

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) DOCKET NO. 150700156
KESTREL RESOURCES INC, WASHINGTON) TYPE: ENFORCEMENT
COUNTY, COLORADO)

NOTICE AND APPLICATION FOR HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

Pursuant to Rule 522.e.(2), the Colorado Oil and Gas Conservation Commission (“Commission” or “COGCC”) Staff will apply to the Commission at its July 20 & 21, 2015 hearing for an Order Finding Violation (“OFV”) against Kestrel Resources, Inc. (“Kestrel”) (Operator No. 47085). This Notice and Application is being served to adjudicate the allegations made in the below-described Notice of Alleged Violation (“NOAV”), the allegations of which are incorporated herein.

Kestrel is the operator of the Travis 1 Well (API No. 05-121-08451) and Ward Kincheloe 1 Well (API No. 05-121-05650) in Washington County. On November 4, 2014, COGCC Staff inspected the Travis 1 Well and observed that a tank overflow had occurred and had been covered with berm material. COGCC Staff also inspected the Ward Kincheloe 1 Well and observed an ongoing release of produced water from the south production pit. Secondary berms had been constructed but the ongoing release was not controlled or contained. Both sites had additional evidence of the improper handling of E&P waste.

On December 15, 2014, COGCC Staff issued Notice of Alleged Violation (“NOAV”) No. 200419274 to Kestrel for violations at the Travis 1 Well of the following Rules:

- a. Rule 906.a. (Spills & Releases, General) or the failure to investigate, clean-up, and document the impacts from the tank overflow release;
- b. Rule 906.b. (Spills & Releases, Reporting) for the failure to report the release to the COGCC, surface owner, or local government; and
- c. Rule 907.a.(1) (Management of E&P waste, Operator Obligations) for the failure to properly treat and prevent oil from accumulating in the production pit.

On December 22, 2014, COGCC Staff issued NOAV No. 200410089 to Kestrel for violations at the Ward Kincheloe 1 Well of the following Rules:

- a. Rule 906.a. (Spills & Releases, General) for the failure to immediately contain and clean-up, investigate, and document the release from the production pit;
- b. Rule 906.b. (Spills & Releases, Reporting) for the failure to report the release from the production pit to the COGCC, surface owner, or local government; and

- c. Rule 907.a.(1) (Management of E&P Waste, Operator Obligations) for the failure to treat produced water to prevent crude oil and condensate from entering the production pit and properly treat and dispose of oily waste on the turnaround.

COGCC Staff requests that Kestrel be found in violation of rules cited above and assessed a penalty pursuant to Rule 523.

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

Date: Monday, July 20, 2015
Tuesday, July 21, 2015

Time: 9:00 a.m.

Place: Colorado Oil and Gas Conservation Commission
1120 Lincoln St. Suite 801
Denver, CO 80203

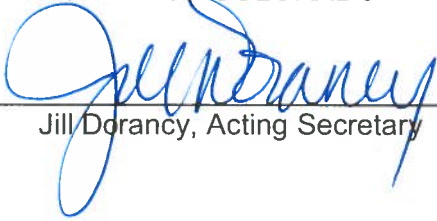
In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

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 6, 2015, briefly stating the basis of the protest or intervention. One electronic, one original and two 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 6, 2015. 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 _____


Jill Dorancy, Acting Secretary

Dated: March 31, 2015

Colorado Oil and Gas Conservation Commission
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