

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)	
D J PRODUCTION SERVICES, INC.,)	ORDER NO. 1V-227
ADAMS COUNTY, COLORADO)	

REPORT OF THE COMMISSION

This cause came on for hearing before the Colorado Oil and Gas Conservation Commission on September 23, 2002 at 10:00 a.m. in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado on why D J Production Services, Inc. is in violation of Rules 309., 310A., 319.b.(1), 319.b.(3) and 326.b. for the Piland No. 4-6 Well, and why the Commission should invoke the provisions of §34-60-122, C.R.S., as amended, providing for penalties for violations of the Rules and Regulations of the Commission.

FINDINGS

1. On April 5, 2002, Colorado Oil and Gas Conservation Commission ("COGCC") staff conducted an onsite inspection of the Piland No. 4-6 Well located in the NE¼ NW¼ of Section 6, Township 3 South, Range 63 West, 6th P.M. The inspection determined that the well was not producing.

2. On April 26, 2002 COGCC staff issued a Notice of Alleged Violation ("NOAV") to D J Production Services, Inc. ("D J Production") for the Piland No. 4-6 Well. The NOAV cited violations of Rule 309., failure to submit Production Reports, Form 7, Rule 310A., failure to submit Production Levy Reports, Form 8, Rule 319.b.(1), failure to obtain Director approval for a well shut-in more than six (6) months, Rule 319.b.(3), failure to plug and abandon a well which has been shut-in more than six (6) months, and Rule 326.b., failure to conduct a mechanical integrity test on a well which has been shut-in more than two (2) years. There have been no production records submitted to the COGCC since January 1, 2001. The NOAV required that a mechanical integrity test be performed on the well and all reports be submitted to the COGCC by June 10, 2002.

3. Per return receipt, D J Production accepted the NOAV on May 3, 2002.

4. A mechanical integrity test was not performed on the well and the required reports were not submitted to the COGCC by the abatement date of June 10, 2002.

5. Rule 523. specifies a base fine of five hundred dollars (\$500) for each violation of Rules 309. and 310A., and specifies a base fine of one thousand dollars (\$1000) for each violation of Rules 319.b. and 326.b.

6. At the time of the hearing, COGCC staff presented testimony and exhibits in support of the recommended order. No one from D J Production attended the hearing.

7. After deliberation, the Commission finds that D J Production is in violation of Rules 309., 310A., 319.b.(1), 319.b.(3) and 326.b. for the Piland No. 4-6 Well.

8. A total monetary penalty of One Thousand Five Hundred dollars (\$1,500) for violations of Rules 309., 310A., 319.b.(1), 319.b.(3) and 326.b. should be assessed against D J Production for these violations in accordance with Rule 523.a. for the Piland No. 4-6 Well. Because the rule violations are similar and duplicative, a total fine of One Thousand Five Hundred dollars (\$1,500) is recommended.

9. D J Production should either plug, abandon and reclaim, perform and pass a mechanical integrity test, or produce the Piland No. 4-6 Well by November 1, 2002. D J Production should submit all delinquent Production Reports, Form 7 and Production Levy Reports, Form 8 by November 1, 2002.

10. If D J Production does not plug, abandon and reclaim, perform and pass a mechanical integrity test, or produce the Piland No. 4-6 Well by November 1, 2002, the Commission should authorize the COGCC staff to claim D J Production's Thirty Thousand dollar (\$30,000) blanket bond to plug, abandon and reclaim the well.

11. The Commission finds that D J Production has demonstrated a pattern of violation through lack of compliance with Order No. 1-97 and with the numerous Orders Finding Violation issued at the September 23, 2002 hearing.

ORDER

NOW, THEREFORE IT IS ORDERED, that D J Production Services, Inc. shall be found in violation of Rules 309., failure to submit Production Reports, Form 7, Rule 310A., failure to submit Production Levy Reports, Form 8, Rule 319.b.(1), failure to obtain Director approval for a well shut-in more than six (6) months, Rule 319.b.(3), failure to plug and abandon a well which has been shut-in more than six (6) months, and Rule

326.b., failure to conduct a mechanical integrity test on a well which has been shut-in more than two (2) years for the Piland No. 4-6 Well located in the NE¼ NW¼ of Section 6, Township 3 South, Range 63 West, 6th P.M.

IT IS FURTHER ORDERED, that D J Production Services, Inc. shall be assessed a total fine of One Thousand Five Hundred dollars (\$1,500) for the above-described rule violations, payable within thirty (30) days of the date the order is entered by the Commission.

IT IS FURTHER ORDERED, that D J Production Services, Inc. shall either plug, abandon and reclaim, perform and pass a mechanical integrity test, or produce the Piland No. 4-6 Well by November 1, 2002. D J Production Services, Inc. shall notify COGCC staff prior to performing any work on the Piland No. 4-6 Well. D J Production Services, Inc. shall submit all delinquent Production Reports, Form 7 and Production Levy Reports, Form 8 by November 1, 2002.

IT IS FURTHER ORDERED, that if D J Production Services, Inc. does not perform the work described above by November 1, 2002 and notify COGCC staff that the work has been performed, the COGCC staff shall be authorized to make a claim on D J Production Services, Inc.'s bond to plug, abandon and reclaim the Piland No. 4-6 Well.

IT IS FURTHER ORDERED, that if a claim on the bond is made, the Assistant Attorney General is hereby directed to do whatever is reasonably necessary to obtain and execute a judgment decree against the personal property of D J Production Services, Inc. located on or associated with the well site.

IT IS FURTHER ORDERED, that the Certificate of Clearance, Form 10, which authorizes transportation of oil and gas for this well, is hereby revoked.


IT IS FURTHER ORDERED, that no Applications for Permits-to-Drill and no Change of Operator, Form 10, shall be issued to or approved for D J Production Services, Inc., Jay Pape, or any other company of which Mr. Pape is a principal until such time as compliance with all Orders Finding Violation against D J Production Services, Inc. is secured.

IT IS FURTHER ORDERED, that the provisions contained in the above order shall become effective forthwith.

IT IS FURTHER ORDERED, that the Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above orders.

ENTERED this 7th day of October 2002, as of September 23, 2002.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln St.
Denver, Colorado 80203
October 7, 2002