

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. 0607-OV-09
XTO ENERGY INC. , LAS ANIMAS COUNTY, COLORADO)	

NOTICE OF ADMINISTRATIVE HEARING BY CONSENT

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On March 9, 2006, the Colorado Oil and Gas Conservation Commission ("COGCC") approved an Application for Permit-to-Drill ("APD") for XTO Energy Inc. ("XTO") for the Golden Eagle #20-3 Well located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, Township 33 South, Range 67 West, 6th P.M. The COGCC approved the APD with a Condition of Permit Approval requiring that at least 870 feet of surface casing be set in the Well.

On or about April 2, 2006, XTO notified COGCC staff by telephone that only 230 feet of surface casing had actually been set in the Golden Eagle #20-3 Well. COGCC staff required XTO to submit a letter of explanation detailing the violation and action to prevent future violations of this nature.

COGCC staff received a letter from XTO on April 5, 2006 detailing the violation and proposing procedures to be implemented by XTO to prevent a recurrence of the violation.

On April 27, 2006, COGCC staff sent a Notice of Alleged Violation ("NOAV") to XTO for violations of Rule 317.d. and Conditions of Permit Approval for the Golden Eagle #20-3 Well. The NOAV required XTO to submit a letter detailing the violation and proposed action to prevent future violations of this type. This requirement was met by the XTO letter of April 5, 2006. The NOAV also required XTO to provide adequate cement coverage of production casing to cover potential aquifers and mitigate the effect of not setting sufficient surface casing to protect water wells in the area. By cementing the production casing from total depth up into the surface casing shoe during well completion operations, XTO would mitigate the violation to the extent possible. This requirement has been complied with by XTO.

Rule 523.c. specifies a base fine of One Thousand dollars (\$1,000) per day for each violation of Rule 317. Rule 523.(4) specifies that fines for violations for which no base fine is listed shall be determined by the Commission at its discretion, subject to Rule 523.a.(1) which states that no fine for any single violation shall exceed one thousand dollars (\$1,000) per day.

A monetary penalty of Two Thousand dollars (\$2,000.00) should be assessed against XTO Energy Inc., in accordance with Rule 523., for violation of Rule 317.d. and Conditions of Permit Approval. Aggravating factors in determining the fine recommendation under Rule 523.d. are: 523.d.(1), the violation was reckless; 523.d.(2), the violation had a threat of significant negative impact on the environment. Mitigating factors in determining the fine recommendation under Rule 523.d. are: 523.d.(1), the violation was self-reported by XTO; 523.d.(2), XTO demonstrated prompt, effective, and prudent response to the violation; 523.d.(3), and XTO cooperated with the Commission with respect to the violation.

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, July 10, 2006 Tuesday, July 11, 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 June 26, 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 June 26, 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
June 8, 2006