

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE RULES AND ) CAUSE NO. 1V  
REGULATIONS OF THE COLORADO OIL AND GAS )  
CONSERVATION COMMISSION BY **LONE PINE GAS, INC.** ) DOCKET NO. 1305-OV-08  
JACKSON COUNTY, COLORADO )

NOTICE OF ORDER FINDING VIOLATION HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

Pursuant to Rule 522.c., the Colorado Oil and Gas Conservation Commission ("Commission" or "COGCC") Staff will apply to the Commission on March 25, 2013 for an Order Finding Violation ("OFV") against Lone Pine Gas, Inc. ("Lone Pine") (Operator No. 100200).

Lone Pine operates from the Margaret Spaulding Location (Location No. 324634) in Jackson County, Colorado. This location includes the Margaret Spaulding Centralized Tank Battery (Facility No. 427281); three wells including the Margaret Spaulding # 4 (API # 05-057-06031), Margaret Spaulding # 4-B (API # 05-057-06047), and Margaret Spaulding # 14 (API # 05-057-06108); and six pits (Facility Nos. 112265 through 112269, and 115241).

On September 29, 2010, the COGCC issued Notice of Alleged Violation ("NOAV") No. 200272892 ("2010 NOAV") to Lone Pine for alleged violations of Rule 324A.b; Rule 326.b.(1); Rule 902; Rule 906.a.; and Rule 907c.(1).

On December 20, 2011, COGCC staff inspected the Margaret Spaulding Location. Upon inspection, COGCC staff observed missing tank labels, downstream discharge of crude oil into a stream, a separator that appeared not to be working, and oil in pits at the Margaret Spaulding 14 well. COGCC staff also discovered a spill that occurred December 15, 2011 and had not been reported as required by Rule 906.

On December 22, 2011, COGCC issued Notice of Alleged Violation ("NOAV") No. 200334881 ("2011 NOAV") to Lone Pine for the alleged violations of Rule 210.d; Rule 324A.b; Rule 907.c(1); and Rule 912.b.

The 2011 NOAV required Lone Pine to correct or abate the alleged rule violations by performing the following actions: (1) cease operations until it can be demonstrated that the produced water can be treated in a way that prevents free product from accumulating in the pits and in the stream discharge; (2) install signs at the tank battery to comply with Rule 210.b.; (3) label all tanks per Rule 210.b.; and (4) submit sundry notices for venting of gas pursuant to Rule 912.b. Abatement and corrective actions were to be taken on or before December 31, 2011.

Rule 523. Specifies a base fine of One Thousand dollars (\$1,000) for each day of violation of Rules 324A.b., 907.c.(1), 210.d.d, 210.b., and 912.b. Rule 523.a.(3) specifies that "the maximum penalty for any single violation shall not exceed \$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. Staff alleges that the violations resulted in a significant adverse impact on public health, safety or welfare or the environment. Staff is seeking a \$150,000 fine.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado (Commission) under § 34-60-105 C.R.S.; 2)

specific powers granted pursuant to § 34-60-106 C.R.S.; 3) the Colorado Administrative Procedures Act at § 24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date:                   Monday, May 6, 2013  
                          Tuesday, May 7, 2013

Time:                   9:00 a.m.

Place:                   Weld County Southwest Services Complex  
                          4209 Weld County Road 24 1/2  
                          Longmont, CO 80501

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 April 22, 2013, briefly stating the basis of the protest or intervention. 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 April 22, 2013.** 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 \_\_\_\_\_  
Robert J. Frick, Hearings Manager

Dated: March 28, 2013

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