

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

IN THE MATTER OF THE PROPOSED ) CAUSE NO. 1V  
FORECLOSURE OF THE FINANCIAL ASSURANCE ) DOCKET NO. 170100014  
POSTED BY PINE RIDGE OIL & GAS LLC, ) TYPE: ENFORCEMENT  
FREMONT, LINCOLN AND ROUTT COUNTIES, )  
COLORADO ) ORDER NO. 1V-622

**ORDER FORECLOSING FINANCIAL ASSURANCE**

**FINDINGS**

1. Pine Ridge Oil & Gas LLC ("Pine Ridge") (Operator No. 10276) is the operator of record for the following Locations ("Subject Locations");

Location Name	ID No.	County
Hully Gully 13-54-1-13	433053	Lincoln
Frog Pond 13-54-12-1	430683	Lincoln
Busygully 13-54-12-3	430828	Lincoln
Redband-619S69W 28NENE	382573	Fremont
Croaker 11-10	419495	Fremont
Coal View Unit-66N86W 18SWSE	316792	Route

2. The Subject Locations are the only Locations operated by Pine Ridge in Colorado. They have not passed final reclamation.

3. Pine Ridge has the following financial assurance posted with the Commission (collectively, "Pine Ridge Financial Assurance"):

Surety ID	Bond Type	Amount	Coverage	Instrument	Inst.#
2008-0134	PLUGGING	\$60,000.00	BLANKET	INSURANCE	RLB0012181
2008-0135	SURFACE	\$25,000.00	BLANKET	INSURANCE	RLB0012182

The financial assurance is underwritten by RLI Insurance Company (Financial Assurance Provider Number: 70613).

4. Pine Ridge has conducted final reclamation of the Subject Locations over the past four years. It has removed all equipment and debris, backfilled the pits, contoured the land, returned the top soil, and reseeded and fertilized the areas multiple times. Nevertheless, the Subject Locations do not yet satisfy the 80% revegetation standard that is required to pass final reclamation.

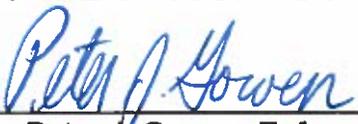
5. Pine Ridge has now ceased operating in Colorado, except for achieving final reclamation of the Subject Locations and arranging for the release or other disposition of the Pine Ridge Financial Assurance. Pine Ridge seeks to resolve these remaining matters promptly and consensually so that it can exit the state. For this purpose, Pine Ridge has requested that the Commission foreclose the Pine Ridge Financial Assurance and utilize the proceeds to complete the final reclamation of the Subject Locations.

### AGREEMENT

- I. Pine Ridge agrees Rule 709 requirements for foreclosing the Pine Ridge Financial Assurance are satisfied in this case.
- II. Pine Ridge agrees to the foreclosure of the Pine Ridge Financial Assurance and for Staff to utilize the proceeds to complete final reclamation at the Subject Locations.
- III. COGCC Staff agrees to foreclose the Pine Ridge Financial Assurance and to utilize the proceeds to complete final reclamation at the Subject Locations.
- IV. Both Pine Ridge and the Staff agree that foreclosure of the Pine Ridge Financial Assurance will fulfill the remaining obligations of Pine Ridge, including its owners, officers, and persons authorized to act on its behalf, regarding final reclamation of the Subject Locations. However, this release will only be effective if the full \$85,000 is received by the Commission.
- V. Both Pine Ridge and the COGCC Staff agree to the terms of this Order.
- VI. Pine Ridge agrees to the findings of this Order only for the purpose of expeditiously resolving this matter without a contested hearing. Pine Ridge reserves the right to contest these findings in any proceeding before any agency, court, or other tribunal, except for a proceeding to enforce the terms of this Order. The findings and any action undertaken by Pine Ridge pursuant to this Order shall not constitute evidence of fault or liability by Pine Ridge with respect to any third-party claim against Pine Ridge. This Order does not constitute an admission by Pine Ridge of any alleged violation, factual allegation, or penalty determination or component.

RECOMMENDED this 17<sup>th</sup> day of January, 2017.

OIL AND GAS CONSERVATION COMMISSION OF  
THE STATE OF COLORADO

By   
Peter J. Gowen, Enforcement Supervisor

AGREED TO AND ACCEPTED this 17<sup>th</sup> day of January, 2017.

PINE RIDGE OIL & GAS LLC

By [Signature]  
Signature of Authorized Company Representative

ANDREW J LYDYARD Authorized Person  
Print Signatory Name and Title

ORDER

HAVING CONSIDERED the Agreement between the Director and Pine Ridge, the COMMISSION ORDERS:

1. Staff is authorized to foreclose the Pine Ridge Financial Assurance.
2. The proceeds from the Pine Ridge Financial Assurance are to be utilized to complete final reclamation at the Subject Locations.
3. Pine Ridge's Registration for Oil and Gas Operations – Form 1 and Certificate of Clearance – Form 10 will be suspended upon foreclosure of the Pine Ridge Financial Assurance pursuant to Rule 709. They may not be reinstated until Pine Ridge has filed satisfactory financial assurance under the 700 Series Rules.
4. Foreclosure of the Pine Ridge Financial Assurance will fulfill the remaining obligations of Pine Ridge, including its owners, officers, and persons authorized to act on its behalf, regarding final reclamation of the Subject Locations, conditioned on Commission receipt of the full \$85,000 of the Pine Ridge Financial Assurance.
5. This Order is effective as of the date it is mailed by the Commission. It constitutes final agency action for purposes of judicial review.
6. 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 1<sup>st</sup> day of February, 2017 as the 30<sup>th</sup> day of January, 2017.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

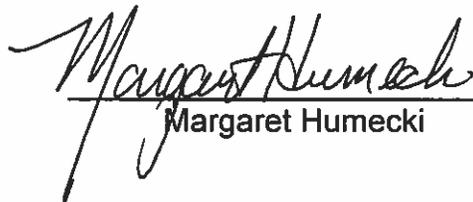
By [Signature]  
Julie Murphy, Secretary

CERTIFICATE OF MAILING

On February 2<sup>nd</sup>, 2017, a true and accurate copy of Commission Order 1V-622 was mailed by first-class mail return receipt requested to the following:

Pine Ridge Oil & Gas LLC  
Attn: Andy Lydyard  
1153 Bergen Parkway Suite I-185  
Evergreen, CO 80439

RLI Insurance Company  
Jason T. Kilpatrick  
2925 Richmond Avenue, Suite 1600  
Houston, Texas 77098

  
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Margaret Humecki