

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE
RULES AND REGULATIONS OF THE COLORADO OIL
AND GAS CONSERVATION COMMISSION BY
PLAINVIEW OIL & GAS, INC.,
JEFFERSON COUNTY, COLORADO

CAUSE NO. 1V
ORDER NO. 1V-303

REPORT OF THE COMMISSION

This cause came on for hearing before the Colorado Oil and Gas Conservation Commission on July 10, 2006, at 9:00 a.m. in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado, after giving notice of hearing as required by law on why Plainview Oil & Gas, Inc., is in violation of Commission Rules 603.j., 1002.c., 1002.e., 1003.b., 1003.d., and 1004.f.

FINDINGS

The Commission finds as follows:

1. Plainview Oil & Gas, Inc. is an interested party in the subject matter of the above-referenced matter.
2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
3. The Commission has jurisdiction over the subject matter embraced in said Notice and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order.
4. On September 15, 2000, the Colorado Oil and Gas Conservation Commission ("COGCC") approved an Application for Permit-to-Drill ("APD") for Plainview Oil & Gas, Inc. ("Plainview") for the State #16-4 Well ("the Well") located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 16, Township 2 South, Range 70 West, 6th P.M. The Well was permitted with the Lyons Sandstone as the objective formation with a proposed total depth of 11,000 feet. The APD for the Well had an expiration date of September 14, 2001.
5. On September 4, 2001, Plainview set 31 feet of conductor pipe in the Well and suspended operations. The well pad and drilling pits were not built prior to this operation.
6. On August 5, 2004, Plainview began operations with a typical oil and gas well drilling rig. By this date, a typical oil and gas well pad, including drilling pits, had been built.
7. On August 15, 2004, the Well was plugged and abandoned after drilling to a total depth of 3,000 feet. At a total depth of 3,000 feet, the Well was still in the Pierre Shale Formation.
8. A Notice of Alleged Violation ("NOAV") was issued for the Well on October 13, 2005, for violation of Rule 603.j., statewide equipment, weeds, waste, and trash requirements, Rule 1002.c., protection of soils, Rule 1002.e., surface disturbance minimization, Rule 1003.b., interim reclamation of areas no longer in use, Rule 1003.d., drilling pit closure, and Rule 1003.f., weed control. The NOAV described the alleged violations as "Existing reserve pit remains open in violation of COGCC rules requiring reclamation of drilling/reserve pit on non-crop land within 12 months of ceasing drilling operations" and "Failure to control noxious weeds and maintaining well site to control erosion". The NOAV required that Plainview complete closure of the reserve pit, maintain weed control, and maintain erosion control under applicable COGCC rules. The NOAV had an abatement date of December 12, 2005.
9. On December 13, 2005, COGCC staff inspected the Well and found that none of the alleged violations had been abated by Plainview.
10. On December 20, 2005, COGCC staff sent an Administrative Order By Consent (AOC") to Plainview. The AOC specified that Plainview abate the violations found on the Well and pay a fine of Three Thousand dollars (\$3,000.00) within 30 days of the date the order is approved by the Commission.
11. After meeting with COGCC staff, Mr. A. J. Carter, President of Plainview, signed

the AOC on December 28, 2005.

12. The Commission approved the AOC at the March 20, 2006, hearing. The order was effective as of March 20, 2006, and Plainview was required to abate the violations and pay the fine by April 20, 2006.

13. On June 6, 2006, COGCC staff inspected the Well and found that no work had been done to abate the violations.

14. As of June 9, 2006, Plainview had not paid the required fine amount to the Commission.

15. On June 9, 2006, COGCC staff contacted Mr. Carter by telephone and inquired as to why the violations for the Well had not been abated and why the fine had not been paid to date. Mr. Carter responded that Plainview was working with investors on a deal to reenter the Well in the near future.

16. On July 6, 2006, a letter was submitted to the Commission from the Jefferson County Nature Association indicating its opinion that Plainview should not be allowed to drill in Colorado.

17. At the July 10, 2006, hearing, David Shelton, COGCC Supervising Engineer presented the recommended order to the Commission, Tony Carter, President of Plainview Oil & Gas was present and read a statement.

18. In accordance with Rule 523.c., Rule 603. specifies a base fine of One Thousand dollars (\$1,000) per day for each violation of Rule 603. Rule 1002. specifies a base fine of One Thousand dollars (\$1,000) per day for each violation of Rule 1002. Rule 1003. specifies a base fine of One Thousand dollars (\$1,000) per day for each violation of Rule 1003.

19. A monetary penalty of Twelve Thousand dollars (\$12,000.00) should be assessed against Plainview Oil & Gas, Inc., in accordance with Rule 523.c., for violation of Rule 603.j., Rule 1002.c., Rule 1002.e., Rule 1003.b., Rule 1003.d., and Rule 1003.f. The fine amount reflects the lack of compliance with the AOC entered into by Mr. Carter, and the subsequent necessity to bring this matter before the full Commission.

20. Plainview should abate the violations listed in Finding #16 above and bring the Well into compliance with COGCC rules within thirty (30) days of the date the order is issued.

21. If Plainview does not comply with Finding #18 above within sixty (60) days of the date the order is issued, COGCC staff should be authorized to make a claim on the Five Thousand dollar (\$5,000) plugging bond posted by Plainview for the Well, in order to reclaim the well site.

22. If Plainview does not comply with Findings #17 and #18 above, COGCC staff should not approve any Application for Permit-to-Drill, or approve any COGCC Change of Operator, Form 10, for Plainview.

ORDER

NOW, THEREFORE, IT IS ORDERED, that Plainview Oil & Gas, Inc. shall be found in violation of Rule 603.j., statewide equipment, weeds, waste, and trash requirements, Rule 1002.c., protection of soils, Rule 1002.e., surface disturbance minimization, Rule 1003.b., interim reclamation of areas no longer in use, Rule 1003.d., drilling pit closure, and Rule 1003.f., weed control, for the State #16-4 Well located in the NW¼ NW¼ of Section 16, Township 2 South, Range 70 West, 6th P.M.

IT IS FURTHER ORDERED, that Plainview Oil & Gas, Inc. shall be assessed a fine of Twelve Thousand dollars (\$12,000.00) payable within thirty (30) days of the date the order is approved by the Commission for violation of the above-described rules occurring on the State #16-4 Well.

IT IS FURTHER ORDERED, that Plainview Oil & Gas, Inc. shall be required to abate the above-listed violations within thirty (30) days of the date the order is approved by the

Commission.

IT IS FURTHER ORDERED, that if Plainview Oil & Gas, Inc. does abate the above-listed violations within sixty (60) days of the date the order is issued, COGCC staff shall be authorized to make a claim on the Five Thousand dollar (\$5,000) plugging bond posted by Plainview Oil & Gas, Inc. for the State #16-4 Well and reclaim the Well site.

IT IS FURTHER ORDERED, that COGCC staff shall not approve any Application for Permit-to-Drill, or approve any COGCC Change of Operator, Form 10, for Plainview Oil & Gas, Inc., until such time as Plainview Oil & Gas, Inc. complies with the above provisions of this order.

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.

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.

Entered this -28th day of July, 2006, as of July 10, 2006.

OIL AND GAS CONSERVATION COMMISSION

By


Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
July 28, 2006