

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE) CAUSE NO. 1V
RULES AND REGULATIONS OF THE COLORADO OIL)
AND GAS CONSERVATION COMMISSION BY) DOCKET NO. 1013-OV-41
GUNNISON ENERGY CORPORATION, DELTA)
COUNTY, COLORADO) ORDER NO. 1V-431

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. On January 16, 2013 Gunnison Energy Corporation ("Gunnison") hydraulically fractured the SPU Cockroft 1294 23-41D H1 Well ("Well") (API# 05-029-06112) in the TR 45, Section 23, Township 12 South, Range 94 West, 6th P.M., Delta County.

2. Rule 205A. requires that for hydraulic fracturing treatments performed on or after April 1, 2012, that the hydraulic fracturing chemical disclosure registry form is completed within 60 days following the conclusion of a hydraulic fracturing and in no case later than 120 days after the commencement of such hydraulic fracturing treatment. This well did not meet the requirements of such disclosure.

3. On June 20, 2013 Commission staff released a Notice To Operators – 205A. Hydraulic Fracturing Chemical Disclosure ("NTO"). The NTO states failure to meet the requirements of the Rule within the specified timeframes will be considered a violation of the Rule. Rule violations will be enforced pursuant to Rule 522, and penalties will be assessed pursuant to Rule 523.

4. On August 31, 2013 Commission staff issued Gunnison a Notice of Alleged Violation No. 1772469 ("NOAV").

5. Rule 523 (Procedure for Assessing Fines) specifies a maximum base fine of \$1,000 for each day of violation of § 34-60-121(1) C.R.S. and 205A. Rule 523.a.(3) specifies the maximum penalty for any single violation shall not exceed \$10,000 regardless of the number of days of such violation, unless the violation results in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety or welfare or the environment.

AGREEMENT

NOW, THEREFORE, pursuant to Rule 522.b.(3), COGCC Rules of Practice and Procedure, 2 CCR 404-1 ("COGCC Rule(s)"), the Director proposes and Gunnison agrees to settle the NOAV on the following terms and conditions:

(1) Pursuant to § 34-60-121, C.R.S., and COGCC Rule 523, Gunnison shall pay a penalty of \$1,000. The fine will be due 30 days from your receipt of the Order and invoice.

(2) Operator shall submit all delinquent reports within fifteen days of receipt of this order.

ORDER

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

A. Gunnison is found in violation of § 34-60-121(1), C.R.S., for failing to complete the chemical disclosure registry form and post the form on the chemical disclosure registry within the specified timeframe.

B. Pursuant to § 34-60-121, C.R.S., and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1, Gunnison shall pay a penalty of \$1,000 not later than 30 days from receipt of the Order and invoice

C. Gunnison shall promptly file all delinquent disclosures and implement procedures to assure timely filing of future disclosures by October 13, 2013.

D. 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.

E. This Order is effective immediately.

RECOMMENDED this 31st day of August, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By Peter J. Bowen, Enforcement Officer
for Matthew J. Lepore
Director

AGREED TO AND ACCEPTED this 16. day of September, 2013.

GUNNISON ENERGY CORPORATION

By [Signature]
Signature of Authorized Company Representative
Michael P. Cleary.
Print Signatory Name
VP operations.
Title

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

ENTERED this 7th day of November, 2013 as of the 28th day of October, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By [Signature]
Robert J. Frick, Secretary