

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

IN THE MATTER OF ALLEGED VIOLATIONS )	CAUSE NO. 1V
OF THE RULES AND REGULATIONS OF THE )	
COLORADO OIL AND GAS CONSERVATION )	DOCKET NO. 180300004
COMMISSION BY <b>HOLCOMB OIL &amp; GAS INC.</b> , )	TYPE: ENFORCEMENT
LA PLATA COUNTY, COLORADO )	ORDER NO. 1V-658

**ADMINISTRATIVE ORDER BY CONSENT**

(Pursuant to Rule 522.b.(3) of the Rules and Regulations of the  
Colorado Oil and Gas Conservation Commission, 2 CCR 404-1)

**FINDINGS**

1. Holcomb Oil & Gas Inc. (Operator No. 40547) is the operator of record for two wells in La Plata County, Colorado, the Case 1-10 (API No. 05-067-06543) and the Hurt 1-4 (API No. 05-067-06545) (the "Wells").

2. COGCC Rule of Practice and Procedure, 2 C.C.R. 404-1 ("Rule" or "Rules") 1102.d, Operations, Maintenance, and Repair requires each operator with pipelines under COGCC jurisdiction to become a member of the Utility Notification Center of Colorado ("Colorado 811") and participate in Colorado's One Call notification system.

3. Based on COGCC Staff ("Staff") records reviews in 2017 and consultation with Colorado 811, Staff determined that Holcomb has at least one pipeline under COGCC jurisdiction but was not a member of and was not participating in Colorado 811. Staff issued Warning Letter No. 401280572 to Holcomb on May 11, 2017, citing a violation of Rule 1102.d. In the Warning Letter, Staff required Holcomb to register with Colorado 811 by June 30, 2017.

4. On September 19, 2017, a representative from Colorado 811 confirmed that Holcomb was still not registered with Colorado 811, violating Rule 1102.d.

5. On September 25, 2017, Staff issued Notice of Alleged Violation ("NOAV") No. 401411480 to Holcomb for a violation of a COGCC Rule of Practice and Procedure, 2 C.C.R. 404-1 ("Rule"), Rule 1102.d. – One Call Participation.

6. On November 29, 2017, Staff received correspondence from Colorado 811 confirming that Holcomb activated a Tier One membership with Colorado 811 as of October 4, 2017.

7. Following a factual investigation and legal review of the violation alleged in the NOAV, Staff now asserts Holcomb has committed one, 369-day violation of Rule 1102.d. for Holcomb's failure to obtain membership with and participate in Colorado 811.

8. Pursuant to Rule 523 and the Commission's Enforcement and Penalty Policy, Staff calculated a penalty of \$4,110 for this violation. The penalty calculation is based on the following:

Rule No.	Class	Impact	Daily Base Penalty	Start Date	End Date	Days of Violation	Penalty
1102.d.	2	Minor	\$15	9/25/2016	10/4/2017	369	\$5,610
SETTLEMENT INDUCEMENT							-\$1,500
TOTAL PENALTY							\$4,110

- a. Class 2 Violation;
- b. Minor impact;
- c. Start Date: September 25, 2016 (one year prior to NOAV issuance);
- d. End Date: October 4, 2017 (commencement of Colorado 811 Membership);
- e. 369 days of violation;
- f. \$15 per day base penalty;
- g. Staff exercised its discretion to impose a reduced daily penalty in order to make the overall penalty appropriate to the nature of the violation, per Rule 523.c.(4). Staff determined that any economic benefit from non-compliance was negligible once Holcomb paid the Utility Notification Center of Colorado Membership Fee. Additionally, because Holcomb operates only two wells, Staff determined that it is unlikely that Holcomb avoided any substantial cost or burden related to location requests during the period it was not a member. Staff is also unaware of any damage to pipelines resulting from Holcomb's failure to comply with Rule 1102.d. These considerations resulted in Staff concluding that a daily base penalty of \$15 was appropriate to the nature of this violation;
- h. \$1,500 reduction in consideration of settlement;
- i. No aggravating factors;
- j. No mitigating factors;
- k. No pattern of violation; and
- l. No gross negligence or knowing and willful misconduct.

#### AGREEMENT

NOW, THEREFORE, based on the Findings and pursuant to Rule 522.e.(1) and the Commission's Enforcement and Penalty Policy, the Director and Holcomb request that the Commission approve the Order set forth below.

RECOMMENDED this 8<sup>th</sup> day of March, 2018.

OIL AND GAS CONSERVATION COMMISSION OF  
THE STATE OF COLORADO

By   
Steven J. Kirschner, Enforcement Officer

AGREED TO AND ACCEPTED this 8 day of March, 2018,  
subject to Bankruptcy Court approval in Case No. 11-17-12521 TA.

HOLCOMB OIL & GAS INC.

By   
Signature of Authorized Company Representative

W.J. Holcomb  
Print Signatory Name

President  
Title

ORDER

HAVING CONSIDERED the Agreement between the Director and Holcomb to resolve the NOAV, the COMMISSION ORDERS:

1. Holcomb is found in violation of Rule 1102.d., as described above.
2. Holcomb is assessed a penalty of \$4,110.
3. Holcomb will use its best efforts to promptly request and obtain approval of this Order and the payment of the \$4,110 penalty from the United States Bankruptcy Court.
4. Holcomb will pay \$4,110 within 30 days after this AOC is mailed by the Commission, upon the entry of an Order permitting such payment by the Bankruptcy Court.
5. Compliance dates specified in this Order may be extended only for good cause, as determined at the Director's sole discretion. A request for extension must be made, in writing, at least 35 days prior to the pertinent compliance deadline or as soon as possible if 35-days prior notice is not feasible. Failure to receive an extension prior to

the compliance deadline or the failure to meet a compliance deadline may constitute a new violation subject to additional penalties.

6. This Order is effective as of the date it is mailed by the Commission. It constitutes final agency action for purposes of judicial review.

7. The Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above orders.

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ENTERED this 22<sup>nd</sup> day of March, 2018 as of 20 day of March, 2018.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By   
Julie Spence Prine, Secretary

CERTIFICATE OF MAILING

On April 2<sup>nd</sup>, 2018, a true and accurate copy of Commission Order 1V-658  
\_\_\_\_\_ was mailed by first-class mail return receipt requested to the following:

Holcomb Oil & Gas Inc.  
PO Box 2058  
Farmington, NM 87499

  
Margaret Humecki