

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE RULES AND ) CAUSE NO. 1V  
REGULATIONS OF THE COLORADO OIL AND GAS )  
CONSERVATION COMMISSION BY **TOP OPERATING COMPANY,** ) DOCKET NO. 1303-OV-07  
BOULDER 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 Top Operating Company ("Top") (Operator No. 39560).

On January 29, 1982, Calvin Petroleum Corporation spud the Rider No. 1 Well (API No. 05-013-06096) ("Well"), located in the NE¼ SE¼, Section 36, Township 3 North, Range 69 West, 6<sup>th</sup> P.M. The Rider No. 1 Well was subsequently conveyed to Murray J. Herring Ltd on September 1, 1986; and to its current owner Top Operating Company on January 1, 1989.

On January 24, 2012, COGCC Staff issued Notice of Alleged Violation ("NOAV") No. 1771570 to Top Operating Company for its operations at the Rider No. 1 Well and cited the following alleged rule violations:

a. Rule 210.d., which requires the operator to label each tank with greater than 10 barrels capacity and containers used for hazardous materials in a conspicuous place, from the time of initial drilling until final abandonment;

b. Rule 301, which requires the operator to provide written notice of intention to do work or to change plans previously approved and receive approval before the work is begun. These complete records of drilling, redrilling, deepening, repairing, plugging or abandoning of all wells, other well operations, and all alterations to casing must be conveniently accessible to the Director. The records must show all the formations penetrated and, among other things, the grade, weight and size, and landed depth of casing used in drilling each well on the premises;

c. Rule 308A., which requires the operator, within 30 days of the setting of production casing, the plugging of a dry hole, the deepening or sidetracking of a well, or any time the wellbore configuration is changed, to transmit to the Director the Drilling Completion Report, Form 5, and two (2) copies of all logs run;

d. Rule 308B., which requires the operator to submit the Completed Interval Report, Form 5A, within 30 days of completing a formation (successful or not), when a formation is temporarily or permanently abandoned, for a recompletion, reperforation or restimulation, or when a formation is commingled;

e. Rule 309., which requires the operator to file with the Commission, within 45 days after the month in which production occurs, a report on Operator's Monthly Production Report, Form 7, containing all information required by said form, and in addition, all fluids produced during the initial testing and completion shall be reported on Operator's Monthly Production Report, Form 7 within 45 days after the month in which testing and completion occurs;

f. Rule 603.j., which requires all locations, including wells and surface production facilities, shall be kept free of the following: equipment, vehicles, and supplies not necessary for use on that lease; weeds; rubbish, and other waste material;

g. Rule 604.a.(4)., which requires berms or other secondary containment devices shall be constructed around crude oil, condensate, and produced water tanks to provide secondary containment for the largest single tank and sufficient freeboard to contain precipitation. Berms and secondary containment devices and all containment areas shall be sufficiently impervious to contain any spilled or released material. Berms and secondary containment devices shall be maintained in good condition;

h. Rule 604.d., which requires all valves, pipes and fittings shall be securely fastened, inspected at regular intervals, and maintained in good mechanical condition;

i. Rule 906.a., which requires spills/releases of E&P waste, including produced fluids, shall be controlled and contained immediately upon discovery to protect the environment, public health, safety, and welfare, and wildlife resources, and shall be investigated and cleaned up as soon as practicable.

NOAV No. 1771570 and an inspection report dated January 20, 2012 (Document No. 665400063) required the following abatement or corrective actions to be taken by Top: 1) install signage, labeling and placarding on production tank and produced water tank; 2) control weeds at well and battery sites; 3) remove all unused miscellaneous junk and trash from well and battery sites; 4) remove all unused equipment from well and battery sites; 5) repair wellhead/casing connection; 6) remediate oil stained soil at wellhead/casing connection and prevent recurrence of leaking at wellhead/casing connection; 7) repair loadout valve, thief hatch and produced water tank connections; 8) remediate oil stained soil from leaking loadout valve, thief hatch and produced water tank; 9) resize production tank berm; 10) resize second production tank berm; 11) install berm around horizontal separator; 12) amend and accurately complete Form 5; 13) amend and accurately complete Form 5A; 14) amend and accurately complete Form 7; 15) submit contractor's job summaries and cement bond log for remedial cementing; and 16) submit contractor's job summary for setting of cast iron bridge plug. These actions were required to be completed by February 28, 2012.

Rule 523.c. specifies a base fine of \$1,000 for each day of violation of Rules 301, 308A, 308B, 309, 603.j., 604.a.(4). 604.d., 906.a. and a base fine of \$500 for each day of violation of Rule 210. Rule 523. further specifies that the maximum penalty for any single violation shall not exceed \$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, including the environment or wildlife resources. Staff is not alleging significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety or welfare, including the environment or wildlife resources. COGCC Staff has calculated a base fine of \$85,000 for violation of the Rules for the Rider No. 1 Well.

COGCC Staff is seeking an order finding violation (OFV) against Top for violation of Rules 210.d., 301, 308A, 308B, 309, 603.j., 604.a.(4). 604.d. and 906.a. for its operations at the Rider No. 1 Well, and imposition of a fine not to exceed \$85,000.

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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