

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. 1301-OV-02
COMMISSION BY ALAMOSA DRILLING, INC.,) ORDER NO. 1V-403
ARCHULETA COUNTY, 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. On June 9, 2010 Alamosa Drilling, Inc. ("Alamosa") spud the Janke #3 Well (API No. 05-007-06280) located on the below-listed lands ("Affected Lands"):

Township 32 North, Range 1 East 6th N.M.P.M.
Section 18: SE $\frac{1}{4}$ NW $\frac{1}{4}$

2. On October 1, 2010, Commission staff issued a NOAV (#200312584) to Alamosa for violation of Rule 603.a.(2) (Statewide Setbacks), which states a well shall be a minimum distance of one hundred fifty (150) feet from a surface property line. An exception may be granted by the Director if it is not feasible for the operator to meet this minimum distance requirement and a waiver is obtained from the offset surface owner(s).

3. On February 8, 2012, the Colorado Oil and Gas Conservation Commission ("COGCC"), by notice of hearing, set a hearing to consider a request by Alamosa under Rule 502.b.(1) for a variance to Rule 603.a.(2).

4. Dr. Maude E. Nielsen is the adjacent surface owner impacted by the subject well. She objected to the waiver request and granting of the variance.

5. The Commission denied Alamosa's request for a variance to Rule 603.a.(2).

6. On December 6, 2012 this matter was noticed for Commission hearing, scheduled January 7, 2013.

7. Commission staff has reached a negotiated settlement of the NOAV, acceptable to Alamosa, Dr. Nielsen, and staff. The substantive provisions of the settlement are as follows:

a. Alamosa agrees to remove all surface equipment associated with the Janke #3 site within 4 weeks of approval of the AOC. This deadline may be extended for good cause at the discretion of the Director, should circumstances beyond Alamosa's control prevent completion of this work within the deadline.

b. Alamosa shall plug and abandon the Janke #3 Well in accordance with applicable Commission rules by July 1, 2013.

c. Alamosa shall be assessed a fine of \$10,000 for the violation of Rule 603.a.(2). However, the \$10,000 fine shall be suspended as long as Alamosa is in compliance with the requirements of subparts a. and b. of this paragraph. If Alamosa fails to perform the requirements of this paragraph on time, the \$10,000 fine shall be due 30 days from notice by staff without further action of the Commission. If Alamosa completes the requirements of this paragraph on time, the terms of this AOC shall be deemed fulfilled and Alamosa will no longer be subject to the \$10,000 fine or any other liabilities or obligations with respect to Docket No. 1301-OV-02 and/or ORDER NO. 1V-403.

ORDER

NOW, THEREFORE IT IS ORDERED, that:

1. Alamosa is found in violation of Rule 603.a.(2) drilling the Janke #3 Well at an unauthorized surface location not consistent with surface property line setback requirements of Rule 603.a.(2).
2. Alamosa shall remove all surface equipment associated with the Janke #3 site within 4 weeks of approval of this Order. This deadline may be extended for good cause at the discretion of the Director, should circumstances beyond Alamosa's control prevent completion of this work within the deadline.
3. Alamosa shall plug and abandon the Janke #3 Well in accordance with applicable Commission rules by July 1, 2013.
4. Alamosa is assessed a fine of \$10,000 for the violation of Rule 603.a.(2). However, the \$10,000 fine shall be suspended as long as Alamosa is in compliance with the requirements of the preceding two paragraphs. If Alamosa fails to perform these requirements on time, the \$10,000 fine shall be due 30 days from notice by staff, without further action of the Commission. If Alamosa completes the requirements of this paragraph on time, the terms of this AOC shall be deemed fulfilled and Alamosa will no longer be subject to the \$10,000 fine or any other liabilities or obligations with respect to Docket No. 1301-OV-02 and/or ORDER NO. 1V-403.
5. Pursuant to Rule 522.c.(3), Alamosa agrees to the findings of this AOC for the purpose of expeditiously resolving the matter without a contested hearing, and agreement to this AOC shall not constitute an admission of the alleged violation for any other purpose.
6. The Commission considers this order to be final agency action for purposes of judicial review within thirty (30) days after the date this order is mailed by the Commission.
7. An application for reconsideration by the Commission of this order is not required prior to the filing for judicial review.
8. The provisions contained in the above order shall become effective immediately.
9. The Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above orders.

RECOMMENDED this 14th day of December, 2012.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

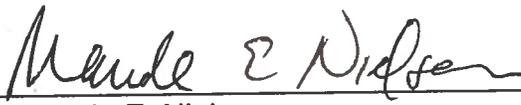
By Peter J. Gowen
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this 20th day of December, 2012.

ALAMOSA DRILLING, INC.

By Todd Moore
Signature of Authorized Company Representative
Todd Moore
Print Signatory Name
President
Title

AGREED TO AND ACCEPTED this 29 day of December, 2012.



Maude E. Nielsen

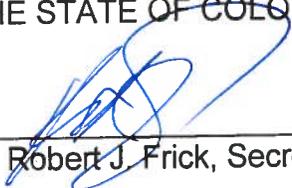
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This matter was heard and approved by the Commission at a duly convened meeting on January 7, 2013.

ENTERED this 10th day of January, 2013, as of the 7th day of January, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By


Robert J. Frick, Secretary