

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE  
RULES AND REGULATIONS OF THE COLORADO OIL  
AND GAS CONSERVATION COMMISSION BY  
V.T.L., INC., LINCOLN COUNTY, COLORADO

CAUSE NO. 1

ORDER NO. 1V-118

REPORT OF THE COMMISSION



This cause came on for hearing before the Commission on March 17, 1997, at 8:30 a.m., in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado, after giving Notice of Hearing as required by law, on why V.T.L., Inc. is not in violation of Rule Nos. 317.b. (319.b. as of June 1, 1996), and Rule 324.b. (326.b. as of June 1, 1996), of the Oil and Gas Conservation Commission, and why it should not invoke the provisions of §34-60-121 C.R.S., as amended, providing for penalties for violations of the Rules and Regulations of the Commission.

FINDINGS

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The Commission finds as follows:

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1. V.T.L., Inc., is an interested party in the subject matter of the above-referenced hearing.
2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
3. The Commission has jurisdiction over the subject matter embraced in said Notice, and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order.
4. On August 7, 1992, Colorado Oil and Gas Conservation Commission (COGCC) staff issued a request for information concerning the status of the State #1 Well, located in the SW¼SE¼ of Section 36, Township 17 South, Range 53 West, 6th P.M. No response was received.
5. On April 6, 1995, COGCC staff conducted a field inspection on the State #1 Well and found the well to be shut-in. The inspection notice required that the well be tested. On February 2, 1996 COGCC staff conducted a field inspection on the State #1 Well and found the well to be shut-in. The inspection notice required that a mechanical integrity test be performed on the well, that the well be produced, or that the well be plugged. On February 5, 1996, COGCC staff issued a Notice of Alleged Violation (NOAV) to V.T.L. for the State #1 Well. The NOAV cited violation of Rule 317.b. (319.b. as of June 1, 1996), failure to obtain Director approval for continuing shut-in status, and Rule 324.b. (326.b. as of June 1, 1996), failure to perform a mechanical integrity test within two years of initial shut-in date. Commission records indicate that the well has not produced since completion in December of 1983. The NOAV specified an abatement date of August 5, 1996. The NOAV was accepted on February 8, 1996, as indicated by the return receipt.
6. On April 25, 1996, COGCC staff received a copy of the NOAV that had been signed by Mr. Gary Pahl, President of V.T.L., Inc. In a telephone conversation the same day, Mr. Pahl informed COGCC staff that no work had been done to date. On September 9, 1996 COGCC staff contacted Mr. Pahl by telephone. Mr. Pahl informed COGCC staff that no work had been done. On September 13, 1996 COGCC staff sent a letter to Mr. Pahl. The letter gave V.T.L., Inc. an unrequested extension for compliance to December 1, 1996 and restated the abatement options that would bring the well into compliance.
7. On December 2, 1996, COGCC staff issued an Administrative Order by Consent to V.T.L., Inc. On December 16, 1996 Mr. Gary Pahl with V.T.L., Inc. contacted COGCC staff and requested an extension to February 28, 1997 to do the work. The extension was granted with the condition that Mr. Pahl submit a letter to the COGCC detailing a time frame for compliance. No such letter was submitted.
8. On February 18, 1997, COGCC staff requested that the Director make an application to the Commission for an Order Finding Violation. As of March 11, 1997, COGCC staff has received no correspondence from V.T.L. or any indication that the alleged violations have been abated.
9. The Commission finds that the above has sufficiently established a knowing and willful pattern of violation of the regulations under §34-60-121(7), C.R.S.
10. The Commission finds that the above-described violations resulted in an economic benefit to the operator and has been taken into consideration in assessing a fine.
11. Testimony presented at the hearing indicates that failure to properly plug and abandon the well threatens to cause a significant environmental impact by allowing possible aquifer contamination.
12. Testimony presented at the hearing indicates that the cost to plug and abandon the well exceeds the posted bond, thus, under §34-60-124(6)(c), C.R.S., the Commission shall bring an action to confiscate the equipment to cover costs.

13. An order of the Commission should be entered finding V.T.L., Inc., in violation of R 317.b. (319.b. as of June 1, 1996), failure to obtain Director approval for continuing shut-in status, and R 324.b. (326.b. as of June 1, 1996), failure to perform a mechanical integrity test within two years of initial shut-in date, and assessing a fine of Four Thousand Dollars (\$4,000) payable within thirty (30) days from the date the order is issued.

ORDER

NOW, THEREFORE, IT IS ORDERED, that V.T.L., Inc. shall be found in violation of R 319.b., failure to obtain Director approval for continuing shut-in status, and Rule 326.b., failure to perform mechanical integrity test within two years of initial shut-in date for the State #1 Well, located in the SW¼S of Section 36 Township 17 South, Range 53 West, 6th P.M.

IT IS FURTHER ORDERED, that V.T.L., Inc. shall be assessed a total fine of four thousand dollars (\$4,000.00) for violation of Rule 319.b. and 326.b. for the State #1 Well, payable within thirty (30) days of the date the order is issued.

IT IS FURTHER ORDERED, that V.T.L., Inc. shall be required to either: 1) perform successful mechanical integrity test; 2) properly plug and abandon; or 3) put on production the State #1 Well within thirty (30) days of the date that the order is issued.

IT IS FURTHER ORDERED, that if V.T.L., Inc. does not comply with the above order the Commission shall make a claim on the individual plugging bond and plug the State #1 Well. If plugging costs exceed the bond amount, the Commission shall confiscate available equipment and tubulars for salvage pursuant to §34-60-124(6)(c), C.R.S.


IT IS FURTHER ORDERED, that pursuant to §34-60-121(7), C.R.S., the Commission shall issue any permits to drill to V.T.L., Inc., or any company of which Mr. Gary Pahl is a principal, until V.T.L., Inc. complies with the above order.

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, after notice and hearing, to alter, amend or repeal any and/or all of the above orders.

ENTERED this - 28th day of March, 1997, as of March 17, 1997.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By   
Patricia C. Beaver, Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
March 27, 1997