

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

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| IN THE MATTER OF VIOLATION OF THE RULES AND |) | CAUSE NO. 1C |
| REGULATIONS OF THE OIL AND GAS CONSERVATION |) | |
| COMMISSION BY NONSUCH NATURAL GAS INC. |) | ORDER NO. 1C-7 |
| GARFIELD COUNTY, COLORADO |) | |

CEASE AND DESIST ORDER

This Cease and Desist Order ("Order") is issued by the Director of the Colorado Oil and Gas Conservation Commission ("Commission" or "COGCC") pursuant to §34-60-121(5)(a), C.R.S. and Commission Rules 505 and 522.d.

FINDINGS

1. This matter arises out of and relates to Nonsuch Natural Gas Inc. and Jelco GV Inc.'s (collectively "Nonsuch") operations at the CSOC 697-14 #1 well in Garfield County, Colorado, API # 05-045-07948 ("Pad 14").

2. Nonsuch completed the well at Pad 14 in February 2002. The well began producing gas in April 2003 and, with the exception of October through December 2006, has been producing gas ever since.

3. On August 10, 2005, Nonsuch received an Earthen Pit Permit (#279253) from the Commission (the "Permit"). The Permit authorized Nonsuch to construct a 20' by 20' synthetically lined pit for the collection of produced water from the well at Pad 14. However, in August 2006, Nonsuch constructed a pit that was approximately 100' by 50' (the "Old Pit").

4. Beginning in June 2008, Nonsuch skimmed condensate from the top of the Old Pit and placed it in a condensate tank located at Pad 14. Nonsuch then removed and disposed of the remaining produced water and flowback fluid from the Old Pit. Once Nonsuch removed and disposed of the water, Nonsuch back filled the Old Pit and buried the underlying synthetic liner without surface owner approval in violation of the then-existing Commission Rule 905.b.(3)(A) ("Synthetic liner disposal. On irrigated crop land, liner material shall be removed and disposed in accordance with applicable solid waste rules. On non-irrigated cropland and on non-crop land, liner material may be left in place with surface owner approval.").

5. Nonsuch then constructed a small production pit at Pad 14 (the "Replacement Pit").

6. On December 3, 2010, the Commission issued a Notice of Alleged Violation (the "NOAV") to Nonsuch. The NOAV cited Nonsuch for the following violations:

Commission Rule 309 – Failure to report by Form 7 both the volume and COGCC disposal code for water produced by the subject well.

Commission Rule 903 – Failure to submit a Pit Construction Report/Permit, Form 15, within 30 days after pit construction.

Commission Rule 905 – Failure to ensure (during pit closure) that soils and ground water meet Table 910-1 concentrations.

Commission Rule 905 – Leaving a synthetic pit liner in place without surface owner approval.

7. The NOAV required Nonsuch to take action to correct the foregoing violations, but Nonsuch failed to do so. Specifically, the NOAV required Nonsuch to:

Submit a Site Investigation and Remediation Work Plan, Form 27, for COGCC review and approval. The work plan will describe how the synthetic pit liner will be removed and disposed of. The work plan will also describe how soils and, if necessary, ground water will be sampled and analyzed to ensure compliance with Table 910-1. The work plan will also include an implementation schedule. Report produced water volumes and disposal codes on future Form 7 submittals. If possible, recreate the history of water production and disposal methods.

See NOAV (Abatement or Corrective Action Required to be Performed by Operator).

8. On February 7, 2011, Nonsuch submitted a proposed Form 27 work plan stating, among other things, that the Old Pit "was closed with the synthetic liner in place. The reserve pit will be excavated using a trackhoe and the synthetic liner will be removed for disposal at a commercial facility. ... The E&P wastes consisting of drill cuttings and dried muds will be excavated in the second quarter of 2011 as weather permits." Nonsuch's February 2011 work plan identified August 2011 as an anticipated completion

date. However, Nonsuch has failed to take any corrective action contemplated under its February 2011 work plan and has failed to fully comply with the corrective action required under the NOAV.

9. The Commission finds that Nonsuch's failure to take timely action to correct the foregoing violations constitutes an emergency situation that poses a risk to public health, safety, or welfare, including the environment and wildlife resources. Specifically, the Commission finds an emergency exists because the original deadline for Nonsuch to take corrective action was January 7, 2011 and, within the coming weeks, adverse weather conditions will soon prevent Nonsuch from taking the corrective action identified herein. In the event corrective action is not taken in the 2011 construction season, corrective action will be further delayed for many months. The Commission further finds that an emergency exists because the pit liner at issue was buried without surface owner approval and because the presence of the pit liner is preventing further testing and analysis at the site.

ORDER

NOW, THEREFORE, IT IS ORDERED, that in accordance with §34-60-121(5)(a), C.R.S., and Commission Rules 505 and 522.d., the Director of the Colorado Oil and Gas Conservation Commission hereby orders as follows:

1. Nonsuch shall remove the synthetic pit liner underlying the Old Pit.
2. On or before August 22, 2011, Nonsuch shall submit a COGCC Form 27 Site Investigation and Remediation Work Plan ("Work Plan") describing how the synthetic pit liner under the Old Pit will be removed. Further, the Work Plan shall describe how soils beneath and adjacent to the Old Pit will be sampled and analyzed to ensure compliance with Table 910-1.
3. The Commission shall promptly review and, if satisfactory, approve Nonsuch's proposed Work Plan. In the event the Work Plan, as submitted, is unsatisfactory to the Commission, the Commission may revise the Work Plan as necessary to protect public health, safety, or welfare, including the environment and wildlife resources. The Commission shall promptly notify Nonsuch of the Commission's approval of the Work Plan, as may be amended by the Commission.
4. As soon as practicable following the Commission's approval of the Work Plan pursuant to Paragraph 3 above, but no later than September 6, 2011, Nonsuch shall commence work on the Work Plan.
5. On or before September 30, 2011, Nonsuch shall complete the Work Plan.

IT IS FURTHER ORDERED, that the provisions contained in the above order shall become effective forthwith.

IT IS FURTHER ORDERED, that the Commission expressly reserves its right to alter, amend, or repeal this order.

IT IS FURTHER ORDERED, that under the State Administrative Procedure Act and COGCC Rule 522.d the Commission considers this order to be final agency action for purposes of judicial review within thirty (30) days after the date this order is mailed by the Commission unless the operator protests.

EXECUTED this August 15, 2011

IN THE NAME OF THE STATE OF COLORADO
OIL AND GAS CONSERVATION COMMISSION

By David Neslin
David Neslin, Director

Dated at Suite 801
1120 Lincoln St.
Denver, Colorado 80203

**SUPPLEMENTAL
CERTIFICATE OF SERVICE**

I certify that on August 15, 2011, copies of the foregoing were sent as follows:

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| NONSUCH NATURAL GAS, INC. P O BOX 110066 NAPELS , FL 34108 VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED | NONSUCH NATURAL GAS, INC. C/O THE CORPORATION COMPANY SUITE 1200 REGISTERED AGENT STREET ADDRESS: 1675 BROADWAY, DENVER, CO 80202 VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED |
| BURNS FIGA & WILL J. KEMPER WILL, ESQ. 6400 S. FIDDLER'S GREEN CIRCLE, SUITE 1000 GREENWOOD VILLAGE, CO 80111 PHONE (303) 796-2626 FAX (303) 796-2777 VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED and FACSIMILE | NONSUCH NATURAL GAS, INC. P O BOX 11006 NAPELS , FL 34108 VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED |


Rob A. Willis, Acting Hearings Manager