

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

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|--|---|-----------------------|
| IN THE MATTER OF THE APPLICATION FOR A |) | CAUSE NO. 1 |
| VARIANCE TO RULE 706 BY PETRON |) | |
| DEVELOPMENT COMPANY |) | DOCKET NO. 1112-GA-11 |
| |) | |

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

Rule 706. requires an operator to provide financial assurance to the Commission to ensure the protection of the soil, the proper plugging and abandonment of the well, and the reclamation of the site in accordance with COGCC Rules. Rule 706.b. permits an operator to submit statewide blanket financial assurance in the amount of \$100,000 for the drilling and operation of 100 or more wells. Rule 706.c. authorizes an operator to seek a variance from financial assurance requirements of Rule 706 under appropriate circumstances.

Under Rule 502.b.(1), an operator may seek a variance from Commission rules. Variances to any Commission rules, regulations, or orders may be granted in writing by the Director without a hearing upon written request by an operator to the Director, or by the Commission after hearing upon application. The operator or the applicant requesting the variance shall make a showing that it has made a good faith effort to comply, or is unable to comply with the specific requirements contained in the rules, regulations, or orders, from which it seeks a variance, including, without limitation, securing a waiver or an exception, if any, and that the requested variance will not violate the basic intent of the Oil and Gas Conservation Act.

On October 11, 2011, Petron Development Company ("Petron" or "Applicant"), by its attorneys, filed with the Commission a verified application ("Application") for an order granting a variance from the financial assurance requirement of Rule 706 of posting a financial assurance blanket bond of \$100,000, for over 100 wells and requests the Commission accept its current \$30,000 bond as adequate. Applicant, among other factors, states current market conditions require 100% cash collateral for issuance of a bond, resulting in a hardship to Applicant and its well owners.

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, December 12, 2011
Time: 1:00 p.m.

Tuesday, December 13, 2011
9:00 a.m.

Place: Weld County Administration Building
1150 O Street
Greeley, Colorado 80631

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.

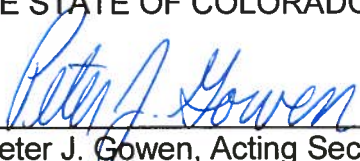
Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations 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 23, 2011, 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 beginning November 23, 2011.** 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 accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **November 23, 2011, the Applicant may request that an administrative hearing be scheduled beginning November 23, 2011.** In the alternative, pursuant to Rule 511., 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  _____
Peter J. Gowen, Acting Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
November 4, 2011

Attorneys for Petron:
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