



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 CAERUS) DOCKET NO. 1307-OV-15
WASHCO LLC, WASHINGTON 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 on July 29-30, 2013 hearing for an Order Finding Violation ("OFV") against **Caerus Washco LLC** ("Caerus").

State #31-22 Well

On April 22, 2003, a predecessor to Caerus spud the State #31-22 Well (API No. 05-121-10695), located in the NW ¼, NW ¼, Section 22, Township 3 South, Range 50 West of the 6th P.M., Washington County.

On April 3, 2013, the Colorado Oil and Gas Conservation Commission ("COGCC") received a landowner complaint, alleging surface impacts related to the oil and gas operations, resulting in surface damage to the Complainant's adjacent pasture land. The Complainant alleged Caerus's produced water pit experienced past overflows, resulting in lasting damage to his pasture. The Complainant also requested the location be properly fenced to protect his livestock.

On April 19, 2013, COGCC Staff issued Notice of Alleged Violation ("NOAV") No. 200378586 to Caerus on April 22, 2013, citing alleged violations of the following Rules: 1) Rule 210.d; 2) Rule 324A.a.; 3) Rule 603.j.; 4) Rule 604.; 5) Rule 902.; 6) Rule 906.; 7) Rule 907.; 8) Rule 1002; and 9) Rule 1004.

The NOAV required numerous corrective actions to be completed no later than July 31, 2013.

Rule 523. specifies a base fine of \$500 for each day of violation of Rule 210.d and a base fine of \$1,000 for each day of violation of all other cited Rules. Rule 523.a.(3) 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 or the environment. Staff does not allege these factors apply to this case.

COGCC staff requests that Caerus be found in violation of the Rules listed above, for a total fine not to exceed of \$ 90,000.00.

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, July 29, 2013
Tuesday, July 30, 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 July 15, 2013, briefly stating the basis of the protest or intervention. An original and 2 additional copies shall be filed with the Commission, along with an electronic version. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of July 16, 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 *Pat A. Gowen*
for Robert J. Frick, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
June 20, 2013