

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

IN THE MATTER OF ALLEGED VIOLATIONS OF ) CAUSE NO. 1V  
THE RULES AND REGULATIONS OF THE )  
COLORADO OIL AND GAS CONSERVATION ) DOCKET NO. 150700162  
COMMISSION BY P&M PETROLEUM )  
MANAGEMENT LLC, BACA, DENVER, MESA, ) TYPE: ENFORCEMENT  
WASHINGTON, AND WELD COUNTIES, )  
COLORADO )

NOTICE AND APPLICATION FOR HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

Pursuant to Rule 522.e., 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 P&M Petroleum Management LLC ("P&M") (Operator No. 66565). This Notice and Application is being served to adjudicate the allegations made in the below-described Notices of Alleged Violation ("NOAVs"), the allegations of which are incorporated herein.

P&M is the operator of record of the Axsom 430 well (API # 05-121-10528) in Washington County. On October 15, 2014, Commission Staff issued a Notice of Alleged Violation ("NOAV") (No. 200413930) to P&M for violations of COGCC Rules of Practice and Procedure, 2 CCR 404-1 ("Rule" or "Rules"), Rules 1002.e.(1), 603.f, 210.b.(2), and 210.d. at the Axsom 430 well.

P&M is the operator of record of the Silvey Flats 1-8 well (API # 05-077-08335) in Mesa County. On October 25, 2012, Commission Staff issued NOAV No. 200360269 to P&M for violations of Rules 319.b.(1), Rule 319.b.(3), and 326.b.(1) at the Silvey Flats 1-8 well.

P&M is the operator of record of the Lousberg 1 well (API # 05-123-07914) in Weld County. On July 8, 2013, Commission Staff issued NOAV No. 200382861 to P&M for violations of Rules 1004.a., 1103, 1004.b., 324A.a., and 906 at the Lousberg 1 well.

P&M is the operator of record of the Hunt 1 well (API # 05-009-06247) in Baca County. On October 6, 2014, Commission Staff issued NOAV No. 2465111 to P&M for violations of Rules 309 and 326.b.(1) at the Hunt 1 well.

P&M is the operator of record of the Newlin 1 well (API # 05-009-06275) in Baca County. On October 6, 2014, Commission Staff issued NOAV No. 2465110 to P&M for violations of Rules 309 and Rule 326.b.(1) at the Newlin 1 well.

Unrelated to any particular well operated by P&M, on August 14, 2014,

Commission Staff issued NOAV No. 400629229 to P&M for violations of Rule 302.

COGCC Enforcement Staff requests that P&M be found in violation of the Rules listed above, ordered to return to compliance with those Rules, and assessed a penalty pursuant to Rule 523, and other relief as authorized by law.

Enforcement Staff also requests that, in the event P&M fails to pay the penalty and return to compliance, the Commission authorize COGCC Staff to foreclose P&M's existing financial assurance and claim both the principal and any accrued, but undisbursed, interest that may exist, supplemented as may be necessary by funds from the Oil and Gas Conservation and Environmental Response Fund, to:

1. Remediate conditions that threaten to cause, or that actually cause, environmental impacts at oil and gas locations operated by P&M;
2. Plug and abandon any wells operated by P&M; and
3. Reclaim all well sites and associated facilities operated by P&M.

Enforcement Staff also requests that all equipment and appurtenances related to P&M's operations, if any, shall become property of the Commission should COGCC Staff initiate any of the activities described in the preceding paragraph. Enforcement Staff requests that COGCC Staff be authorized to dispose of such equipment and appurtenances as it sees fit, provided that any proceeds from the disposition of the assets will be applied to any work undertaken by COGCC Staff.

Enforcement Staff also requests that P&M, or its successors or assigns, remain responsible for complying with this Order, including the penalties imposed, in the event P&M is revived or recapitalized or there is a sale of any well sites or associated facilities operated by P&M.

Enforcement Staff also requests that P&M, or its successors or assigns, be required to repay any funds expended by the Commission from the Oil and Gas Conservation and Environmental Response Fund for any work undertaken by COGCC Staff.

Enforcement Staff also requests that P&M's Operator Number (No. 66565) be forfeited, P&M's Form 1 (Document No. 737292) be rescinded, and P&M's right to conduct oil and gas operations in the state of Colorado be revoked.

Last, Enforcement Staff requests that, until the fine assessed under this order is paid in full and all required abatement and corrective actions are performed, Mr. Edward Neibauer, Sr. be required to notify the Commission if: (1) he or any entity of which Mr. Edward Neibauer, Sr. is a principal, majority owner, operational or general manager, or otherwise exercises control of an entity's oil and gas operations in the state of Colorado ("entity") applies for a permit or submits a Certificate of Clearance for the Commission's

approval; or (2) he joins an existing entity and becomes the principal, majority owner, operational or general manager, or otherwise exercises control of the existing entity. If Mr. Edward Neibauer, Sr. or the entity applies for a permit or submits a Certificate of Clearance, the Director may not approve the request. The request must come before the Commission at a hearing, at which it may determine whether to grant the request, require a higher amount of financial assurance before granting the request, or deny the request.

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 2 CCR 404-1, 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 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 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  \_\_\_\_\_  
Julie Murphy, Secretary

Dated: May 13, 2015

Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203  
Website: <http://cogcc.state.co.us>  
Phone: (303) 894-2100  
Fax: (303) 894-2109



\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 66565  
Name of Operator: P & M PETROLEUM MANAGEMENT LLC  
Address: 1600 STOUT ST SUITE 1800  
City: DENVER State: CO Zip: 80202  
Company Representative: ED NEIBAUER

Date Notice Issued:  
10/15/2014

Well Name: AXSOM Well Number: 430 Facility Number: 238025  
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWNW 30 2S 49W 6 County: WASHINGTON  
API Number: 05 121 10528 00 Lease Number:

COGCC Representative: Quint Craig Phone Number: 719 767-8939

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 9/22/2014 Approximate Time of Violation:  
Description of Alleged Violation:  
COGCC Environmental Protection Specialist John Axelson performed an inspection on 9/13/2011 (Document #200321080) in which several corrective actions were required to be completed by 10/31/2011. These corrective actions included maintaining the lease road, controlling weeds and treating or disposing of oily soil at the separator. COGCC Field Inspector Susan Sherman performed a follow-up inspection on 9/22/2014 (Document #673706458) and found that the corrective actions required by the previous inspection have not been performed. Ms. Sherman also observed incomplete labeling, wind erosion, no BMP's for chemical container, and non-operating emergency contact numbers.

Act, Order, Regulation, Permit Conditions Cited:  
1002.e.(1), 603.f, 210.b.(2), 210.d.

Abatement or Corrective Action Required to be Performed by Operator:\*  
Install labeling, install a working emergency contact number, repair and maintain the access road, and install BMP's.  
Abatement or Corrective Action to be Completed by (date): 10/15/2014  
\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:  
Company Representative Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Company Comments:

\*\*\* THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED \*\*\*

**WARNING**  
Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the Notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

**PENALTY PROPOSED BY THE DIRECTOR PER RULE 523**  
The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.  
The Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The

BASE FINE \$250.00 PER DAY PER VIOLATION:	RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804
BASE FINE \$500.00 PER DAY PER VIOLATION:	RULES 205, 206, 207, 208, 302, 308, 309, 310, 316A, 321, 322, 328, 329, 330, 331, 332, 401
BASE FINE \$750.00 PER DAY PER VIOLATION:	RULES 805, 806A, 806B, 807
BASE FINE \$1,000.00 PER DAY PER VIOLATION:	RULES 209, 301, 303, 305, 306, 316B, 317, 317A, 318, 319, 320, 323, 324, 385, 326, 327, 333, 404, 602, 603, 604, 703, 704, 705, 706, 707, 708, 709, 711, 802, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103

In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: Craig Quint Date: 10/15/2014 Time:  
Resolution Approved by: \_\_\_\_\_ Date: \_\_\_\_\_



\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 66565  
Name of Operator: P & M PETROLEUM MANAGEMENT LLC  
Address: 518 17TH ST STE 1105 ATTN: JERRY CALLEY  
City: DENVER State: CO Zip: 80202  
Company Representative: ED NEIBAUER

Date Notice Issued:  
7/8/2013

Well Name: LOUSBERG Well Number: 1 Facility Number: 240126  
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSW 18 9N 56W 6 County: WELD  
API Number: 05 123 07914 00 Lease Number:

COGCC Representative: LEONARD MIKE Phone Number: 719 647-9715

**THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED**  
Date of Alleged Violation: 6/11/2013 Approximate Time of Violation:  
Description of Alleged Violation:  
SEE ATTACHMENT LETTER FOR ADDITIONAL INFORMATION. The Colorado Oil and Gas Conservation Commission (COGCC) is issuing Notice of Alleged Violation to P&M Petroleum Management based on conditions found during field inspection conducted by COGCC Staff. These conditions involve non-compliance with reclamation rules.

Act, Order, Regulation, Permit Conditions Cited:  
1004. a., 1103., 1004. b., 324A. a. , 906

Abatement or Corrective Action Required to be Performed by Operator:\*  
SEE ATTACHMENT LETTER FOR FULL LIST OF ABATEMENTS OR CORRECTIVE ACTIONS AND CORRECTIVE ACTION DATES. Within ten (10) days of receipt of this Notice of Alleged Violation submit to COGCC a compliance plan for the performance and completion of Abatement and/or Corrective Actions listed in Attachment letter.  
Abatement or Corrective Action to be Completed by (date): 7/22/2013  
\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:  
Company Representative Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Company Comments:

\*\*\* THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED \*\*\*

**WARNING**  
Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the Notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

**PENALTY PROPOSED BY THE DIRECTOR PER RULE 523**  
The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.  
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BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804  
BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 302, 308, 309, 310, 316A, 321, 322, 328, 329, 330, 331, 332, 401  
BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 608A, 608B, 607  
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 308, 316B, 317, 317A, 318, 319, 320, 323, 324, 325, 326, 327, 333, 404, 602, 603, 604, 703, 704, 705, 706, 707, 708, 709, 711, 802, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103  
In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: \_\_\_\_\_ Date: 7/8/2013 Time:  
Resolution Approved by: \_\_\_\_\_ Date: \_\_\_\_\_



\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 66565  
Name of Operator: P & M PETROLEUM MANAGEMENT LLC  
Address: 518 17TH ST STE 1105  
City: DENVER State: CO Zip: 80202  
Company Representative: JERRY CALLEY

Date Notice Issued:  
10/25/2012

Well Name: SILVEY FLATS Well Number: 1-8 Facility Number: 221733  
Location (QtrQtr, Sec, Twp, Rng, Meridian): SWSE 8 10S 97W 6 County: MESA  
API Number: 05 077 08335 00 Lease Number:

COGCC Representative: KOEHLER BOB Phone Number: 303 894-2100 X5147

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 01/01/2006 Approximate Time of Violation:  
Description of Alleged Violation:  
Based on a review of COGCC's well records and observations during a field inspection on November 24, 2009, this well is temporarily abandoned (TA) and/or shut-in (SI). There is no production reported since at least January 1999. This well is in violation of COGCC Rules 319.b.(1) and 319.b.(3); the well has been TA in excess of 6 months without Director approved annual applications for TA status. Per COGCC Rule 326.b.(1) a mechanical integrity test (MIT) was not performed on this well either while SI (within 2 years of the initial SI date) or TA (30 days after the well is removed from production or becomes incapable of production).

Act, Order, Regulation, Permit Conditions Cited:  
Rules 319.b.(1), Rule 319.b.(3) and Rule 326.b.(1)

Abatement or Corrective Action Required to be Performed by Operator:  
Perform the following within thirty (30) days-by November 25, 2012: submit Form 4 to request an extended TA status (if the well is TA) and notify Bob Koehler of which of the following three options you choose to exercise. Perform the following within three (3) months-by January 25, 2013: 1) put the well on production and submit Operator's Monthly Report of Operations; 2) pass an MIT to maintain SI or TA status, notify COGCC ten (10) days prior to the MIT, and submit Form 21 within 30 days after the MIT; or 3) plug and abandon the well (submit Form 6, Notice of Intent to Abandon, for prior approval before proceeding with P&A operations). If the well lacks mechanical integrity, then casing repair procedures must be approved by COGCC staff on Form 4, Sundry Notice, prior to remediation per Rule 317.d.  
Abatement or Corrective Action to be Completed by (date): 01/25/2013  
\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:  
Company Representative Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Company Comments:  
\_\_\_\_\_  
\_\_\_\_\_

\*\*\* THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED \*\*\*

**WARNING**  
Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

**PENALTY PROPOSED BY THE DIRECTOR PER RULE 523**  
The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.  
the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The  
BASE FINE \$250.00 PER DAY PER VIOLATION RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804  
BASE FINE \$500.00 PER DAY PER VIOLATION RULES 205, 208, 207, 208, 302, 308, 309, 310, 318A, 321, 322, 328, 329, 330, 331, 332, 401  
BASE FINE \$750.00 PER DAY PER VIOLATION RULES 605, 608A, 608B, 607  
BASE FINE \$1,000.00 PER DAY PER VIOLATION RULES 209, 301, 303, 305, 306, 316B, 317, 317A, 318, 319, 320, 323, 324, 325, 328, 327, 333, 404, 802, 803, 804, 703, 704, 705,  
706, 707, 708, 709, 711, 802, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103  
In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: Robert Koehler Date: 10/25/2012 Time: 9:45AM  
Resolution Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

State of Colorado  
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax: (303) 894-2109



FOR OGCC USE ONLY  
10/6/2014  
2465110

\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 66565  
Name of Operator: P & M PETROLEUM MANAGEMENT LLC  
Address: 1600 STOUT ST SUITE 1800  
City: DENVER State: CO Zip: 80202  
Company Representative: ED NEIBAUER

Date Notice Issued:  
10/6/2014

Well Name: NEWLIN Well Number: 1 Facility Number: 205860  
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSE 19 31S 41W 6 County: BACA  
API Number: 05 009 06275 00 Lease Number:

COGCC Representative: Bradshaw Leigh Phone Number: 303 894-2100 X5187

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 10/6/2014 Approximate Time of Violation:  
Description of Alleged Violation:  
Form 7-Operator's Monthly Reports of Operations (Production Reports) between August 2012 and April 2013 indicate the well has not produced. The well has never passed a mechanical integrity test (MIT). The well is in violation of Rule 309 for production reporting; monthly Production Reports are delinquent after April 2013. The well is in violation of COGCC Rule 326.b.(1) because an MIT was not performed on this well either within 2 years of the initial SI date or 30 days after the well was TA'd (removed from production or becomes incapable of production).

Act, Order, Regulation, Permit Conditions Cited:  
Rules 309 and Rule 326.b.(1)

Abatement or Corrective Action Required to be Performed by Operator:\*  
Perform the following immediately: Submit Form 7-Operator's Monthly Reports of Operations to bring records for the well up to date. Then perform one of the following: 1) Pass an MIT to maintain SI or TA status, notify COGCC ten (10) days prior to the MIT via a Form 42, and submit Form 21 within 30 days after the MIT; or 2) plug and abandon the well (submit Form 6-Notice of Intent to Abandon for prior approval before proceeding with P&A operations). The well may not be put on production until it passes an MIT. If the well lacks mechanical integrity, then casing repair procedures must be approved by COGCC staff on Form 4-Sundry Notice prior to remediation per Rule 317.d.  
Abatement or Corrective Action to be Completed by (date): 10/6/2014  
\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:  
Company Representative Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Company Comments:

\*\*\* THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED \*\*\*

**WARNING**  
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**PENALTY PROPOSED BY THE DIRECTOR PER RULE 523**  
The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.  
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in accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.  
Signature of COGCC Representative: Date: 10/6/2014 Time:  
Resolution Approved by: \_\_\_\_\_ Date: \_\_\_\_\_



State of Colorado  
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax: (303) 894-2109



FOR OGCC USE ONLY

10/6/2014

2465111

\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 66565  
Name of Operator: P & M PETROLEUM MANAGEMENT LLC  
Address: 1600 STOUT ST SUITE 1800  
City: DENVER State: CO Zip: 80202  
Company Representative: ED NEIBAUER

Date Notice Issued:

10/6/2014

Well Name: HUNT Well Number: 1 Facility Number: 205832  
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSE 30 31S 41W 6 County: BACA  
API Number: 05 009 06247 00 Lease Number:

COGCC Representative: Bradshaw Leigh Phone Number: 303 894-2100 X5187

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 10/6/2014 Approximate Time of Violation:

Description of Alleged Violation:

Form 7-Operator's Monthly Reports of Operations (Production Reports) between August 2012 and April 2013 indicate the well has not produced. The well has never passed a mechanical integrity test (MIT). The well is in violation of Rule 309 for production reporting; monthly Production Reports are delinquent after April 2013. The well is in violation of COGCC Rule 326.b.(1) because an MIT was not performed on this well either within 2 years of the initial SI date or 30 days after the well was TA'd (removed from production or becomes incapable of production).

Act, Order, Regulation, Permit Conditions Cited:

Rules 309 and Rule 326.b.(1)

Abatement or Corrective Action Required to be Performed by Operator:\*

Perform the following immediately: Submit Form 7-Operator's Monthly Reports of Operations to bring records for the well up to date. Then perform one the following: 1) Pass an MIT to maintain SI or TA status, notify COGCC ten (10) days prior to the MIT via a Form 42, and submit Form 21 within 30 days after the MIT; or 2) plug and abandon the well (submit Form 6-Notice of Intent to Abandon for prior approval before proceeding with P&A operations). The well may not be put on production until it passes an MIT. If the well lacks mechanical integrity, then casing repair procedures must be approved by COGCC staff on Form 4-Sundry Notice prior to remediation per Rule 317.d.

Abatement or Corrective Action to be Completed by (date): 10/6/2014

\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Company Comments:

\*\*\* THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED \*\*\*

WARNING

Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the Notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.

the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The

BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804  
BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 208, 207, 208, 302, 308, 309, 310, 316A, 321, 322, 328, 329, 330, 331, 332, 401  
BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 608A, 605B, 607  
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 306, 316B, 317, 317A, 318, 319, 320, 323, 324, 325, 326, 327, 333, 404, 602, 603, 604, 703, 704, 705,  
706, 707, 708, 709, 711, 802, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103

In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: [Signature] Date: 10/6/2014 Time: \_\_\_\_\_  
Resolution Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

FORM  
NOAV  
Rev 3/14

State of Colorado  
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203  
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:  
400629229

06/18/2014

Date Issued:  
08/14/2014

## NOTICE OF ALLEGED VIOLATION

### OPERATOR INFORMATION

Name of Operator: P & M PETROLEUM MANAGEMENT LLC OGCC Operator No: 66565  
Address: \_\_\_\_\_  
City: DENVER State: CO Zip: 80202  
Operator Contact Information:  
Contact Name: EDWARD NEIBAUER Phone: (303) 842-5551 Fax: ( ) Email: pmpetroleum4@msn.com  
COGCC Representative: MARTHA RAMOS Phone: (303) 894-2100 Email: martha.ramos@state.co.us

Location Information:  
API Number: 05- - -00 Facility Number: \_\_\_\_\_  
Well Name: \_\_\_\_\_ Well Number: \_\_\_\_\_  
QtrQtr: \_\_\_\_\_ Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Range: \_\_\_\_\_ Meridian: \_\_\_\_\_  
County: \_\_\_\_\_

### ALLEGED VIOLATION

Rule: 302 Rule Descr: Registration for Oil and Gas Operations  
Initial Discovery Date: \_\_\_\_\_ Date of Violation: \_\_\_\_\_ Approximate Time of Violation: \_\_\_\_\_  
Description of Alleged Violation:  

COGCC was unable to contact the operator by phone. A compliance letter was sent to the operator requesting that a Form 1 be filed to update their contact information. The letter was returned to sender - unable to deliver or forward. Operator has failed to comply with Rule 302a.

  
Abatement or Corrective Action Required to be Performed by Operator: \_\_\_\_\_ Corrective Action Due Date: \_\_\_\_\_  

File a Form 1 for change of address and contact information.

### RESOLUTION

Rule: 302 Rule Descr: Registration for Oil and Gas Operations  
Resolution Comment: \_\_\_\_\_ Corrective Action Complete Date: \_\_\_\_\_  
\_\_\_\_\_

### FINAL RESOLUTION

Cause #: \_\_\_\_\_ Order #: \_\_\_\_\_ Docket #: \_\_\_\_\_  
Enforcement Action: \_\_\_\_\_ Refer to Enforcement Group Date: \_\_\_\_\_  
\_\_\_\_\_

COGCC Representative: RAMOS, MARTHA Title: Financial Assurance Super  
Rep. Email: MARTHA.RAMOS@STATE.CO.US

### Attachment Check List