

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. 0601-1V-01
UNITED STATES EXPLORATION, INC.,)
WELD COUNTY, COLORADO)

NOTICE OF ADMINISTRATIVE ORDER BY CONSENT

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On August 14, 2005, United States Exploration, Inc. ("USX") notified the Colorado Oil and Gas Conservation Commission ("COGCC") that the Perkins #42-5 Well located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, Township 2 North, Range 64 West, 6th P.M. had been drilled without an approved permit.

On August 18, 2005, USX submitted an Application for Permit-to-Drill ("APD") the Perkins #42-5 Well on along with the necessary waiver of surface owner consultation. The APD was issued on August 30, 2005.

On August 22, 2005, a Notice of Alleged Violation ("NOAV") was issued for violations of Rule 303., requiring an approved permit to drill prior to drilling; Rule 305., requiring notice to surface owner prior to drilling; and Rule 306., requiring consultation with the surface owner prior to drilling. The NOAV required USX to "Obtain approved application to drill and submit written documentation as to what occurred, why, and procedures taken to prevent future occurrences. Submit Form 5 and all logs that were run during the drilling of the well."

On September 21, 2005 USX complied with the NOAV. Based on the reply from USX, COGCC staff believes no violation of Rules 305. and 306. has taken place, however, COGCC staff believes Rule 303. has been violated. Rule 523. specifies a base fine of One Thousand dollars (\$1,000) per day for each violation of Rules 303. USX has been issued a prior NOAV during calendar year 2005, which also involved drilling in the wrong location. A monetary penalty of Five Thousand dollars (\$5,000.00) should be assessed against United States Exploration, Inc. in accordance with Rule 523.d., for violation of Rule 303.a.

On November 23, 2005, COGCC staff issued an Administrative Order by Consent ("AOC") to United States Exploration, Inc. for the violation of Rule 303., failure to have an approved Application for Permit-To-Drill prior to drilling the Perkins #42-5 Well located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, Township 2 North, Range 64 West, 6th P.M., proposing a fine of Five Thousand dollars (\$5,000.00) for the violation of the rule. On November 23, 2005, United States Exploration, Inc. agreed to and accepted the AOC, including the fine of Five Thousand Dollars (\$5000.00).

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date: Monday, January 9, 2006
Tuesday, January 10, 2006
Time: 9:00 a.m.
Place: Suite 801, The Chancery Building
1120 Lincoln Street
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the

statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than December 27, 2005, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and nine (9) copies shall be filed with the Commission (Rule 503.). **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of December 27, 2005.** Pursuant to Rule 503.e., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
December 9, 2005