

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE RULES     )  
AND REGULATIONS OF THE COLORADO OIL AND GAS         )  
CONSERVATION COMMISSION BY **PIONEER NATURAL**         )  
**RESOURCES USA, INC.**, LAS ANIMAS COUNTY, COLORADO     )

CAUSE NO. 1V  
DOCKET NO. 1011-OV-10

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT HEARING

On February 8, 2007, the Colorado Oil and Gas Conservation Commission ("COGCC" or "Commission") approved an Application for Permit-to-Drill ("APD"), submitted by Pioneer Natural Resources USA, Inc. ("Pioneer") for the Bantini 11-25TR Well (API #05-071-09195) (the "Well"), which is located in the NW¼ NW¼ of Section 25, Township 32 South, Range 66 West, 6<sup>th</sup> P.M.

On February 7, 2008, the original APD expired. On February 27, 2008, shortly after the expiration of the original APD, Pioneer re-filed an APD for the Well, which was approved by the COGCC on April 7, 2008.

On March 12, 2008, between the expiration of the original APD, and the approval of the re-filed APD, Pioneer drilled the Well. COGCC Staff became aware of the issue when the drilling completion report was submitted.

On August 20, 2008, COGCC Staff issued Notice of Alleged Violation ("NOAV") #200193979 to Pioneer for commencing operations on the Well without a valid permit. The NOAV alleged that Pioneer had violated Rule 303.a. and required them to explain the reason for the violation and the procedures that would be implemented to prevent future violations.

On September 10, 2008, Pioneer responded to the NOAV, explaining that a clerical error and faulty paperwork caused the violation. They also detailed procedures to be implemented to prevent future violations, including requiring that no well be spud unless the Foreman has a copy of the permit to drill on his desk.

Rule 523. specifies a base fine of One Thousand dollars (\$1,000) for each day of violation of Rule 303. Rule 523.a.(3) specifies that "the maximum penalty for any single violation shall not exceed Ten Thousand dollars (\$10,000) regardless of the number of days of such violation," unless the violation results in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety or welfare or the environment.

Pioneer should be found in violation of Rule 303.a., as described herein, and that the parties have agreed to an **adjusted fine of Five Thousand dollars (\$5,000)**, which takes into consideration the mitigation factor that Pioneer has demonstrated a history of compliance with COGCC rules, regulations and orders and instituted several new procedures to prevent these types of violations from recurring in their future operations

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, November 29, 2010  
                  Tuesday, November 30, 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 November 12, 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 November 15, 2010.** Pursuant to Rule 503.g., 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 \_\_\_\_\_  
Carol Harmon, Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
October 27, 2010

Pioneer Representative Address of Record:  
Dave Holland  
Pioneer Natural Resources USA, Inc.  
1401 Seventeenth Street, Suite 1200  
Denver, CO 80202