

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF ALLEGED VIOLATIONS OF THE RULES)	CAUSE NO. 1V
AND REGULATIONS OF THE COLORADO OIL AND GAS)	
CONSERVATION COMMISSION BY BARNES PETROLEUM)	DOCKET NO. 1004-OV-02
CORPORATION , ADAMS COUNTY, COLORADO)	

NOTICE OF CONTINUATION OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On January 9, 1991, Barnes Petroleum Corporation (“BPC”) (Operator No. 6420) spud the Rosener #1 Well (API No. 05-001-09001) (the “Well”), located in the NW¼ NE¼ of Section 8, Township 1 South, Range 59 West, 6th P.M., and, subsequently, completed the Well in the “J” Sand Formation with a total depth of 6356 feet. The Well has been temporarily abandoned since December 11, 1992, and there is presently no production tubing in the wellbore. Colorado Oil and Gas Conservation Commission (“Commission” or “COGCC”) records indicate that, on June 7, 2002, the Well passed a mechanical integrity test. BPC presently operates only one well, the Well, in Colorado, and has posted a \$5,000 Individual Plugging Financial Assurance for the Well.

On December 22, 2009, COGCC Staff issued an advisement letter to BPC which requested the operator to comply with Rule 706., by posting an additional \$15,000 Individual Plugging Financial Assurance for the Well, and that its failure to do so on or before January 22, 2010 would result in the issuance of a Notice of Alleged Violation (“NOAV”). The letter was sent in the United States Mail, first class postage prepaid, and the letter was not returned.

On February 19, 2010, COGCC Staff issued an NOAV #1661375 to BPC for alleged violations of COGCC rules, to include:

Rule 302.a., which requires all operators to provide changes of address by submitting Registration for Oil and Gas Operations, Form 1, detailing their change in information.

Rule 706., which requires an operator to provide financial assurance, in the amount of \$20,000 per well for wells in excess of 3,000 feet in total measured depth, to Commission to ensure the protection of soil, the proper plugging and abandonment of the well, and the reclamation of the site in accordance with the 300-Series of drilling regulations, the 900-Series of exploration and production waste management regulations, the 1000-Series of reclamation regulations, and the 1100-Series of flowline regulations.

The NOAV required abatement or corrective action by the operator by filing an updated Form 1 and posting the additional \$15,000 financial assurance by March 19, 2010. This NOAV was sent to the operator’s address of record on February 19, 2010, and returned on March 14, 2010, marked unclaimed and unable to forward. COGCC records set forth a telephone number for BPC; however, the number is no longer a working telephone number.

Further, Rule 319.b.(1) allows a well to be temporarily abandoned when completed, upon approval of the Director, for a period not to exceed six months, with any requested extension to be approved by the Director. The operator shall annually submit a Sunday Notice, Form 4, or other form approved by the Director, which states the method the well is closed to the atmosphere and plans for future operation.

Furthermore, Rule 326.d. requires the operator to conduct a mechanical integrity test (“MIT”) within two years of the initial shut-in or abandonment date and every five years thereafter.

If BPC comes forward prior to the hearing of this matter, the Commission should require BPC to conduct an MIT on the Well in accordance with COGCC Rules, including, without limitation, giving not less than 10 days prior written notice of the MIT to COGCC Staff, within 45 days of the date that this Order is approved by the Commission. After performing the MIT, the Commission should require BPC to either place the Well on production or plug and abandon the Well in accordance with COGCC Rules.

Further, if BPC comes forward prior to the hearing of this matter, the Commission should require BPC to post an additional \$15,000 financial assurance, within 10 days of the date this

Order is approved by the Commission, to ensure the protection of soil, the proper plugging and abandonment of the Well in accordance with COGCC Rules.

If BPC fails to come forward prior to the hearing of this matter or post the additional \$15,000 financial assurance, the Commission should authorize the COGCC Staff to foreclose the existing \$5,000 plugging bond, supplemented as may be necessary by funds from the Oil and Gas Conservation and Environmental Response Fund, to plug and abandon the Well and reclaim the Well site and associated facilities.

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, June 1, 2010
Wednesday, June 2, 2010

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. 5139, 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 17, 2010, 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 May 17, 2010.** 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 accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **May 17, 2010, the Applicant may request that an administrative hearing be scheduled during the week of May 17, 2010.** In the alternative, pursuant to Rule 511.b., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Carol Harmon, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
May 14, 2010

BPC Address of Record:
John Barnes
Barnes Petroleum Corporation
4356 Rickover Drive
Dallas, TX 75244