

**Colorado Oil and Gas Conservation  
Commission**

**Supplemental**

**2019 Annual Violations and Penalties Report**

**Under Executive Order No. D 2013-004**

(Updated to include full calendar Year 2019)

**January 8, 2019**

## Introduction

Executive Order D 2013-004, issued by Governor John W. Hickenlooper on May 8, 2013, directed the Colorado Oil and Gas Conservation Commission (“Commission”) to review its enforcement program, penalty structure, and imposition of fines, and by December 10 each year, report “on all violations, any and all penalties imposed regarding violations, and the rationale for the calculation of final penalty assessments, including fines.”

This report updates the annual report submitted to the Governor on December 10, 2019, to include all enforcement orders and all Notices of Alleged Violation for the full calendar year.

This Report provides statistics at the Notice of Alleged Violation (“NOAV”) level and at the Enforcement Order level. Contents include the following tables:

1. 2019 Commission Enforcement Orders Summary
2. 2019 Commission Enforcement Orders
3. 2019 Commission Notices of Alleged Violation Summary
4. 2019 Commission Notices of Alleged Violation

Enforcement Order statistics are based on Commission hearings through December 16, 2019 (the last hearing of 2019). The original December 10, 2019, report only included Enforcement Orders through November 21, 2019.

NOAV statistics are based on NOAVs issued from January 1, 2019, through December 31, 2019, and their status as of December 31, 2019. The original December 10, 2019, report only included NOAVs and their status as of November 30, 2019.

## 2019 Commission Enforcement Orders Report (Through December 31, 2019)

Table 1 summarizes all Commission Enforcement Orders issued in 2019. Commission Enforcement Orders issued in 2019 resolved NOAVs issued during the current or previous years. A Commission Enforcement Order results from the Commission issuing an Order Finding Violation (“OFV”) after a hearing or approving an Administrative Order by Consent (“AOC”) that Commission Staff and the operator negotiated.

Table 2 lists information specific to each Enforcement Order, including the violations alleged in each underlying NOAV; total penalty imposed; and factors that contributed to the penalty calculation.

*Table 1: 2019 Commission Enforcement Orders Summary*

Total Orders		21
	AOCs	18
	OFVs	3
	Other (Bond Foreclosures)	0
Total No. of NOAVs Resolved by Orders		38
Total No. of Cited Violations Resolved		53
Orders with Penalties		21
Orders without Penalties		0
	Total Penalties	\$2,841,920
	Suspended Penalties	\$82,800
	Penalties Imposed on Defunct and/or Non-Responsive Operator	\$202,650
	Maximum Penalty	\$803,800
	Minimum Penalty	\$5,000
	Average Penalty	\$135,330
	Median Penalty	\$66,800

Table 2: 2019 Commission Enforcement Orders

Includes Orders through December 31, 2019 (Full Year)

Operator	Operator #	NOAV Nos.	NOAV Date	Violations in Order	Penalty (Total)	Penalty Imposed on Defunct and/or Non-Responsive Operator (Y/N)	Penalty (Suspended)	Penalty Days	Daily Penalty	Aggravating Factors	Mitigating Factors	Pattern of Violation (Y/N)	Gross Negligence or Knowing & Willful misconduct (Y/N)	AOC or OFV	Other Rationale	Docket No.	Order No. (1V)	Final Order Date
Bonanza Creek Operating Company LLC	8960	401474318; 401474319; 401474320; 401474321; 401474322; 401474323;	1/8/2018	1002.b.; 1002.f.; 303; 316C	\$324,640	N	N	630	\$515	N	2; 4	N	N	AOC	Duration Matrix; Policy Table Values	190300009	695	5/21/2019
BP America Operating Company	10000	401829387; 401948613; 402033195	11/7/2018; 2/22/2019; 5/6/2019	324A.a.; 324A.b.; 605.d.; 907.a	\$68,000	N	N	9	\$7,556	N	N	N	N	AOC	Settlement Inducement; Duration Matrix	190400264	701	5/21/2019
Burlington Resources Oil and Gas LP	26580	401733265	9/7/2018	34-60-121, C.R.S.	\$40,160	N	N	154	\$261	N	N	N	N	AOC	Settlement Inducement	190600390	704	6/18/2019
Caerus Piceance LLC	10456	401541465	2/9/2018	324A.a.; 324A.b.; 605.d.; 907.a.; 1102.a.(1)	\$14,000	N	N	5	\$2,800	N	2	N	N	AOC	Consolidation of Violations; Settlement Inducement	190400258	699	5/21/2019
Crestone Peak Resources Operating LLC	10633	401645588	5/24/2018	34-60-121, C.R.S.	\$139,450	N	N	214	\$652	N	N	N	N	AOC	Duration Matrix; Proportionality Adjustment	190100087	687	3/11/2019
Cub Creek Energy	10542	401722207; 401722210	5/24/2018	34-60-121, C.R.S.	\$216,650	N	N	282	\$768	N	N	N	N	AOC	Duration Matrix; Public Project; Proportionality Adjustment	190100024	688	3/11/2019
Energy Investments Inc.	10469	401724680	8/7/2018	912.b.; 1002.f	\$62,000	N	N	192	\$323	N	N	N	N	AOC	Settlement Inducement; Duration Matrix; Rule Reclassification	190600333	697	6/18/2019
Extraction Oil & Gas, Inc.	10459	401733851	8/17/2018	606A.h.	\$15,000	N	N	1	\$15,000	8	2	N	N	AOC	Statutory Maximum; Public Project	190700503	707	8/21/2019
Extraction Oil & Gas, Inc.	10459	401689612	6/29/2018	34-60-121, C.R.S.	\$5,000	N	N	1	\$5,000	N	N	N	N	AOC	Policy Table Values	190600496	705	8/21/2019
Extraction Oil & Gas, Inc.	10459	401564342	3/6/2018	1002.b.; 1002.f.	\$66,800	N	N	309	\$217	7	N	Y	N	OFV	Duration Matrix; Commission Hearing	190600377	703	8/1/2019
Extraction Oil and Gas Inc.	10459	401652015; 401652011; 401652006; 401652012; 401652009; 401652013	5/24/2018	34-60-121, C.R.S.	\$803,800	N	N	1,139	\$706	N	N	N	N	AOC	Duration Matrix; Public Project; Proportionality Adjustment	190100088	689	3/11/2019
Gadeco LLC	10673	401655540	5/30/2018	1002.f.(2); 1002.e.(1)	\$110,440	N	N	237	\$466	N	N	N	N	AOC	Settlement Inducement	181000653	690	5/21/2019
GADECO LLC/Grynberg Jack DBA Grynberg Petroleum Co.	10673; 36200	401074952	7/8/2016	205A; 308A; 309	\$63,236	N	N	2,366	\$27	N	N	N	N	AOC	Duration Matrix; Settlement Inducement	161000377	691	3/11/2019
Highpoint Operating Corporation	10071	401562363; 401677564	03/05/2018; 06/19/2018	906.a; 906.b; 906.d; 907.a; 907.d; 1002.f; 34-60-121, C.R.S.	\$206,800	N	N	78	\$2,652	N	N	N	N	AOC	Duration Matrix; Settlement Inducement	190100018	692	3/11/2019
Kerr McGee Oil & Gas Onshore LP	47120	401756432	9/7/2018	303.b.(1)(A); 316C	\$7,500	N	N	4	\$1,875	N	1; 2	N	N	AOC	Settlement Inducement	190600391	702	6/18/2019

Magpie Operating, Inc.	52530	401541541; 401541545	2/9/2018	603.f.; 210; 605.a.(4); 605.d.; 906.b.; 907.e.; 319.b.	\$267,269	N	N	1,954	\$137	7	N	Y	N	OFV	Commission Hearing; Duration Matrix; Other	190100008	682	1/28/2019
PetroShare Corporation	10454	401811692	10/26/2018	303.b	\$35,680	N	N	81	\$440	N	N	N	N	AOC	Settlement Inducement; Duration Matrix	190600477	696	6/18/2019
PetroShare Corporation	10454	401785147	10/4/2018	326.f.	\$51,200	N	N	174	\$294	N	N	N	N	AOC	Duration Matrix; Commission Hearing	190400265	694	8/1/2019
Stehle Oil Company	82440	401781684	8/5/2018	326.b.; 326.f.	\$202,650	Y	N	567	\$357	N	N	N	N	OFV	Duration Matrix; Commission Hearing; Financial Assurance Foreclosure	190400259	693	8/1/2019
Sunburst Inc.	83555	401764897	9/17/2018	912.b	\$60,000	N	\$55,000	6	\$10,000	N	N	N	N	AOC	Settlement Inducement; Duration Matrix; Inability to Pay	190600334	698	6/18/2019
Verdad Resources LLC	10651	401655414	5/29/2018	308A; 309; 312.a; 912.b	\$81,645	N	\$27,800	894	\$91	N	N	N	N	AOC	Settlement Inducement; Duration Matrix; Suspended Penalty; Rule Reclassification	190600335	700	6/18/2019

Total Penalties Assessed

\$2,841,920

A. Aggravating Factors

1. The violator acted with gross negligence or knowing and willful misconduct.
2. The violation resulted in significant waste of oil and gas resources.
3. The violation had a significant negative impact on correlative rights of other parties.
4. The violator was recalcitrant or uncooperative with the Commission or other agencies in correcting or responding to the violation.
5. The violator falsified reports or records.
6. The violator benefited economically from the violation, in which case the amount of such benefit shall be taken into consideration.
7. The violator has engaged in a pattern of violations.
8. The violation led to death or serious injury.

B. Mitigating Factors

1. The violator self-reported the violation.
2. The violator demonstrated prompt, effective and prudent response to the violation, including assistance to any impacted parties.
3. The cause of the violation was outside of the violator's reasonable control and responsibility, or is customarily considered to be force majeure.
4. The violator made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation.
5. The cost of correcting the violation reduced or eliminated any economic benefit to the violator, excluding circumstances in which increased costs stemmed from non-compliance.
6. The violator has demonstrated a history of compliance with the Act, and Commission rules, orders, and permits.

## 2019 Commission Notices of Alleged Violation Report (Through December 31, 2019)

Table 3 summarizes all Notices of Alleged Violation (“NOAVs”) the Commission issued in 2019 and indicates whether an NOAV has been resolved (“closed”) or is still pending (“open”). For each 2019 NOAV, Table 4 indicates whether it is open or closed, and as appropriate, whether a penalty was imposed, the penalty amount, and other relevant information. Withdrawn NOAVs are not included in the statistics.

The following statistics are for those NOAVs issued through December 31, 2019. The original December 10, 2019, report only covered NOAVs issued as of November 30, 2019 and their status as of November 30, 2019.

*Table 3: 2019 Commission Notices of Alleged Violation Summary*

Total NOAVs Issued	110
Total Open	108
Total Closed	2
	(1.8 % Of 2019 Total Resolved)
Resolved by Order With Penalty	2
Resolved by Order Without Penalty	0
Resolved Without Penalty	0
Total Penalties Assessed	\$65,000
Maximum Penalty Assessed	\$40,000
Minimum Penalty Assessed	\$25,000
Average Penalty Assessed	\$32,500
Median Penalty Assessed	\$32,500

Table 4: 2019 Commission Notices of Alleged Violation

NOAVs issued through December 31, 2019 (Full Year)

	NOAV No.	NOAV Date	Operator Name	Closed (Y/N)	Docket No.	Order No. (1V- )	Penalty (Y/N)	Penalty Amt.	Resolve Date
1	401932810	2/8/2019	GOODWIN ENERGY MANAGEMENT LLC	N	*				
2	401936275	2/12/2019	HIGHPOINT OPERATING CORPORATION	N	190600478				
3	401936279	2/12/2019	FIFTH CREEK ENERGY OPERATING COMPANY LLC	N	190600479				
4	401936499	2/12/2019	BONANZA CREEK ENERGY OPERATING COMPANY LLC	N	*				
5	401936501	2/12/2019	BONANZA CREEK ENERGY OPERATING COMPANY LLC	N	*				
6	401936504	2/12/2019	BONANZA CREEK ENERGY OPERATING COMPANY LLC	N	*				
7	401939600	2/14/2019	CAERUS PICEANCE LLC	N	191200686				
8	401939601	2/14/2019	CITATION OIL & GAS CORP	N	191200687				
9	401939604	2/14/2019	LOEB LLC* HERMAN L	N	190900532				
10	401939607	2/14/2019	LOEB LLC* HERMAN L	N	190900532				
11	401939608	2/14/2019	LOEB LLC* HERMAN L	N	190900532				
12	401941742	2/15/2019	BRAMWELL* RICHARD J & DARLA L	N	*				
13	401941746	2/15/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
14	401941751	2/15/2019	APEX OIL VENTURES INC	N	*				
15	401948613	2/22/2019	BP AMERICA PRODUCTION COMPANY	Y	190400264	701	Y	\$40,000	5/21/2019
16	401954584	2/28/2019	WESTERN OPERATING COMPANY	N	*				
17	401954587	2/28/2019	WESTERN OPERATING COMPANY	N	*				
18	401954589	2/28/2019	CINNAMON CREEK OIL & GAS INC	N	190900533				
19	401956981	3/1/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
20	401957001	3/5/2019	TIMBER CREEK OPERATING LLC	N	190900584				
21	401957014	3/5/2019	SAND HILLS SOCIETY	N	*				
22	401957019	3/5/2019	SAND HILLS SOCIETY	N	*				
23	401969064	3/13/2019	ARGALI EXPLORATION COMPANY	N	*				
24	401969065	3/13/2019	ARGALI EXPLORATION COMPANY	N	*				
25	401969066	3/13/2019	ARGALI EXPLORATION COMPANY	N	*				
26	401969067	3/13/2019	ARGALI EXPLORATION COMPANY	N	*				
27	401969068	3/13/2019	ARGALI EXPLORATION COMPANY	N	*				
28	401977180	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
29	401977189	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
30	401977194	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
31	401977197	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
32	401977201	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
33	401977206	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
34	401977208	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
35	401977216	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
36	401977219	3/19/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
37	401977222	3/19/2019	KP KAUFFMAN COMPANY INC	N	*				
38	401985101	3/26/2019	EXTRACTION OIL & GAS INC	N	*				
39	401994140	4/3/2019	EXTRACTION OIL & GAS INC	N	*				
40	402006597	4/12/2019	CAERUS PICEANCE LLC	N	*				
41	402006600	4/12/2019	CAERUS PICEANCE LLC	N	*				
42	402006603	4/12/2019	CAERUS PICEANCE LLC	N	*				
43	402006605	4/12/2019	KP KAUFFMAN COMPANY INC	N	*				
44	402033195	5/6/2019	BP AMERICA PRODUCTION COMPANY	Y	190400264	701	Y	\$25,000	5/21/2019
45	402053694	5/23/2019	WHITE RIVER DEVELOPMENT COMPANY LLC	N	*				
46	402067046	6/7/2019	NOBLE ENERGY INC	N	*				
47	402068193	6/7/2019	SMITH ENERGY CORP	N	191200688				
48	402078586	6/18/2019	CAERUS PICEANCE LLC	N	*				
49	402078588	6/18/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
50	402078590	6/18/2019	EXTRACTION OIL & GAS INC	N	*				
51	402078593	6/18/2019	GREAT WESTERN OPERATING COMPANY LLC	N	*				
52	402078596	6/18/2019	NOBLE ENERGY INC	N	*				
53	402078599	6/18/2019	PDC ENERGY INC	N	*				
54	402078602	6/18/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
55	402078603	6/18/2019	SRC ENERGY INC	N	*				
56	402078604	6/18/2019	URSA OPERATING COMPANY LLC	N	*				
57	402078605	8/6/2019	VERDAD RESOURCES LLC	N	*				
58	402127124	7/30/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
59	402127126	7/30/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
60	402127132	7/30/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
61	402127134	7/30/2019	SANDRIDGE EXPLORATION & PRODUCTION LLC	N	*				
62	402139759	8/9/2019	KP KAUFFMAN COMPANY INC	N	*				
63	402156519	8/27/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
64	402156534	8/27/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
65	402156546	8/27/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
66	402156549	8/27/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
67	402156553	8/27/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
68	402156572	8/27/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
69	402156579	8/27/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
70	402161081	8/29/2019	EXTRACTION OIL & GAS INC	N	*				
71	402174408	9/12/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
72	402174525	9/12/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
73	402174527	9/12/2019	CRESTONE PEAK RESOURCES OPERATING LLC	N	*				
74	402174648	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
75	402174651	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
76	402174653	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
77	402174654	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
78	402174662	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
79	402174663	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
80	402174667	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
81	402174668	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
82	402174669	9/12/2019	HIGHPOINT OPERATING CORPORATION	N	*				
83	402191139	9/27/2019	HIGHPOINT OPERATING CORPORATION	N	*				

	NOAV No.	NOAV Date	Operator Name	Closed (Y/N)	Docket No.	Order No. (1V- )	Penalty (Y/N)	Penalty Amt.	Resolve Date
84	402198739	10/24/2019	NOBLE ENERGY INC	N	*				
85	402206572	10/11/2019	MALLARD EXPLORATION LLC	N	*				
86	402206810	10/16/2019	KP KAUFFMAN COMPANY INC	N	*				
87	402206828	10/16/2019	KP KAUFFMAN COMPANY INC	N	*				
88	402206838	10/16/2019	KP KAUFFMAN COMPANY INC	N	*				
89	402206840	10/16/2019	KP KAUFFMAN COMPANY INC	N	*				
90	402216782	10/22/2019	SRC ENERGY INC	N	*				
91	402218974	10/25/2019	CRAZY 8 ENERGY LLC	N	*				
92	402228313	11/1/2019	OWTS USA INC	N	*				
93	402234395	11/8/2019	GRAND VALLEY RESOURCES INC	N	*				
94	402234481	11/8/2019	PLUG NICKEL OIL COMPANY INC	N	*				
95	402234494	11/8/2019	LASSO OIL & GAS LLC	N	*				
96	402236371	11/12/2019	JAVERNICK* LARRY	N	*				
97	402236898	11/12/2019	SPRINGDALE PARTNERS LLC	N	*				
98	402244111	11/20/2019	PETROSHARE CORPORATION	N	*				
99	402244113	11/20/2019	PETROSHARE CORPORATION	N	*				
100	402244119	11/20/2019	PETROSHARE CORPORATION	N	*				
101	402260921	12/12/2019	CATAMOUNT ENERGY PARTNERS LLC	N	*				
102	402260927	12/12/2019	CATAMOUNT ENERGY PARTNERS LLC	N	*				
103	402267601	12/19/2019	CAERUS PICEANCE LLC	N	*				
104	402271271	12/26/2019	MCCLANE ENERGY INC	N	*				
105	402271309	12/26/2019	PROVIDENCE OPERATING LLC	N	*				
106	402271328	12/26/2019	DANMAR PRODUCTION COMPANY LLC	N	*				
107	402271332	12/26/2019	SCHREIDER & COMPANY INC	N	*				
108	402271337	12/26/2019	PILAND RESOURCES	N	*				
109	402271342	12/26/2019	PAINE* JOSEPH J.C. DBA PAINE PETROLEUM COMPANY LLC	N	*				
110	402271457	12/26/2019	DCP OPERATING COMPANY LP	N	*				

\*Following a rule change that became effective 9/30/19, internal COGCC processes changed such that NOAVs without a docket number prior to 9/30/19 will be assigned one when they are noticed for hearing.