

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

IN THE MATTER OF ALLEGED VIOLATIONS OF)	CAUSE NO. 1V
THE RULES AND REGULATIONS OF THE)	
COLORADO OIL AND GAS CONSERVATION)	DOCKET NO. 1310-OV-17
COMMISSION BY LONESTAR GEOPHYSICAL)	
SURVEYS , KIOWA, LINCOLN, PROWERS &)	ORDER NO. 1V-432
CROWLEY COUNTIES, COLORADO)	

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. LoneStar is a seismic operations company that gathers seismic data and conducts seismic vibroseis programs. Between May and December of 2012, LoneStar conducted five seismic vibroseis programs in four Counties in Colorado.

2. On May 8, 2012, LoneStar began the Indian Camp seismic vibroseis program in Kiowa County. The program included Sections 10, 11, 14, 15 and 22, Township 47 West, Range 18 South, 6th P.M. The program was completed on May 12, 2012. LoneStar did not secure an approved Form 20 prior to initiating this program.

3. On May 9, 2012, LoneStar began the Punkin Center seismic vibroseis program in Lincoln County. The program included Sections 2, 3, 4, 5, 8, 9 and 10, Township 55 West, Range 10 South, and Sections 32 and 33, Township 55 West, Range 9 South, 6th P.M. The program was completed on June 1, 2012. LoneStar did not secure an approved Form 20 prior to initiating this program.

4. On May 29, 2012 LoneStar began the Sentinel seismic vibroseis program in Kiowa and Prowers Counties. The program included Sections 30 and 31 of Township 45 West, Range 20 South, 6th P.M.; Section 36 of Township 46 West, Range 20 South 6th P.M.; and Sections 5 and 6 of Township 45 West Range 21 South 6th P.M. LoneStar did not secure an approved Form 20 prior to initiating this program.

5. On August 25, 2012 LoneStar began the Crowley 2D seismic vibroseis program in Crowley County. The program included all of Township 56 West, Range 20 South 6th P.M. and Section 36, Township 56 West, Range 19 South, 6th P.M. The program was completed on August 29, 2012. LoneStar did not secure an approved Form 20 prior to initiating this program.

6. On December 13, 2012 LoneStar began the Big Wampum 3d seismic vibroseis program in Lincoln County. The program included Sections 1, 2, 3, 10, 11, 12,

13, 14, 15, 22, 23, 24, 25, 26, 27, 35 and 36, Township 56 West, Range 10 South, 6th P.M.; and Sections 31 and 32, Township 55 West, Range 10 South, 6th P.M. The date of program completion was December 18, 2012. LoneStar did not secure an approved Form 20 prior to initiating this program.

7. On April 25, 2013, LoneStar self-reported the 5 seismic vibroseis programs described above.

8. On or about May 10, 2013, LoneStar properly registered as an Operator with the State by submitting a Form 1, and submitted the required Seismic Bond and Form 20's and 20A's for the five seismic vibroseis programs described above.

9. On August 29, 2013, Commission Staff issued a Notice of Alleged Violation ("NOAV") (No. 200386330) to LoneStar for violations related to the five seismic vibroseis programs described above.

10. Following a factual investigation and legal review of the violations alleged in the NOAV, the Commission Staff asserts LoneStar has committed the following violations:

- a. One violation of Rule 302.a., because LoneStar it did not register a Form 1 with the Director prior to the commencing its seismic vibroseis operations.
- b. One violation of Rule 705 because LoneStar failed to supply the Commission with the required \$25,000 financial assurance bond.
- c. Five violations of Rule 333, lasting the number of days specified below, because:
 - i) LoneStar did not submit a Form 20 to the Director prior to the commencement of recording operations at any of the five program sites; and
 - ii) LoneStar did not provide an informational copy of the Form 20 to local government designees.

Project	Days Duration
Indian Camp	5
Punkin Center	3
Sentinel	3
Crowley 2D	5
Big Wampum	6

11. Pursuant to Rule 523 and the Commission's Enforcement and Penalty Policy, Hearings staff calculated a penalty of \$24,000 for these violations. Staff recommends a 16.67% adjustment based on the following mitigating factors:

- a. The violator self-reported the violation.
- b. The violator demonstrated prompt, effective and prudent response to the violation, including assistance to any impacted parties.
- c. The violator cooperated with the Commission, or other agencies with respect to the violation.

AGREEMENT

NOW, THEREFORE, based on the Findings and pursuant to Rule 522.b.(3) and the Commission's Enforcement and Penalty Policy, the Director proposes and LoneStar agrees to settle the NOAV on the following terms and conditions:

- I. LoneStar will be assessed a penalty of \$ 20,000.
- II. Payment of the penalty will be due 30 days after this Order is mailed by the Commission.
- III. Payment of the penalty pursuant to this AOC does not relieve LoneStar from its obligations to complete corrective actions set forth in the NOAVs, as may be amended or modified by COGCC Staff.
- IV. LoneStar agrees to the findings of this AOC only for the purpose of expeditiously resolving the matter without a contested hearing.

RECOMMENDED this 15th day of October, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this 15 day of October, 2013.

LONESTAR GEOPHYSICAL SURVEYS, LLC

By 
Signature of Authorized Company Representative

Heath Harris
Print Signatory Name

CEO
Title

ORDER

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

1. LoneStar is found in violation of Rule 302.a.; Rule 333; and Rule 705 as described above.
2. LoneStar will be assessed a total penalty of \$ 20,000 for the rule violations described above.
3. Payment of the penalty will be due 30 days after this Order is mailed by the Commission.
4. This AOC does not relieve LoneStar from undertaking and completing abatement or corrective actions that may be required by the Notice of Alleged Violation described in Finding No. 9, above, or any amendments or modifications thereto specified by the COGCC Staff.
5. Entry of this Order constitutes final agency action for purposes of judicial review 30 days after the date this order is mailed by the Commission.
6. The provisions contained in the above order are effective on the date this matter is heard and approved by the Commission.
7. The Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above orders.

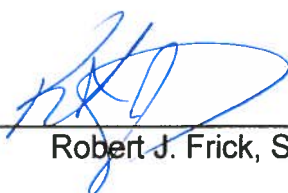
=====

The Commission heard and approved this matter on the 28th day of October, 2013.

ENTERED this 5th day of November, 2013 as of the 28th day of October, 2013

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By



Robert J. Frick, Secretary