

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. 0701-OV-01
NOBLE ENERGY PRODUCTION, INC.,)
WELD COUNTY, COLORADO)

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

The Colorado Oil and Gas Conservation Commission ("COGCC") approved an Application for Permit-to-Drill, Form 2 ("APD") on March 15, 2006 for Noble Energy Production, Inc. ("Noble") to drill the Gray O 26-5 Well located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26, Township 4 North, Range 67 West, 6th P.M. The APD required a minimum surface casing setting depth of 400 feet below ground surface.

According to a letter from Noble, dated October 18, 2006, the Gray O 26-5 Well was spudded on August 26, 2006 with a planned surface casing setting depth of 417 feet. When Noble ran an induction log on August 30, 2006, it was apparent to Noble that the bottom of surface casing was at a depth of 371 feet. Noble pumped cement in the production casing-borehole annulus in an attempt to remedy the situation. It appears that Noble's objective was to pump cement from some depth greater than 400 feet to surface. Noble pumped cement then ran a cement bond log ("CBL") on September 18, 2006 to verify coverage. The CBL indicated that the cement top had fallen to approximately 500 feet, and therefore did not satisfy Noble's planned cement coverage. Up until this point, there was no contact with COGCC staff regarding the failure to set sufficient surface casing to satisfy the requirements of the APD or the subsequent cement work described above.

On September 19, 2006, Noble notified COGCC staff of the activities described above and submitted excerpts of the induction log, dated August 30, 2006, and CBL, dated September 18, 2006, via facsimile. COGCC staff reviewed its available data and concluded that the surface casing setting depth of 371 feet would not likely have an adverse impact on useable fresh water supplies in the vicinity of the Gray O 26-5 Well. Therefore, COGCC staff informed Noble that additional remedial cement work would not be required.

On September 20, 2006, COGCC staff issued a Notice of Alleged Violation ("NOAV") for the Gray O 26-5 Well, citing the following: Rule 301., failure to provide written notice of intention to change plans previously approved, and failure to receive written approval for the change before the work was begun. The NOAV required that Noble submit a written report to show cause why Noble should not be found in violation and subject to fine. The required NOAV response date for the written report was October 20, 2006.

On October 18, 2006, COGCC staff received a written response to the NOAV from Noble. Noble's letter explained that the surface casing joints were miscounted, and Noble made an internal decision to cement the production string to surface. Noble identified the following corrective actions to prevent recurrence of this situation: first, surface casing tallies will be double-checked by the rig supervisor and the rig manager, and second, all Noble rig supervisors have been notified that any change to drilling plans that affect a State-approved APD would require notification to COGCC staff.

With due consideration given to Noble's response to the NOAV, Noble should be found in violation of Rule 301., failure to provide written notice of intention to change plans previously approved and failure to receive written approval for the change before the work was begun. A fine is proposed because this is the second time COGCC staff has issued an NOAV to Noble for setting surface casing at a depth less than the required minimum depth on an APD (an NOAV was issued on May 23, 2006 for the Hansen O 1-10 Well, API No. 05-123-22420).

Rule 301. specifies a base fine of One Thousand dollars (\$1,000) per day for each violation of Rule 301.

On October 20, 2006, COGCC staff issued an Administrative Order by Consent ("AOC") to Noble for violation of Rule 301., failure to provide written notice of intention to change

plans previously approved, and failure to receive written approval for the change before the work was begun for the Gray O 26-5 Well located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26, Township 4 North, Range 67 West, 6th P.M., proposing a fine of One Thousand dollars (\$1,000.00) for violation of the rule. On October 26, 2006, Noble Energy Production, Inc. agreed to and accepted the AOC, including the fine of One Thousand Dollars (\$1,000).

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, January 8, 2007
 Tuesday, January 9, 2007

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 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 December 26, 2006.** Pursuant to Rule 503.f., 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 8, 2006