

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) ORDER NO. 1V-421
BENCHMARK ENERGY LLC, LOGAN COUNTY,) DOCKET NO. 1307-OV-19
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. Benchmark Energy LLC ("Benchmark") operates the Logan J Sand Unit #4-19 Well (API # 05-075-06043) located on the below-described land in Logan County:

Township 8 North, Range 54 West, 6th P.M.
Section 1: NE¼ SE¼

2. On October 13, 2011, the Commission Staff performed an inspection at the Benchmark Logan J Sand Unit #4-19 Well ("Site") (document #200327588) to evaluate compliance with a Form 27 (Remediation Project #5656) for a produced water pit closure. The inspection revealed unsatisfactory conditions. Pit reclamation had not been performed as required by Rule 1004.

3. On October 30, 2012, COGCC Staff performed a follow-up inspection of the Site (document #667500062). The inspection revealed that the pit reclamation still had not been performed and stormwater measures were not in place to protect the area requiring reclamation. Other issues raised by previous inspections had been adequately addressed.

4. On March 14, 2013, Commission Staff issued a Notice of Alleged Violation ("NOAV") (No. 200376569). The NOAV cited violation of the following COGCC Rules of Practice and Procedure, 2 CCR 404-1 ("Rule" or "Rules").

a. Rule 1004. (Final Reclamation Threshold for Release of Financial Assurance)

5. Benchmark has now completed required reclamation actions at the site, pending re-establishment of permanent groundcover.

6. Following a factual investigation and legal review of the violations alleged in the NOAV, the Hearings Staff now asserts Benchmark has committed the following violation:

a. One violation of Rule 1004. because Benchmark did not satisfactorily perform final reclamation of the well site as required by the NOAV, and did not keep the reclaimed area clear of noxious weeds.

7. Pursuant to Rule 523 and the Commission's Enforcement and Penalty Policy, Hearings staff calculated a penalty of \$10,000 for this violation. Staff does not recommend any adjustments based on aggravating or mitigating factors.

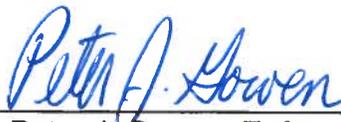
AGREEMENT

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 Benchmark agrees to settle the NOAV on the following terms and conditions:

- I. Benchmark will be assessed a penalty of \$10,000.
- II. Benchmark will pay \$10,000 within 30 days after this AOC is mailed by the Commission.
- III. Benchmark will maintain stormwater controls until the Site passes final inspection for the pit reclamation.
- IV. Benchmark will provide continuous noxious weed control until such time final reclamation standards have been attained.
- V. Payment of the penalty pursuant to this AOC does not relieve Benchmark from its obligations to complete corrective actions set forth in the NOAV, as may be amended or modified by COGCC Staff.
- VI. Benchmark agrees to the findings of this AOC only for the purpose of expeditiously resolving the matter without a contested hearing.

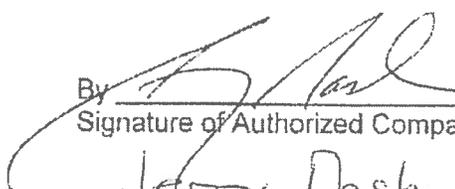
RECOMMENDED this 27th day of August, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this 30th day of August, 2013.

BENCHMARK ENERGY LLC

By 
Signature of Authorized Company Representative

Jerry Nash
Print Signatory Name

Managing Member
Title

ORDER

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

1. Benchmark is found in violation of Rule 1004, as described above.
2. Benchmark will be assessed a total penalty of \$10,000 for the rule violation described above.
3. Benchmark will pay the \$10,000 penalty within 30 days after this AOC is mailed by the Commission.
4. Benchmark will maintain stormwater controls until the Site passes final inspection for the pit reclamation.
5. Benchmark will provide continuous noxious weed control until such time final reclamation standards have been attained.
6. This AOC does not relieve Benchmark from undertaking and completing abatement or corrective actions that may be required by the Notice of Alleged Violation described in Finding No. 4, above, or any amendments or modifications thereto specified by the COGCC Staff.
7. 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.
8. The provisions contained in the above order are effective on the date this matter is heard and approved by the Commission.
9. 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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The Commission heard and approved this matter on the 16th day of September, 2013.

ENTERED this 18th day of November, 2013 as of the 16th day of September, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By  _____
Robert J. Frick, Secretary