

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. 0602-OV-05
<b>PETROLEUM DEVELOPMENT CORPORATION,</b>	)	
WELD COUNTY, COLORADO	)	

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT

On November 5, 2002, a Colorado Oil and Gas Conservation Commission ("COGCC"), Application for Permit-to-Drill, Form 2 ("APD") was approved for Petroleum Development Corporation ("PDC") to drill the NHF #44-21 Well located in the SE¼ SE¼ of Section 21, Township 5 North, Range 63 West, 6th P.M.

The APD for the NHF #44-21 Well specified the objectives as the Dakota, "J" Sand, Codell and Niobrara Formations. The APD was approved by the COGCC Director for these formations on November 5, 2002. The drilling permit expired on November 4, 2003.

On February 10, 2003, the COGCC received from PDC a Completed Interval Report, Form 5A, for the NHF #44-21 Well. The form stated that the NHF #44-21 Well had been completed in the Dakota Formation and that the Dakota Formation had been tested on January 15, 2003.

On May 29, 2003 the COGCC received from PDC a Completed Interval Report, Form 5A, for the NHF #44-21 Well. The form stated that the NHF #44-21 Well had been recompleted in the "J" Sand Formation and that the "J" Sand Formation had been tested on May 16, 2003.

On October 11, 2005, PDC submitted an Application for Permit-to -Drill, Form 2 to recomplete the NHF #44-21 Well to the Niobrara and Codell Formations. PDC recompleted the NHF #44-21 Well on October 8, 2005, prior to approval of the permit by the COGCC.

For the unauthorized completion of the Niobrara and Codell Formations in the NHF #44-21 Well, PDC should be found in violation of Rule 303.b., failure to obtain an approved Application for Permit-to-Drill or Application for Permit to Recomplete to the Niobrara and Codell Formations.

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

A monetary penalty of Ten Thousand dollars (\$10,000.00) should be assessed against PDC, in accordance with Rule 523.a. and Rule 523.d., for violation of Rule 303.b. An aggravating factor in determining the fine recommendation is that under Rule 523.d.(6). Petroleum Development Corporation was fined eleven (11) times for violations of Rule 303. during 2004.

On December 22, 2005, COGCC staff issued an Administrative Order by Consent ("AOC") to Petroleum Development Corporation for violation of Rule 303.b., failure to obtain an approved Application for Permit-to-Drill or Application for Permit to Recomplete to the Niobrara and Codell Formations for the NHF #44-21 Well located in the SE¼ SE¼ of Section 21, Township 5 North, Range 63 West, 6th P.M., proposing a fine of Ten Thousand dollars (\$10,000.00) for violation of the rule. On January 3, 2006, Petroleum Development Corporation agreed to and accepted the AOC, including the fine of Ten Thousand dollars (\$10,000.00).

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, February 13, 2006 Tuesday, February 14, 2006
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 January 30, 2006 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 January 30, 2006.** 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  
January 13, 2005