

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. 0812-OV-20
STEPHENS ENERGY COMPANY LLC,)
ROUTT COUNTY, COLORADO)

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On June 4, 2008, the staff (“Staff”) of the Colorado Oil and Gas Conservation Commission (“COGCC” or “Commission”) inspected oil and gas operations of Stephens Energy Company LLC (“Stephens”) at the Breeze State #11-8 (API #05-107-06223) well site, located in the NE¼ SW¼ of Section 8, Township 6 North, Range 89 West, 6th P.M. The well had been completed on May 15, 2005.

Staff observed the former reserve pit, which had not been closed, with oil floating on liquids in the pit, insufficient freeboard, and insufficient fencing. Additionally, the well site location was poorly maintained (insufficient stormwater best management practices (“BMPs”) to combat erosion) and contained excessive trash, equipment, or supplies.

On June 9, 2008, Staff issued Notice of Alleged Violation (“NOAV”) #200190657 to Stephens (Operator #10092) for violation of the following Rules:

RULE NO.	DESCRIPTION OF ALLEGED VIOLATION(S)
902.c.	Operating a pit with less than two feet of freeboard
902.d.	Allowing oil to accumulate for more than 24 hours on an unpermitted, insufficiently fenced, unnetted pit
903.	Failing to submit Pit Construction Report/Permit, Form 15, within 30 days after construction of production pit
603.j.	Failing to maintain well site with respect to trash and excessive equipment/supplies not necessary for use on that lease
1003.b.	Failing to complete interim reclamation of the reserve pit within 12 months of well completion; failing to maintain well site to minimize erosion

The NOAV required Stephens, within 24 hours, to remove all oil from the pit, draw down the fluid level, and dispose of the water in an approved manner. It also required Stephens to perform the following actions by August 9, 2008: close the pit, maintain two feet of freeboard in the pit until closure, complete interim reclamation (of former reserve pit), and install stormwater BMPs to combat well site erosion.

Stephens complied with the requirement to remove oil from the pit immediately. Stephens also immediately established the two feet of freeboard in the pit required by Rule 902.c. and the NOAV. After further investigation, Rule 903. was determined not applicable to this site and was removed as an alleged violation.

Stephens met the abatement deadline (August 9, 2008) for closing the pit, maintaining two feet of freeboard until pit closure, completion of interim reclamation and installation of stormwater BMPs. The BMPs in place have been constructed to avoid erosion from the well site. The pit will be seeded later in October in order to take advantage of the precipitation. Stephens has met all requirements requested by Staff.

Irrespective of compliance with NOAV requirements, Stephens should be found in violation of the following rules and assessed the base fine established by Rule 523.c. for each violation:

RULE NO.	BASE FINE
902.c	\$1,000
902.d.	\$1,000
603.j.	\$1,000
1003.b.	\$1,000
TOTAL	\$4,000

Payment of the fine pursuant to this Administrative Order by Consent does not relieve Stephens from its obligations to complete abatement or corrective actions set forth in the NOAV, as may be amended or modified by Staff, to the extent such actions are not completed upon the execution of this Administrative Order by Consent.

Stephens agrees to pay the total fine set forth in Finding No. 7 to resolve this matter without the necessity of an extended contested hearing before the Commission. However, Stephens does not admit liability or fault for the rule violations set forth in this AOC. Staff acknowledges that Stephens responded promptly and in good faith to satisfy the concerns of Staff and the NOAV.

On October 16, 2008, COGCC staff issued an Administrative Order by Consent ("AOC") to Stephens Energy Company LLC for violation of Rules 902.c., 902.d., 603.j., and 1003.b. at the Breeze State #11-8 (API #05-107-06223) well site, located in the NE¼ SW¼ of Section 8, Township 6 North, Range 89 West, 6th P.M., proposing a fine of Four Thousand dollars (\$4,000). On October 30, 2008, Stephens Energy Company LLC agreed to and accepted the AOC, including the fine of Four Thousand dollars (\$4,000).

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: Tuesday, December 9, 2008*
Wednesday, December 10, 2008*
Thursday, December 11, 2008*

Time: 8:30 a.m.

Place: Terrace Room, Sheraton Hotel
1550 Court Place
Denver, CO 80202

* Please check the Public Announcements at <http://cogcc.state.co.us/> for exact day and location.

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 November 21, 2008, 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 13 copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of November 24, 2008.** 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, CO 80203
October 31, 2008