

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-300  
TEXAS TEA LLC )

ADMINISTRATIVE ORDER BY CONSENT

FINDINGS

1. On November 12, 2004, Colorado Oil and Gas Conservation Commission ("COGCC") staff received a written complaint from Mr. Gene Augustine alleging Texas Tea LLC, did not have liability insurance on May 4, 2004 when an accident occurred causing bodily injury. Mr. Augustine stated in his complaint "I have discovered that according to Section 708, all operators shall maintain general liability insurance coverage for property damage and bodily injury to third parties in the minimum amount of five hundred thousand dollars (\$500,000) per occurrence."
2. On November 12, 2004, COGCC staff contacted Mr. Bob Parker, Manager of Texas Tea, to inform him of Mr. Augustine's allegation. Mr. Parker indicated he would submit the certificate of liability insurance.
3. On November 22, 2004, the COGCC received a certificate of liability insurance dated November 19, 2004 for the calendar year beginning November 17, 2004 to November 17, 2005.
4. On November 22, 2004, COGCC staff issued a Notice of Alleged Violation ("NOAV") to Texas Tea, LLC to submit proof of liability insurance for the calendar year beginning November 16, 2003 to November 16, 2004. Texas Tea LLC was required to provide proof of insurance by December 8, 2004.
5. On December 16, 2004, Mr. Parker responded to the NOAV with written correspondence explaining why Texas Tea LLC, did not have liability insurance for the calendar year beginning November 16, 2003 to November 16, 2004.
6. Texas Tea LLC should be found in violation of COGCC Rule 708., failure to maintain general liability insurance coverage for property damage and bodily injury to third parties in the minimum amount of five hundred thousand dollars (\$500,000) per occurrence.
7. Rule 708. specifies a base fine of one thousand dollars (\$1,000) for each violation of Rule 708.
8. Rule 523.d.(2) provides for an increase of the fine if the violation had a significant negative impact, or threat of significant negative impact on the environment or on public health, safety, or welfare. Rule 523.d.(6) provides for an increase of the fine if the violation involved recalcitrance on the part of the operator. Texas Tea LLC has been fined a total of six thousand five hundred dollars (\$6,500) as a result of two previous Commission orders (1V-197 and 1V-201).
9. A total monetary penalty of twenty five thousand dollars (\$25,000) for violation of Rule 708. should be assessed against Texas Tea LLC.

ORDER

NOW, THEREFORE IT IS ORDERED, that Texas Tea, LLC shall be found in violation of Rule 708., failure to maintain general liability insurance coverage for property damage and bodily injury to third parties in the minimum amount of five hundred thousand dollars (\$500,000) per occurrence.

IT IS FURTHER ORDERED, that Texas Tea, LLC shall be assessed a total fine of Twenty five thousand dollars (\$25,000.00) for violation of Rule 708., payable within thirty (30) days of the date the order is approved by the Commission.

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.

RECEIVED  
MAY 02 2005  
COGCC

IT IS FURTHER ORDERED, that under the State Administrative Procedure Act 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.

IT IS FURTHER ORDERED, that an application for reconsideration by the Commission of this order is not required prior to the filing for judicial review.

RECOMMENDED this 14TH day of March, 2005.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By David K. Dillon  
David K. Dillon, Hearing Officer

Dated at Suite 801  
1120 Lincoln St.  
Denver, Colorado 80203  
March 14, 2005

AGREED TO AND ACCEPTED THIS 20 DAY OF APRIL, 2005.

Texas Tea, LLC

By [Signature]  
Title MANAGER



This cause came on for hearing before the Commission at 10:00 a.m. on June 5, 2006, in the Council Chamber Room of the Ambulance Building, 304 West 3<sup>rd</sup> Street, Wray, Colorado, for the approval of this Administrative Order by Consent.

ENTERED this 23<sup>rd</sup> day of June, 2006, as of June 5, 2006.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By Patricia C. B.  
Patricia C. Beaver, Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
June 23, 2006