

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. 0606-OV-08
TEXAS TEA, LLC)	

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On November 12, 2004, Colorado Oil and Gas Conservation Commission ("COGCC") staff received a written complaint from Mr. Gene Augustine alleging Texas Tea, LLC, did not have liability insurance on May 4, 2004 when an accident occurred causing bodily injury. Mr. Augustine stated in his complaint "I have discovered that according to Section 708, all operators shall maintain general liability insurance coverage for property damage and bodily injury to third parties in the minimum amount of five hundred thousand dollars (\$500,000) per occurrence."

On November 12, 2004, COGCC staff contacted Mr. Bob Parker, Manager of Texas Tea, to inform him of Mr. Augustine's allegation. Mr. Parker indicated he would submit the certificate of liability insurance.

On November 22, 2004, the COGCC received a certificate of liability insurance dated November 19, 2004 for the calendar year beginning November 17, 2004 to November 17, 2005.

On November 22, 2004, COGCC staff issued a Notice of Alleged Violation ("NOAV") to Texas Tea, LLC to submit proof of liability insurance for the calendar year beginning November 16, 2003 to November 16, 2004. Texas Tea LLC was required to provide proof of insurance by December 8, 2004.

On December 16, 2004, Mr. Parker responded to the NOAV with written correspondence explaining why Texas Tea, LLC, did not have liability insurance for the calendar year beginning November 16, 2003 to November 16, 2004.

Texas Tea LLC should be found in violation of COGCC Rule 708., failure to maintain general liability insurance coverage for property damage and bodily injury to third parties in the minimum amount of five hundred thousand dollars (\$500,000) per occurrence.

Rule 708. specifies a base fine of one thousand dollars (\$1,000) for each violation of Rule 708.

Rule 523.d.(2) provides for an increase of the fine if the violation had a significant negative impact, or threat of significant negative impact on the environment or on public health, safety, or welfare. Rule 523.d.(6) provides for an increase of the fine if the violation involved recalcitrance on the part of the operator. Texas Tea, LLC has been fined a total of six thousand five hundred dollars (\$6,500) as a result of two previous Commission orders (1V-197 and 1V-201). A total monetary penalty of twenty five thousand dollars (\$25,000) for violation of Rule 708. should be assessed against Texas Tea LLC.

On March 14, 2005, COGCC staff issued an Administrative Order by Consent ("AOC") to Texas Tea, LLC for violation of Rule 708., failure to maintain general liability insurance coverage for property damage and bodily injury to third parties in the minimum amount of five hundred thousand dollars (\$500,000) per occurrence, proposing a fine of twenty-five thousand dollars (\$25,000.00) for violation of the rule. On April 20, 2005, Texas Tea, LLC agreed to and accepted the AOC, including the fine of twenty five thousand dollars (\$25,000.00).

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, June 5, 2006
Tuesday, June 6, 2006

Time: 10:00 a.m.

Place: Council Chamber
The Ambulance Building
304 W. 3rd Street
Wray, CO 80758

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 May 22, 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 May 22, 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
April 27, 2006