

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. 0512-OV-10  
**THE HOUSTON EXPLORATION COMPANY,** )  
YUMA COUNTY, COLORADO )

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On July 27, 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.

On August 8, 2005, The Houston Exploratation Company was issued a Notice of Alleged Violation ("NOAV") 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."

On September 2, 2005 The Houston Exploration Company complied with the NOAV. 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 318B. have been violated.

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

On September 14, 2005, COGCC staff issued an Administrative Order by Consent ("AOV") to The Houston Exploration Company for the 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. On October 3, 2005, The Houston Exploration Company agreed to and accepted the AOC, including a fine of One Thousand dollars (\$1,000.00).

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date: Monday, December 5, 2005  
Tuesday, December 6, 2005  
Time: 9:00 a.m.  
Place: Suite 801,  
The Chancery Building  
1120 Lincoln Street  
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

**In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than November 21, 2005, briefly stating the basis of the protest or intervention.** Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and nine (9) copies shall be filed with the Commission (Rule 503.). **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of November 21, 2005.** Pursuant to Rule 503.e., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By \_\_\_\_\_  
Patricia C. Beaver, Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
November 11, 2005