

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 NOEL REYNOLDS, LA)	DOCKET NO. 1106-OV-15
PLATA COUNTY, COLORADO)	

NOTICE OF ORDER FINDING VIOLATION HEARING

On January 16, 1979, the Colorado Oil and Gas Conservation Commission ("COGCC" or "Commission") approved an Application for Permit-to-Drill ("APD") submitted by Noel Reynolds (Operator #74500) for the Ester #1 Well (API No. 05-067-06232) (the "Well"), located in the SE¼ SE¼ of Section 21, Township 33 North, Range 12 West, N.M.P.M., which was subsequently drilled and completed.

On March 8, 2006, the COGCC Staff issued a Notice of Alleged Violation ("NOAV") #200086290 to Noel Reynolds (with February 23, 2006 being the date of violation), which contained alleged violations of the following COGCC rules then in place:

a. Rule 302., which requires the operator, prior to commencing operations, shall file a Registration For Oil and Gas Operations, Form 1, with the Director;

b. Rule 319.b., which provides that a well may be shut-in or temporarily abandoned when completed for a period not to exceed 6 months, and that an operator requesting shut-in or temporary abandonment status in excess of 6 months shall submit a Sundry Notice, Form 4, annually to the Director stating the status of the well and plans for future operation; and

c. Rule 326.b., which provides that an MIT shall be performed on each shut-in well within 2 years of the initial shut-in date and on 5 year intervals from the date the initial MIT was performed

Rule 706.a. provides that financial assurance shall be in the amount of \$20,000 per well, or a \$60,000 statewide blanket for the drilling and operation of less than 100 wells, for wells in excess of 3,000 feet depth, to ensure the protection of the soil, the proper plugging and abandonment of the well, and the reclamation of the site, Noel Reynolds has posted a \$30,000 blanket bond for the plugging and abandonment and reclamation of wells and well sites it operates.

Rule 523. specifies a base fine of Five Hundred dollars (\$500) for each day of violation of Rules 302., and a base fine of One Thousand dollars (\$1,000) for each day of violation of Rules 319.b. and 326.b. 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.

Noel Reynolds should be found in violation of Rules 302., 319.b., and 326.b. for its oil and gas operations at the Well and ordered to pay fines as prescribed by Rule 523. Further, if deemed appropriate, the financial assurance posted by Noel Reynolds, in accordance with Rule 706.a. should be claimed by the COGCC Staff to defray any costs incurred by the oil and gas operations due to land damage and the plugging and abandonment of the Well and reclamation of the site.

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 2, 2011