

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE RULES	)	CAUSE NO. 1V
AND REGULATIONS OF THE COLORADO OIL AND GAS	)	
CONSERVATION COMMISSION BY <b>PREMIER OIL &amp; GAS, INC.</b> ,	)	ORDER NO. 1V-362
JEFFERSON COUNTY, COLORADO	)	

**APPLICATION FOR MODIFICATION TO ORDER NO. 1V-362**

Melvin Lloyd Richards and Allen Stout ("Payees"), by and through their attorneys, Grant, Hoffman & Kamada, P.C., on behalf of Premiere Oil & Gas, Inc., a Nevada Corporation, respectfully submit this Application for Modification to Order No. 1V-362 to the Colorado Oil and Gas Conservation Commission ("Commission"), for an order acknowledging Premier Oil & Gas, Inc. ("Premier") is a bankrupt company and the Commission was properly noticed and participated in collecting the fines levied pursuant to Order 1V-362, and Payees are unable, pursuant to Premiere's filing for bankruptcy, to comply with Order 1V-362. Except as expressly modified herein, all terms and conditions of the original order finding violation entered against Premier, Order No. 1V-362, remain in full force and effect.

**BACKGROUND**

1. Payees are natural persons adversely affected by Order No. 1V-362.
2. On December 24, 2009, Commission Staff issued Notice of Alleged Violation ("NOAV") #1769738 against Premier. The NOAV alleged violations of the Commission Rules and Regulations, 2 Code Colo. Regs. 404-1 ("Commission Rules") arising out of Premier's operation of the Church Ranch #1W Well (API No. 05-059-06026), which is located in the NW¼ SW¼ of Section 9, Township 2 South, Range 70 West, 6<sup>th</sup> P.M.
3. On January 13, 2011, the NOAV came before the Commission for an adjudicatory hearing for the entry of an Order Finding Violation ("OFV") of the Commission Rules at issue in the NOAV. Neither Premier nor Payees, appeared for the OFV hearing to present a defense to the alleged violations. At the conclusion of the adjudicatory hearing, the Commission entered Order No. 1V-362 (the "Original Order"), attached hereto and incorporated herein as Exhibit "1".
4. The Original Order, among other things, assessed fines in the amount of \$65,000 against Premier and provided:

Until any fine assessed under this action is paid in full and all required abatement and corrective actions are performed by Premier for the Well, the Director should not approve any application for permit-to-drill, any Certificate of Clearance and/or Change of Operator, Form 10, or other permit for conducting oil and gas operations for Premier or any entity of which Allen Stout or Melvin Richards are principals, majority owners, operational or general managers, or in which Mr. Stout or Mr. Richards otherwise exercise control.

Original Order, ¶ 10.

5. On February 18, 2010, Premier, a Nevada corporation, filed a Voluntary Petition for Bankruptcy in the United States Bankruptcy Court for the District of Nevada, case number 10-12490-lbr. Upon information and belief, the Commission was given notice of Premier's bankruptcy, and actively participated in enforcing its claim pursuant to Order No. 1V-362. On January 1, 2012, the Bankruptcy Court entered its Final Decree resolving Premier's debts over which the Bankruptcy Court had jurisdiction.

6. In 2012, Ranchers Exploration Partners, LLC ("Ranchers"), sought Commission approval for four (4) Permits-to-Drill, described as River West 2 APD #400307937, River West 3 APD # 400308004, River West 4 APD #400308004, and River West 2-4 OGLA Form 2A #400307941 (the "Applications"). In its letter dated March 13, 2013, the Commission withheld the Applications because it believes Payees are principals, majority owners, operational or general managers, or otherwise exercise control of Ranchers. Therefore, the Commission, pursuant to the Original Order, withheld approval of the Applications on March 13, 2013. Payees vehemently deny they are principals, majority owners, operational or general managers of Ranchers, or exercise control over Ranchers.

7. On June 17, 2013, the Commission's staff, along with the Colorado Attorney General's Office, proposed an Amended Order to the Commission amending the Original Order based upon Premier seeking protection under the Bankruptcy Code. On that same day, the Commission rejected the proposed Amended Order. Upon information and belief, the Commission denied the proposed Amended Order on the basis that the Commission was not noticed nor participated in Premier's bankruptcy proceedings.

8. Pursuant to C.R.S. § 34-60-108, Payees submit their Application for Modification to Commission Order 1V-362. Pursuant to Rule 503, Payees allege that they are unable to comply with Order No. 1V-362 as a result of Premier's bankruptcy declaration on two (2) independent grounds.

9. First, Payees are unable to comply with the Original Order because payment of \$65,000 cannot go directly to the Commission. Pursuant to the Bankruptcy Code, secured and unsecured creditors are paid on a pro-rata basis. 11 U.S.C. § 502 (2012); See also 11 U.S.C. § 507 (2012). Since the bankruptcy case closed on January 1, 2012, Premiere's insolvency has not changed and, neither Payees nor Premier have the ability to pay Premier's creditors.

10. Furthermore, Payees are unable to comply with the Original Order because compliance would violate the non-discrimination provision of the Bankruptcy Code. Pursuant to Section 525 of the Bankruptcy Code, "a governmental unit may not deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, deny employment to, terminate the employment of, or discriminate with respect to employment against, a person that is or has been a debtor under this title or a bankrupt or a debtor under the Bankruptcy Act, or another person with whom such bankrupt or debtor has been associated, solely because such bankrupt or debtor is or has been a debtor under this title or a bankrupt or debtor under the Bankruptcy Act, . . .". 11 U.S.C. § 525(a) (2012) (emphasis added). Based on the facts provided above, the Commission has denied the Applications based upon Premier's pre-petition activity. Therefore, it would be impossible for Payees to comply with the Original Order without a violation of Section 525. Thus, the Commission should grant a Modification to Order 1V-362 in light of Premiere's declaration of bankruptcy and the protection bankruptcy affords to the Payees pursuant to Section 525.

WHEREFORE, Payees respectfully request this matter be set for hearing, that notice be given as required by law and that upon such hearing the Commission modifies its Order No. 1V-362:

A. Modifies Order No. 1V-362 waiving any enforcement of said Order by the Commission pursuant to the Bankruptcy Code.

B. Modifies Order No 1V-362 allowing Payees or any entity of which they are principals, majority owners, operational or general managers, or otherwise exercise control, including Ranchers to apply for and receive Permits-to-Drill, any Certificate of Clearance and/or Change of Operator, Form 10, or other permit for conducting oil and gas operations despite Premier's violations and subsequent fines as contained in the Original Order.

C. For such other findings and orders as the Commission may deem proper or advisable in the premises.

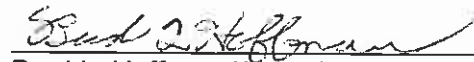
Dated this 9th day of July, 2013.

Respectfully Submitted

Melvin Lloyd Richards

Allen Stout

By:

A handwritten signature in cursive script, appearing to read "Brad L. Hoffman", written over a horizontal line.

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