

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE RULES) CAUSE NO. 1V
AND REGULATIONS OF THE COLORADO OIL AND GAS)
CONSERVATION COMMISSION BY) DOCKET NO. 1108-OV-19
CHEMCO, INC., KIOWA COUNTY, COLORADO)

NOTICE OF ORDER FINDING VIOLATION HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

Pursuant to Rule 522.c., the Colorado Oil and Gas Conservation Commission ("Commission" or "COGCC") Staff will apply to the Commission at its August 8, 2011 hearing for an Order Finding Violation ("OFV") against Chemco, Inc. ("Chemco") (Operator No. 16520).

E.J. Muir Unit #1

On May 16, 1969, Chemco spud the E.J. Muir Unit #1 Well (API No. 05-061-06060), located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 35, Township 18 South, Range 45 West, 6th P.M. On September 15, 2003, Chemco plugged and abandoned the E.J. Muir Unit #1 Well as uneconomic.

On July 2, 2010 COGCC Staff issued a Notice of Alleged Violation ("NOAV") #200258844 to Chemco for its operations at the E.J. Muir Unit #1 Well. Said NOAV cited a violation for COGCC Rule 1004.a.

Said NOAV required Chemco to reclaim the location in accordance with Rule 1004.a. by September 2, 2010.

Rule 523. specifies a base fine of One Thousand dollars (\$1,000) for each day of violation of Rule 1004.a. Rule 523.a.(3) specifies that "the maximum penalty for any single violation shall not exceed Ten Thousand dollars (\$10,000) regardless of the number of days of such violation," unless the violation results in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety or welfare or the environment.

Chemco violated **Rule 1004.a.** because it failed to adequately reclaim the E.J. Muir Unit #1 Well site after the well was plugged and abandoned. The COGCC Staff have calculated a base fine of **Ten Thousand dollars (\$10,000)** for the violation of Rule 1004.a.

T-Wear #1

On or about May 21, 1972, Inexco Oil Company spud the Plunkett #1 Well (API No. 05-061-06136), which is located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 13, Township 18 South, Range 45 West, 6th P.M., and subsequently drilled and abandoned the well. On or about April 27, 1984, Cimmaron Oil & Gas Company, Inc. reentered the Plunkett #1 Well (n.k.a. the T-Wear #1 Well), recompleted it, and placed the well on production. Subsequently, Chemco became the operator of said well, which continues to produce gas from the Morrow Formation.

On July 2, 2010, COGCC Staff issued NOAV #200258859 to Chemco for its operations at the T-Wear #1 Well for alleged violation of COGCC Rule 1003.a.

Said NOAV required Chemco to remove all debris, waste and excess materials from the T-Wear #1 Well site by September 1, 2010.

Rule 523. specifies a base fine of One Thousand dollars (\$1,000) for each day of violation of Rules 1003.a. Rule 523.a.(3) specifies that "the maximum penalty for any single violation shall not exceed Ten Thousand dollars (\$10,000) regardless of the number of days of such violation," unless the violation results in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety or welfare or the environment.

Chemco violated **Rule 1003.a.** because it failed to remove debris and waste material associated with oil and gas operations at the T-Wear #1 Well site. The COGCC Staff have calculated a base fine of **Ten Thousand dollars (\$10,000)** for the violation of Rule 1003.a.

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, August 8, 2011
Tuesday, August 9, 2011

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. 5139, 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 July 25, 2011, 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 13 copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of July 25, 2011.**

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By



Robert A. Willis, Enforcement Officer

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
June 30, 2011

Chemco Address of Record:
Chemco, Inc.
558 Castle Pines Pkwy UTB4 #402
Castle Rock, CO 80104