>	<u>API No.</u>	<u>County</u>	<u>NOAV No.</u>
Hiawatha Deep 4-36	05-081-07427	Moffat	2157844
Croissant 4	05-123-21651	Weld	200423091

2. On December 17, 2008, the Hiawatha Deep #4-36 Well was spud. Although Rule 308A requires a Form 5 – Drilling Completion Report within 30 days of rig release, and Form 5 requires reports of tops and bottoms of all geologic formations permitted on the Form 2 – Application for Permit to Drill, Grynberg has not reported all tops and bottoms of permitted formations as required.

3. Rule 308B requires a Form 5A – Completed Interval Report be submitted within 30 days of a formation's completion attempt. The Form 5A Grynberg submitted for the Hiawatha Deep #4-36 Well was late and remains incomplete, despite staff requests for the information necessary to make the Form 5A complete and accurate.

4. Rule 309, requires a Form 7- Operator's Monthly Report of Operations be submitted continuously each month, beginning with the first month that the well was spud until the month after the well is abandoned. Grynberg's Form 7's for the Hiawatha Deep #4-36 Well have failed to report monthly operations on the Baxter, Frontier, and Nugget formations.

5. In April 2014, Grynberg recompleted the Croissant 4 Well in the Niobrara, Codell, and J-Sand formations. Grynberg did not timely file the required Form 5A – Completed Interval Report as required by Rule 308B.

6. Grynberg hydraulically stimulated the Croissant 4 Well in 2014 in three separate formations, without providing a Notice of Intent to Conduct Hydraulic

Fracturing Treatment as required by Rule 316C.a, and without disclosing hydraulic fracturing chemicals as required by Rule 205A.

7. On March 17, 2014, the Commission entered Order No. 1V-449 against Grynberg for a violation of Rule 326.b.1 at the Croissant 4 Well. Paragraph 5 of the Commission's order required Grynberg to submit a Form 4 – Sundry Notice within 30 days of the Order to request extension of temporarily abandoned status for the well. No Form 4 was submitted as required by Order No. 1V-449.

8. Order No. 1V-449 assessed a \$10,000 penalty, of which \$5,000 was due 30 days after approval of the Order and \$5,000 was suspended provided Grynberg remains compliant with all Commission Rules at the Well for one year from the date the Order. Alleged violations of Rules 308B, 316C, 205A, and 309 within a year of approval of Order 1V-449, all serve as an independent basis for revoking the suspension of the \$5,000 suspended penalty assessed in Order No. 1V-449.

9. On December 9, 2014, Commission Staff issued a Notice of Alleged Violation (“NOAV”) (No. 2157844) to Grynberg for violations related to the Hiawatha Deep 4-36 Well described above. The NOAV cited violations of the following COGCC Rules of Practice and Procedure, 2 CCR 404-1 (“Rule” or “Rules”).

- a. Rule 308A. (Drilling Completion Report);
- b. Rule 308B (Completed Interval Report); and
- c. Rule 309. (Operator's Monthly Report of Operations).

10. On February 6, 2015, Commission Staff issued a Notice of Alleged Violation (“NOAV”) (No. 200423091) to Grynberg for violations related to the Croissant 4 Well described above. The NOAV cited violations of the following COGCC Rules of Practice and Procedure, 2 CCR 404-1 (“Rule” or “Rules”).

- a. Rule 308B (Completed Interval Report);
- b. Rule 316C (Form 42 Field Operations Notice) ;
- c. Rule 205A (Hydraulic Fracturing Chemical Disclosure);
- d. Rule 309. (Operator's Monthly Operations Report); and
- e. § 34-60-121(1) C.R.S. (Violation of Commission Order).

11. Staff concludes that the Rule 309 violations are a result of the lack of correct Forms 5A. The parties agree to consolidate the Rule 309 violations with the Rule 308B violations at each well.

12. Following a factual investigation and legal review of the violation alleged in the NOAV, the Hearings Staff now asserts Grynberg has committed the following violations:

Facility	NOAV	Rule No.	Rule Description	Daily Penalty	Days of Violation	Total Penalty
Hiawatha Deep 4-36	2157844	308A	Drilling Completion Report	\$1,000	10	\$10,000
		308B	Completed Interval Report	\$1,000	10	\$10,000
Croissant 4	200423091	308B	Completed Interval Report	\$1,000	10	\$10,000
		316C	Notice of Intent for Fracing	\$1,000	1	\$1,000
		205A	Fracing Chemical Disclosure	\$1,000	3	\$3,000
		§ 34-60-121(1) Order Violation	Violation of Enforcement Order	\$1,000	10	\$10,000
Order 1V-449 revocation of suspension						\$5,000
Settlement Inducement						-\$ 6,500
	Total					\$42,500

13. Pursuant to Rule 523 and the Commission's Enforcement and Penalty Policy, Hearings staff calculated a penalty of \$42,500 for these violations. The penalty calculation is based on the following:

- a. Violations occurring prior to the effective date of HB 14-1356;
- b. Maximum \$1,000/day penalty;
- c. Maximum of \$10,000/day penalty by applicable statute;
- d. No aggravating factors;
- e. No mitigating factors; and
- f. No pattern of violation or gross negligence or knowing & willful misconduct.
- g. Settlement inducement (13% - rounded)

AGREEMENT

NOW, THEREFORE, based on the Findings and pursuant to Rule 522.e and the Commission's Enforcement and Penalty Policy, the Director proposes and Grynberg agrees to settle the NOAV on the following terms and conditions:

- I. Grynberg is found in violation Rules identified above in paragraph 12.
- II. Grynberg will be assessed a penalty of \$42,500.
- III. Grynberg will pay the \$42,500 within 30 days after the approved AOC is mailed by the Commission.
- IV. Grynberg is required to perform the following actions by the date specified:

a.	Submit a complete and accurate Form 5 for the Hiawatha Deep #4-36 Well to report formation tops for all permitted formations and any other formations upon which completions occurred or were attempted. Along with this Form 5, submit a complete, accurate, and current wellbore diagram.	June 19, 2015
b.	Submit a complete and accurate Form 5A for the Hiawatha Deep #4-36 Well to include all formations perforated, a summary of each formation's treatment, and production test data. All supporting documentation such as wireline and/or cement summaries must be included.	June 19, 2015
c.	Submit hydraulic fracturing chemical disclosures to FracFocus for the Croissant #4 Well for the February 1, 2014 hydraulic fracture treatments of the Codell and J-Sand formations. A FracFocus disclosure must be made separately for each formation.	June 19, 2015
d.	To comply with Order No. 1V-449, submit a Form 4 explaining why Grynberg did not request extension of temporarily abandoned status for the Croissant #4 Well and explaining what was done on the Well.	June 19, 2015
e.	Provide written explanation as to how Grynberg processes will be modified to assure timely reporting and submitting of required documentation in the future. Explanation should also address the lack of documentation for the Condition of Approval on the APD.	June 19, 2015
f.	Submit Form 7's for the Hiawatha Deep #4-36 Well and the Croissant #4 Well with complete and accurate information from the month of completion to one month after abandonment. Form 7's must accurately reflect the current wellbore configuration.	June 19, 2015

V. Payment of the penalty pursuant to this AOC does not relieve the operator from its obligations to complete corrective actions set forth in the NOAVs, as amended or modified by this AOC.

RECOMMENDED this 13th day of May, 2015.

OIL AND GAS CONSERVATION COMMISSION OF
THE STATE OF COLORADO

By Peter J. Gowen
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this 13th day of May, 2015.

JACK GRYNBERG, DBA GRYNBERG PETROLEUM
CO.

By Roger A. Jatkos
Signature of Authorized Company Representative

ROGER A. JATKO
Print Signatory Name

GENERAL COUNSEL
Title

ORDER

HAVING CONSIDERED the Agreement between the Director and Grynberg to resolve the NOAV's, the COMMISSION ORDERS:

1. Grynberg is found in violation Rules identified above in paragraph 12.
2. Grynberg will be assessed a penalty of \$42,500.
3. Grynberg will pay the \$42,500 within 30 days after the approved AOC is mailed by the Commission.

4. Grynberg is required to perform actions specified in paragraph IV above by the date specified.

5. Payment of the penalty pursuant to this AOC does not relieve the operator from its obligations to complete corrective actions set forth in the NOAVs, as may be amended or modified by COGCC Staff.

6. Compliance dates specified in this Order may be extended only for good cause, as determined at the Director's sole discretion. Failure to receive an extension prior to the compliance deadline or the failure to meet a compliance deadline may constitute a new violation subject to additional daily penalties.

7. Entry of this Order constitutes final agency action for purposes of judicial review as of the date this order is mailed by the Commission. For all other purposes, this Order is effective as of the date of approval by the Commission.

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

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ENTERED this 21st day of May, 2015 as of the 18th day of May, 2015.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By  _____
Julie Murphy, Secretary