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STATE OF COLORADO  
OIL & GAS CONSERVATION COMMISSION1120 Lincoln Street, Suite 801  
Denver, CO 80203  
303-894-2100 fax: 303-894-2109

MAR 21 1996

## \*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

Operator Name &amp; Mailing Address / Company Representative:

Walsh Production, Inc.

P.O.Box 30

Sterling, CO 80751

Date Notice Issued:

March 15, 1996

Well/Site/Facility: <b>G.A. Henderson #3</b>	Legal Description ( 1/4 1/4, Section, Township, Range, P.M.): <b>NE NW 18 9N 53W 6pm</b>	County: <b>Logan</b>
Lease Number: <b>28044</b>	API Number: <b>05 075 6540</b>	
COGCC Representative: <b>Jackie Hoke</b>	Phone Number: <b>303 894 2100 x118</b>	Date of Alleged Violation: <b>December 23, 1995</b>
		Approx Time of Violation:
THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED		
Describe Alleged Violation: <b>Well has been shut in since 1987. Operator was notified to run a mechanical integrity test. MIT ordered on Sundry Notice dated May 2, 1994.</b>		
Act, Order, Regulation, Permit Conditions Cited: <b>Rule 324 b</b>		
Abatement or Corrective Action to be Completed by:		<b>September 15, 1996</b>
Abatement or Corrective Action Required to be Performed by Operator *: <b>Run MIT, put well on production, or P&amp;A well and restore site.</b>		

\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an order finding violation.

TO BE COMPLETED BY OPERATOR: When alleged violation is corrected, sign this notice and return to the above address		
Print Company Representative Name & Title: <b>David G. Walsh Operator</b>	Signature: 	Date: <b>9-12-96</b>
Company Comments: <b>A MIT was run on 9-9-96 to verify the integrity of the casing. A bottom hole plug has been set at 4910' isolating the perforations beginning at 4944'. The well was pressured to 338 psig and shut-in for 15 minutes, at the end of the test the observed pressure was 302 psig. The chart is enclosed.</b>		

\*\*\* This Notice constitutes a separate notice of alleged violation for each violation listed \*\*\*

## WARNING

Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the Notice or 5 days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

## PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively, and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The Commission has final authority over the penalty amount assessed.

BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 305, 309, 310, 311, 312, 313, 403, 405, 802, 803, 804, 805

BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 302, 306, 307, 308, 314A, 315, 319, 320, 326, 327, 329, 330, 401

BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607, 902, 903, 904, 905, 906, 907, 908, 909

BASE FINE \$1000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 304, 314B, 315A, 316, 317, 318, 321, 322, 323, 324, 325, 332, 404, 602, 603, 604

In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: 	Date: <b>3-15-96</b>	Time: <b>10:30 am</b>
FOR OFFICE USE ONLY		
Resolution Approved by: 	Date: <b>9/20/96</b>	Resolution Action: <b>WELL PASSED MIT.</b>

White: Operator

Goldenrod: COGCC

Green: Inspector