

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. IV-
THE HOUSTON EXPLORATION COMPANY,)	
YUMA COUNTY, COLORADO)	

ADMINISTRATIVE ORDER BY CONSENT

FINDINGS

1. On July 27th, 2005, The Houston Exploration Company notified the Colorado Oil and Gas Conservation Commission ("COGCC") that the Ferguson #16-9-5-45 well located in the SE¼ SE¼ of Section 9, Township 5 North, Range 45 West, 6th P.M had been drilled without an approved permit.

2. A Notice of Alleged Violation ("NOAV") was issued on August 8, 2005, for violations of Rule 303., requiring an approved permit to drill prior to drilling; Rule 305., requiring notice to surface owner prior to drilling; Rule 306., requiring consultation with the surface owner prior to drilling; and Rule 318B., the Yuma/Phillips County Special Well Location Rule. The NOAV required The Houston Exploration Company to "Obtain approved application to drill and submit written documentation as to what occurred, why, and procedures taken to prevent future occurrences. Submit Form 5 and all logs that were run during the drilling of the well."

3. The Houston Exploration Company complied with the NOAV on September 2, 2005.

4. Based on the reply from The Houston Exploration Company, COGCC staff believes no violation of Rules 305. and 306. have taken place, however, COGCC staff believes Rules 303. and 318A. have been violated.

5. The Houston Exploration Company submitted a drilling permit for the Ferguson-Federal 16-9-5-45 on July 29, 2005, along with the necessary exception location waivers. The Ferguson-Federal drilling permit was issued on September 9, 2005.

6. Rule 523. specifies a base fine of One Thousand dollars (\$1,000) per day for each violation of Rules 303. and 318.

7. A monetary penalty of One Thousand dollars (\$1,000.00) should be assessed against The Houston Exploration Company, in accordance with Rule 523.d., for violation of Rule 303.a. and Rule 318B. Mitigating factors in determining the fine recommendation under Rule 523.d.(1) are the violation was reported by The Houston Exploration Company and they acted expeditiously to submit all required waivers and other required documents to mitigate the violations.

ORDER

NOW, THEREFORE, IT IS ORDERED, that The Houston Exploration Company shall be found in violation of Rule 303., failure to have an approved Application for Permit To Drill prior to drilling, and violation of Rule 318B., Yuma/Phillips County Special Well Location Rule for the Ferguson Federal #16-9-5-45 Well located in the SE¼ SE¼ of Section 9, Township 5 North, Range 45 West, 6th P.M.

IT IS FURTHER ORDERED, that The Houston Exploration Company shall be assessed a fine of One Thousand dollars (\$1,000.00) payable within thirty (30) days of the date the order is approved by the Commission for violations of the above described rules occurring on the Ferguson-Federal #16-9-5-45 well.

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.

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.

Recommended this _____ day of September, 2005.

OIL AND GAS CONSERVATION COMMISSION

By _____
David K. Dillon, Hearing Officer

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
September 14, 2005

AGREED TO AND ACCEPTED THIS _____ DAY OF September, 2005

THE HOUSTON EXPLORATION COMPANY

By _____
Title
