

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 <b>MARATHON OIL</b>	)	DOCKET NO. 1106-OV-14
<b>COMPANY, GARFIELD COUNTY, COLORADO</b>	)	

NOTICE OF ORDER FINDING VIOLATION HEARING

On September 27, 2007, the Director ("Director") of the Colorado Oil and Gas Conservation Commission (the "Commission" or the "COGCC") approved an Application for Permit-to-Drill for the Marathon Oil Company ("Marathon") 697-12A #12 Well Pad (the "Well Pad") (API #05-045-14728), located in the SW¼ NE¼ of Section 12, Township 6 South, Range 97 West, 6<sup>th</sup> P.M. On or about November 28, 2007, Marathon began using a lined pit on the Well Pad to contain flow-back fluids (mostly fresh water) from two other well pads for storage prior to reuse.

On or about January 30, 2008, Marathon noted a discrepancy in pit fluid level relative to the volume of water hauled to the pit, and notified the COGCC on January 31, 2008 that there appeared to have been a release of flow-back fluids from the lined pit on the Well Pad. A small amount of condensate was observed in the pit, but did not appear to have been released.

On January 31, 2008, Marathon submitted a Spill/Release Report (Form 19, COGCC Document #1981707) to the COGCC, estimating that 31,590 barrels of flow-back fluid had been released from the pit due to the failure of a seam in the pit liner.

On April 11, 2008, COGCC Staff issued NOAV #200130139 to Marathon alleging violations of certain COGCC Rules, in effect at the time of the release.

COGCC Staff alleges that Marathon should be found in violation of Rules 324A.a., 904.b.(3), and 907a.(2), for failing to properly construct and maintain the lined pit on the Well Pad so that E&P waste was not released. COGCC Staff believes that these violations occurred from November 28, 2007, when Marathon began using the lined pit, through January 31, 2008, when Marathon reported the release of flow-back fluid to the COGCC.

Rule 523. specifies a base fine of One Thousand dollars (\$1,000) for each day of violation of Rules 324A.a., 904.b.(3), and 907a.(2). 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.

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, June 27, 2011 Tuesday, June 28, 2011
Time:	9:00 a.m.
Place:	Elbert County Fairgrounds Ag Building 95 Ute Avenue Kiowa, CO 80117

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 June 13, 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 during the week of June 13, 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 **June 13, 2011, the Applicant may request that an administrative hearing be scheduled during the week of June 13, 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



Robert A. Willis, Acting Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
June 9, 2011