

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 **BENCHMARK** ) DOCKET NO. 1303-OV-06  
**ENERGY LLC, LOGAN 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 March 25, 2013 hearing for an Order Finding Violation ("OFV") against Benchmark Energy LLC ("Benchmark") (Operator No. 10380).

Benchmark operates the following wells in Logan County ("Wells") which have not reported production since before 1999:

Well Name	API #	Spud Date	Last Approved MIT
Mt. Hope Unit # 49	05-075-06343	8/8/1951	8/19/2005
Mt. Hope- Green #43	05-075-06314	10/4/1952	8/19/2005
Logan J Sand #4-25	05-075-05995	8/16/1953	7/27/2012
Logan J Sand #4-18	05-075-06087	9/27/1953	7/27/2012
NW Graylin D Sand Unit #14	05-075-06158	1/29/1955	8/27/2007

Rule 326.b.(1) requires that idle wells pass a mechanical integrity test (MIT) within two years of being Shut-In or within 30 days of being Temporarily Abandoned. Subsequent MITs are required at five (5) year intervals from the date of an initial MIT. Idle wells include wells where gas and/or oil are produced but there are no associated sales as well as wells with no produced volumes at all.

Rule 326.d requires that all wells maintain mechanical integrity. Those wells that lack mechanical integrity shall be repaired or plugged and abandoned within six months of failing an MIT, and the well shall be reclaimed in accordance with Rule 1004.a.

Rule 319.b.(1) requires operators to file a Sundry Notice requesting Continued Temporarily Abandoned status for wells Temporarily Abandoned longer than six months. Approval of the initial Sundry Notice grants Temporarily Abandoned status for six months. Subsequent similar Sundry Notices provide Temporarily Abandoned Status for additional 1-year intervals.

Rule 319.b.(3) requires that wells which have ceased production or are incapable of production or injection be abandoned within six months thereafter unless the time is extended by the Director upon application by the owner. Wells incapable of production due to lack of production facilities, downhole plugs, or other mechanical problems are considered to be Temporarily Abandoned.

Rule 309 requires that operators submit a Form 7- Operator's Monthly Report of Operations ("Production Report") within 45 days after the month in which production occurs. The rule further requires Production Reports from the spud date to one month after plugging and abandonment.

COGCC Staff issued the following Notices of Violations ("NOAV's) for the Wells:

Well Name	API #	NOAV #	NOAV Date	Rule Violations
Mt. Hope Unit # 49	05-075-06343	200356011	July 11, 2012	326.b.(1); 319.b.; 309
Mt. Hope- Green #43	05-075-06314	200356010	July 11, 2012	326.b.(1); 319.b.; 309
Logan J Sand #4-25	05-075-05995	200356008	July 11, 2012	326.b.(1); 319.b.; 309
Logan J Sand #4-18	05-075-06087	200356009	July 11, 2012	326.b.(1); 319.b.; 309
NW Graylin D Sand Unit #14	05-075-06158	200360597	August 16, 2012	326.d

The corrective actions required by the NOAV's include: 1) either plug, produce or perform mechanical integrity tests ("MIT's") as required by Rule 326; 2) file notices required by Rule 319; and 3) file Production Reports as required by Rule 309.

Rule 523. specifies a base fine of One Thousand dollars (\$1,000) for each day of violation of Rule 326, Rule 319, and Rule 309. 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. Staff does not allege that the violation resulted 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.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado (Commission) under § 34-60-105 C.R.S.; 2) specific powers granted pursuant to § 34-60-106 C.R.S.; 3) the Colorado Administrative Procedures Act at § 24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Monday, March 25, 2013  
Tuesday, March 26, 2013

Time: 9:00 a.m.

Place: Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
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 March 11, 2013, briefly stating the basis of the protest or intervention. 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 March 11, 2013. Pursuant to Rule 503.g., 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.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By  \_\_\_\_\_  
Robert J. Frick, Secretary

Dated: February 22, 2013

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