

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. 0601-1V-02
UNITED STATES EXPLORATION INC,)	
WELD COUNTY, COLORADO)	

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On December 17, 2004, the Colorado Oil and Gas Conservation Commission (“COGCC”) Director approved the Application For Permit-to-Drill (“APD”) the United States Exploration Inc. (“USX”) B & M #12-5 Well located in the SW¼ NW¼ of Section 5, Township 2 North, Range 65 West, 6th P.M. Rule 317.i. (and the Form 2 conditions of approval) required that “all cement shall be of adequate quality to achieve a minimum compressive strength of at least eight hundred (800) psi and shall be pumped two hundred (200) feet above the top of the Sussex Formation (shallowest known producing horizon)”. Review of the B & M #12-5 cement bond log by COGCC staff found 0’ of 800 psi cement above the Sussex Formation.

On July 25, 2005, USX was issued a Notice of Alleged Violation (“NOAV”) citing violation of Rule 317.i. and Form 2 Permit Conditions of Approval for failure to provide 200’ of 800 psi compressive strength cement above the Sussex Formation for the B & M #12-5 Well. The NOAV required USX to submit a procedure to verify or isolate the Sussex Formation by August 8, 2005 and complete all work by September 23, 2005.

On August 17, 2005, (due August 8, 2005) USX submitted a Sundry Notice, Form 4, describing the procedure to isolate the Sussex Formation with the acknowledgement the remedial cement work would be completed no later than the September 23, 2005 deadline.

USX was requested by the surface owner to delay remedial work to allow crops to be harvested. USX believes that it verbally advised the Commission that the landowner requested a remedial work delay, however, COGCC staff has no record of extending the abatement date of the NOAV.

USX did not complete the remedial cement work to provide zonal isolation of the Sussex Formation by the September 23, 2005 deadline.

USX completed remedial cementing operations for the B & M #12-5 Well on November 3, 2005. The remedial cementing operations did not establish a clear cement top as shown by the Cement Bond Log.

USX has received a total of seven (7) NOAV(s) for not providing 200’ of cement isolation above the Sussex and/or Shannon Formation(s). All such NOAVs applied to wells that were cemented within a six (6) month period of time.

USX should be found in violation of Rule 317.i. and Form 2 Permit Conditions of Approval for the B & M #12-5 Well, and be assessed a penalty of Two Thousand dollars (\$2,000) per violation of Rule 317.i. and Form 2 permit Conditions of Approval for a total of Four Thousand dollars (\$4,000).

On November 23, 2005, COGCC staff issued an Administrative Order by Consent (“AOV”) to United States Exploration, Inc. for the violation of Rule 317.i. and Form 2 Permit Conditions of Approval for failure to provide two hundred (200) feet of eight hundred (800) psi compressive strength cement above the Sussex Formation for the B & M #12-5 Well located in the SW¼ NW¼ of Section 5, Township 2 North, Range 65 West, 6th P.M., proposing a fine of Four Thousand dollars (\$4,000) for violation of Rule 317.i. and Form 2 Permit Conditions of Approval. On November 23, 2005, United States Exploration, Inc. agreed to and accepted the AOC, including the fine of Four Thousand Dollars (\$4000.00).

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, January 9, 2006 Tuesday, January 10, 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 December 27, 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 December 27, 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
December 9, 2005