

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)	ORDER NO. 1V-
MOUNTAIN PACIFIC GENERAL, INC,)	
LAS ANIMAS COUNTY, COLORADO)	

REPORT OF THE COMMISSION

This cause came on for hearing before the Colorado Oil and Gas Conservation Commission on December 5, 2005, at 9:00 a.m. in Suite 801, 1120 Lincoln Street, Denver, Colorado, after giving notice of hearing as required by law on why Mountain Pacific General, Inc. is in violation of Rule 210.b.(1), (3 violations), Rule 603.j., (1 violation), Rule 912.a., (1 violation), and Rule 308B., (1 violation).

FINDINGS

The Commission finds as follows:

1. Mountain Pacific General, Inc., as applicant herein, is an interested party in the subject matter of the above-referenced matter.
2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
3. The Commission has jurisdiction over the subject matter embraced in said Notice and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order.
4. Mountain Pacific General, Inc. ("Mountain Pacific") is the operator of the following wells:

Garcia #34-14 SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 34, Township 33 South, Range 62 West, 6th P.M.

Garcia #3-5 SW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 3, Township 34 South, Range 62 West, 6th P.M.

Garcia #4-12 NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 4, Township 34 South, Range 62 West, 6th P.M.
5. On March 30, 2005, Colorado Oil and Gas Conservation Commission ("COGCC") staff inspected the Garcia #34-14 Well, the Garcia #3-5 Well, and the Garcia #4-12 Well (the "Wells"). None of the Wells had permanent lease signs. In addition, the Garcia #34-14 Well had unused tubing and equipment stored on site and was leaking gas at the wellhead.
6. On March 31, 2005, COGCC staff issued Notices of Alleged Violation ("NOAVs") to Mountain Pacific for alleged violations found on the Wells. The Garcia #34-14 Well was alleged to be in violation of Rule 210.b.(1), no permanent sign located at the wellhead. The Garcia #3-5 Well was alleged to be in violation of Rule 210.b.(1), no permanent sign located at the wellhead. The Garcia #4-12 Well was alleged to be in violation of Rule 210.b.(1), no permanent sign located at the wellhead, Rule 603.j., all locations shall be kept free of equipment not necessary for use on that lease, Rule 912.a., the unnecessary venting of natural gas produced from a well is prohibited, and Rule 308B., a Form 5A, Completed Interval Report, shall be submitted within thirty (30) days of completing a formation. The NOAVs had an abatement date of April 15, 2005.
7. The NOAVs were sent Certified Mail, Return Receipt to Mountain Pacific. The NOAVs were unclaimed by Mountain Pacific and were returned to the COGCC.
8. On April 21, 2005 COGCC staff contacted Mr. Jeff Lyon with Mountain Pacific by telephone and informed Mr. Lyon of the alleged violations on the Garcia Wells. Based upon this conversation with Mr. Lyon the NOAVs were resent to Mountain Pacific and were accepted on May 17, 2005.
9. On June 6, 2005, COGCC staff inspected the three (3) Garcia Wells and found that no abatement work required by the NOAVs had been performed. The field inspection reports specified that the NOAV abatement date had been extended to June 25, 2005 for the three (3) Garcia Wells.
10. On July 8, 2005 and October 5, 2005, COGCC staff inspected the three (3) Garcia Wells and found that no abatement work required by the NOAV's had been performed.
11. On July 27, 2005, COGCC staff offered Mountain Pacific an Administrative Order By Consent ("AOC") by certified mail. The return receipt of delivery to Mountain Pacific was received by the COGCC on August 4, 2005.
12. On August 4, 2005, Mr. Lyon contacted COGCC staff by telephone and expressed a desire to meet with COGCC staff during the week of August 8, 2005, a timeframe which COGCC staff

was agreeable, to discuss the AOC. COGCC staff has not heard from Mr. Lyon since the telephone call of August 4, 2005.

13. Mountain Pacific should be found in violation of Rule 210.b.(1), failure to install a permanent sign at the wellhead, for the Garcia #34-14 Well; Rule 210.b.(1), failure to install a permanent sign at the wellhead, for the Garcia #3-5 Well; Rule 210.b.(1), failure to install a permanent sign at the wellhead, Rule 603.j., all locations shall be kept free of equipment not necessary for use on that lease, Rule 912.a., the unnecessary venting of natural gas produced from a well is prohibited, and Rule 308B., Form 5A, Completed Interval Report, not submitted within thirty (30) days of completing a formation, for the Garcia #4-12 Well.

14. Rule 523. specifies a base fine of Two Hundred and Fifty dollars (\$250.00) per day for each violation of Rule 210.b.(1), a base fine of One Thousand dollars (\$1000.00) per day for each violation of Rules 603.j. and 912.a., and a base fine of Five Hundred dollars (\$500.00) per day for each violation of Rule 308B.

15. A monetary penalty of Six Thousand Five Hundred (\$6,500.00) should be assessed against Mountain Pacific in accordance with Rule 523.a., for violation of Rules 210.b.(1), 603.j., 912.a., and 308B.

16. Mountain Pacific should bring the Garcia #34-14 Well, the Garcia #3-5 Well, and the Garcia #4-12 Well into compliance with COGCC rules within thirty (30) days of the date the order is issued.

17. If Mountain Pacific does not comply with Finding #13 above, COGCC staff should be authorized to make a claim on the thirty thousand dollar (\$30,000) plugging bond posted by Mountain Pacific in order to plug, abandon, and reclaim the wells listed above.

18. If Mountain Pacific does not comply with Findings #12 and #13 above, COGCC staff should not approve any Application for Permit-to-Drill or approve any COGCC Form 10, Change of Operator, for Mountain Pacific or any company of which Mr. Jeff Lyon is a principal.

ORDER

NOW, THEREFORE IT IS ORDERED, that Mountain Pacific General, Inc. shall be found in violation of Rule 210.b.(1) for failure to install a permanent sign for the Garcia #34-14 Well, located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 34, Township 33 South, Range 62 West, 6th P.M., and the Garcia #3-5 Well, located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 34 South, Range 62 West, 6th P.M.; Rule 210.b.(1) for failure to install a permanent sign, Rule 603.j., all locations shall be kept free of equipment not necessary for use on that lease, Rule 912.a., the unnecessary venting of natural gas produced from a well is prohibited, and Rule 308B., Form 5A, Completed Interval Report, not submitted within thirty (30) days of completing a formation, for the Garcia #4-12 Well, located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 4, Township 34 South, Range 62 West, 6th P.M.

IT IS FURTHER ORDERED, that Mountain Pacific General, Inc. shall be assessed a total fine of Six Thousand Five Hundred (\$6,500.00) for the above violations, payable within thirty (30) days of the date the order is approved by the Commission.

IT IS FURTHER ORDERED, that Mountain Pacific General, Inc. shall bring the Garcia #34-14 Well, the Garcia #3-5 Well, and the Garcia #4-12 Well into compliance with COGCC rules within thirty (30) days of the date the order is issued.

IT IS FURTHER ORDERED, that If Mountain Pacific General, Inc. does not comply with #13 above, COGCC staff shall be authorized to make a claim on the thirty thousand dollar (\$30,000) plugging bond posted by Mountain Pacific General, Inc. in order to plug, abandon, and reclaim the wells listed above.

IT IS FURTHER ORDERED, that If Mountain Pacific General, Inc. does not comply with Findings #12 and #13 above, COGCC staff shall not approve any Application for Permit to Drill or approve any Form 10, Change of Operator, for Mountain Pacific General, Inc., or any company of which Mr. Jeff Lyon is a principal.

IT IS FURTHER ORDERED, that under the State Administrative Procedure Act the Commission considers this order to be final agency action for purposes of judicial review within thirty (30) days after the date this order is mailed by the Commission.

IT IS FURTHER ORDERED, that an application for reconsideration by the Commission of this order is not required prior to the filing for judicial review.

IT IS FURTHER ORDERED, that the provisions contained in the above order shall become effective forthwith.

IT IS FURTHER ORDERED, that the Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above orders.

ENTERED this _____ day of December, 2005, as of December 5, 2005.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln St.
Denver, Colorado 80203
October 18, 2005