

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)	DOCKET NO. 0506-OV-03
SETEX OIL & GAS COMPANY, ADAMS COUNTY, COLORADO)	

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On September 1, 2004, Colorado Oil and Gas Conservation Commission ("COGCC") staff conducted a routine inspection of the (UPRR) Vetter # 21-31 Well located in the NE¼ NW¼ of Section 31, Township 1 South, Range 64 West, 6th P.M. The well was determined to be incapable of production as a result of the surface production equipment being removed.

On September 3, 2004, COGCC staff issued a Notice of Alleged Violation ("NOAV") to Setex Oil & Gas Company ("Setex") for the (UPRR) Vetter # 21-31 Well. The NOAV cited violation of Rule 319.b.(3), failure to obtain Director approval for continuing shut-in status and Rule 326.b.(1), failure to perform a mechanical integrity test within thirty (30) days of removing the surface production equipment from the (UPRR) Vetter # 21-31 Well. Commission records indicate that the well has not produced since January 2000. The NOAV specified an abatement date of March 3, 2005. Per return receipt, the NOAV was accepted by Setex on September 7, 2004.

On February 16, 2005, COGCC staff left a voice mail message for Mr. Greg Wiggins, Operations Representative, informing him that an Administrative Order by Consent would be issued if the (UPRR) Vetter # 21-31 Well was not brought into compliance by the March 3, 2005 deadline. Mr. Wiggins never responded.

On March 2, 2005, COGCC staff received a telephone message from Mr. Steve Schoppe, manager of the land and legal department. He informed COGCC staff that the (UPRR) Vetter # 21-31 Well had not been brought into compliance but was pending sale to another operator.

Setex should be found in violation of Rules 319.b.(3) and 326.b.(1) for the (UPRR) Vetter # 21-31 Well. Rule 523. specifies a base fine of one thousand dollars (\$1,000) for each violation of Rules 319. and 326. Rule 523.d. provides for an increase of the fine if the violation involved recalcitrance on the part of the operator. Because this is the fourth well for which an AOC has been issued to Setex for the same violations, it is the recommendation of COGCC staff that the fine be increased.

A total monetary penalty of Ten Thousand dollars (\$10,000) for violation of Rules 319.b.(3) and 326.b.(1) should be assessed against Setex Oil & Gas company for these violations in accordance with Rule 523.a. for the (UPRR) Vetter # 21-31 Well.

Setex should either plug, abandon and reclaim, perform and pass a mechanical integrity test or produce the (UPRR) Vetter # 21-31 Well by May 3, 2005. If Setex does not plug, abandon and reclaim, perform and pass a mechanical integrity test or produce the (UPRR) Vetter # 21-31 Well by May 3, 2005, the Commission should authorize the COGCC staff to claim Setex Oil & Gas Company's Thirty Thousand dollar (\$30,000) blanket bond to plug, abandon and reclaim the well.

On March 14, 2005, COGCC staff issued an Administrative Order by Consent ("AOC") to Setex Oil & Gas Company for the violation of Rules 319.b. (3) and 326.b. (1), to obtain Director approval for continuing shut-in status and failure to perform a mechanical integrity test within thirty (30) days of removing the surface production equipment from the (UPRR) Vetter # 21-31 Well located in the NE¼ NW¼ of Section 31, Township 1 South, Range 64 West, 6th P.M. On March 24, 2005, Setex Oil & Gas Company agreed to and accepted the AOC, including a fine of Ten Thousand Dollars (\$10,000).

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, June 6, 2005
Time:	9:00 a.m.
Place:	Suite 801, The Chancery Building 1120 Lincoln Street Denver, CO 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 Angie Gipson at (303) 894-2100 ext. 113, 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 May 16, 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.f.). 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 accordance with the practices of the Commission, should no protests or interventions be filed in this matter by May 16, 2005.

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
April 29, 2005