

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. 1310-OV-42
COMMISSION BY HILCORP ENERGY)	
COMPANY, EL PASO COUNTY, COLORADO)	ORDER NO. 1V-436

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. Hilcorp Energy Company ("Hilcorp") (Operator Number 10133) is the operator of the Myers #21-06CH Well ("Well") (API Number 05-041-06072) in El Paso County Colorado.

2. On May 17, 2012, Commission staff approved Hilcorp's Form 2A – Location Assessment for the Well (Document # 400255682). A condition of approval for the Well included: *"The operator will conduct baseline sampling of (at a minimum) the two (2) closest water wells."*

3. On November 18, 2012, Hilcorp spud the Well.

4. On December 21, 2012, COGCC staff received a complaint from the surface owner of the well's location, (COGCC Document # 200372387). The complainant alleged that Hilcorp had not conducted baseline sampling prior to Well spud as required by the Form 2A.

5. On December 14, 2012, Hilcorp collected water samples. This was 26 days after the Well was spud. Once a well is spud any sample collected is not considered baseline.

6. On October 1, 2013, Commission Staff issued a Notice of Alleged Violation ("NOAV") (No. 200387086) to Hilcorp for a violation of Rule 305.d. of the COGCC Rules of Practice and Procedure, 2 CCR 404-1 ("Rule" or "Rules").

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

- a. One violation of Rule 305.d because Hilcorp did not conduct baseline sampling prior to spud of the Well (05-041-06072) as required by the Conditions of Approval placed on its Form 2A.

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

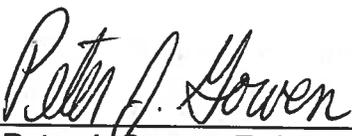
AGREEMENT

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

- I. Hilcorp will be assessed a penalty of \$10,000.
- II. Pursuant to The conditions of approval stated in form 2A Document number 400255682, Hilcorp must complete post drilling water quality samples at one year, three years and six years.
- III. Hilcorp will pay \$10,000 within 30 days after the approved AOC is mailed by the Commission.
- IV. Payment of the penalty pursuant to this AOC does not relieve the operator from its obligations to complete corrective actions set forth in the NOAVs, as may be amended or modified by COGCC Staff.
- V. Hilcorp agrees to the findings of this AOC only for the purpose of expeditiously resolving the matter without a contested hearing.

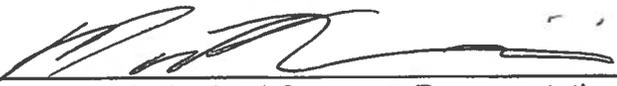
RECOMMENDED this 17th day of October, 2013.

OIL AND GAS CONSERVATION COMMISSION OF
THE STATE OF COLORADO

By 
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this 17 day of October, 2013.

HILCORP ENERGY COMPANY

By 
Signature of Authorized Company Representative

Matthew Vicerillo
Print Signatory Name

Environmental Manager
Title

ORDER

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

1. Hilcorp is found in violation of Rule 305.d as described above.
2. Hilcorp will be assessed a total penalty of \$10,000 for the violations described above.
3. Hilcorp will pay \$10,000 within 30 days after the Commission mails this Order.
4. This AOC does not relieve Hilcorp from undertaking and completing abatement or corrective actions that may be required by the Notice of Alleged Violation described in Finding No. 6 above, or any amendments or modifications thereto specified by the COGCC Staff.
5. 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.
6. The provisions contained in the above order are effective on the date this matter is heard and approved by the Commission.
7. 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 28th day of October, 2013.

ENTERED this 7 day of March, 2013 as of the 28th day of October, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By  _____
Robert J. Frick, Secretary