

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 TEXAS TEA OF)
COLORADO LLC DBA TEXAS TEA LLC,) DOCKET NO. 1305-OV-11
ADAMS AND WELD COUNTIES, 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 has applied to the Commission on May 6, 2013, for an Order Finding Violation ("OFV") against Texas Tea of Colorado LLC DBA Texas Tea LLC ("Texas Tea") (Operator No. 87195) seeking a finding of a pattern of violation, and revoking operating permits and the operator's certificate of clearance for failure to comply with an Administrative Order by Consent, Order No. 1V-397.

Order 1V-397

On November 15, 2012 the Commission entered Order No. 1V-397, an Administrative Order by Consent ("AOC") with Texas Tea. The AOC was in resolution of the following Notices of Alleged Violations ("NOAV's") at wells identified below:

Date	NOAV #	Well	Rule Violations Alleged
July 6, 2010	200259563	Van Scoyk #1 Well	Rule 210.b.(2), 319.b.(3), 326.b.(1), 603.j. & 906.a.
January 9, 2012	200336458	Van Scoyk #1 Well	Rules 319.b.(1), 319.b.(3) and 326.b.(1).
November 22, 2010	200284706	Pace #2 Well	Rules 210.d., 604.a.(4) and 902.d.
January 9, 2012	200336456	Adams County #1 Well	Rules 319.b.(1), 319.b.(3) and 326.b.(1).
January 9, 2012	200336457	Krogh #2 Well	Rules 319.b.(1), 319.b.(3) and 326.b.(1).
February 2, 2012	200339488	General Operations (All Wells)	Rule 309 and 310
December 8, 2010	1662769	General Operations (All Wells)	Rule 706 and 707

The AOC involved seven different NOAV's, at four specific well sites, and 21 separate alleged violations.

The AOC imposed a structured fine of \$110,000, with \$40,000 payable according to a Compliance Schedule, and \$70,000 suspended, pending timely performance of the Compliance Schedule. If the Compliance Schedule was fully performed on time, the suspended portion of the fine would be vacated. If the Compliance Schedule was not fully performed on time, the suspended portion of the fine would become payable upon 30 days notice from the Director. The AOC Compliance Schedule also required among other things, the following:

- Texas Tea shall pay \$10,000 of the mandatory fine of \$40,000 by January 14, 2013. The remaining \$30,000 of the mandatory fine shall be paid no later than March 15, 2013.
- Texas Tea shall either plug, produce, or perform mechanical integrity tests (MIT's) on the following wells no later than March 15, 2013, consistent with Rule 326: 1) Van Scoyk #1 Well; 2) Adams County #1 Well; and 3) Krogh #2 Well. This must include Bradenhead tests and reported results on Form 17 for each well.
- Texas Tea must at the Van Scoyk #1 Well site: 1) remove oil saturated soil from well and battery sites; 2) dispose of soil according to the 900 Series rules; 3) control weeds on well and battery site; and 4) place signs on well and battery site. This work must be completed by January 15, 2012.
- Texas Tea must provide an additional \$20,000 financial assurance pursuant to Rule 707 for excessive inactive wells by April 15, 2013. Alternatively, Texas Tea may either plug or produce one more well.

Texas Tea is delinquent on: 1) the payment of the \$30,000 fine payment due March 15, 2013; 2) MIT's on the Van Scoyk #1 Well; Adams County #1 Well; and Krogh #2 Well; and 3) housekeeping requirements at the Van Scoyk #1 Well.

Rule 525.a provides: if the Commission determines, after a hearing, that an operator failed to perform any required corrective action/abatement or failed to comply with a cease and desist order issued by the Director or the Commission with regard to violation of a permit provision, the Commission may issue an order suspending, modifying or revoking a permit or permits authorizing the operation.

Rule 525.b provides whenever the Commission or the Director has evidence that an operator is responsible for a pattern of violation of any provision of the Act, or of any rule, permit or order of the Commission, the Commission may after hearing find that a knowing and willful pattern of violation exists, in which case it may issue an order to prohibit the issuance of any new permits to such operator.

Section 34-60-106 (1)(i) C.R.S. authorizes the Commission to require Certificates of Clearance for the transportation and delivery of oil and gas or any product, and Rule 312.(f)(3) authorizes the Commission to cancel certificates of clearance.

Commission Staff has applied to the Commission for an Order pursuant to Rule 525 finding Texas Tea responsible for a pattern of violation of Commission rules and finding Texas Tea has failed to perform requirements of the AOC. The staff application seeks all remedies authorized by statute and rule, including the possible revocation of Texas Tea's Certificate of Clearance (Form 10), pursuant to Rule 312.f.(3).

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, May 6, 2013
Tuesday, May 7, 2013

Time: 9:00 a.m.

Place: Weld County Southwest Services Complex
4209 Weld County Road 24 1/2
Longmont, CO 80501

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 April 22, 2013, 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 April 22, 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.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 
Robert J. Frick, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
April 3, 2013

Agent for Texas Tea:
Robert Parker
Texas Tea of Colorado LLC DBA Texas Tea LLC
14405 West Colfax #298
Lakewood, Colorado 80401
(720) 775-7209