

STATE OF COLORADO
OIL & GAS CONSERVATION COMMISSION

1120 Lincoln Street, Suite 801
Denver, CO 80203
303-894-2100 fax: 303-894-2109



*** NOTICE OF ALLEGED VIOLATION ***

Operator Name & Mailing Address / Company Representative:

Blue Chip Oil
19 Old Town Square #238
Fort Collins, CO 80524

Date Notice Issued:

2/12/2001



Well/Site/Facility:

LaBoudre

Legal Description (1/4 1/4, Section, Township, Range, P.M.):

SW/4 - S31 - 6N - 66W

County:

Well

Lease Number:

South #4

API Number:

123 - 15684

COGCC Representative:

Linda Pawelka

Phone Number:

303-732-9314

Date of Alleged Violation:

2/12/2001

Approx Time of Violation:

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

Describe Alleged Violation:

Well has not produced
in over 2 years

Act, Order, Regulation, Permit Conditions Cited:

326.b.

Abatement or Corrective Action to be Completed by:

2/12/2001

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

produce or pass mechanical integrity
test

* 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 the above address

Print Company Representative Name & Title:

Signature:

Date:

Company Comments:

BEST IMAGE
AVAILABLE

*** 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 5 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 \$1000.00 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.

BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 802, 803, 804

BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 302, 308, 309, 310, 316A, 317, 321, 322, 328, 329, 330, 331, 332, 401

BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607, 902, 903, 904, 905, 906, 907, 908, 909

BASE FINE \$1000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 304, 305, 306, 316B, 317A, 318, 319, 320, 323, 324, 325, 326, 327, 333, 404, 602, 603, 604, 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:

2-12-2001

Time:

FOR OFFICE USE ONLY

Resolution Approved by:

AP

Date:

4/2/01

Resolution Action:

well P&A L

RECEIVED

JAN 22 01

Blue Chip
8840
Fort Collins
970-493-6456



January 19, 2001

Mr. Timothy Hager, President
Blue Chip Oil
19 Old Town Square, #238
Fort Collins, CO 80524

RE: LaPoudre South #4

Dear Mr. Hager:

I am the owner of the S2 of the SW4 of Section 31, Township 6 North, Range 66 West, where the LaPoudre South #4 well is located. According to state records, that well has not been in production for a long period of time. This is to serve as my request for you to plug and abandon the well according to Colorado Oil and Gas Conservation Commission rules, please remove all equipment, tank batteries, flow lines and other related equipment at your earliest convenience and restore the surface. Also, please provide a release of the lease at your earliest convenience.

If you have any questions, please advise.

Sincerely,

Ed Orr

EO/elh

cc: Oil and Gas Conservation Commission
API #05-123-15684

referred to
Linda Pavelka
2/6/01

to inspect well
& handle as
appropriate

Ed



"Let us help you put your brand
on a ranch or farm."

**ORR LAND
COMPANY**

826 9th Street
Greeley, Colorado 80631
bus. (970) 351-8777
fax (970) 351-7851

API #
123-15864

Location (QtrQtr, Sec, Twp, Rng, Mer): **SESW Sec 31 T 6N R 66W PM 6**
County: **WELD** Federal, Indian, or State Lease Number:
Field Name: **LAPOUDRE SOUTH #4** Field Number: **48130**

Notice of Intent to Abandon

Only Complete the Following Background Information for Intent to Abandon

Reason for Abandonment: PRODUCTION
Casing to Be Pulled: Yes Top of Casing Cement:
Fish in Hole:
Wellbore has Uncemented Casing Leaks:
Details:

Current and Previously Abandoned Zones					
Formation code	Perf Top	Perf Bottom	Date Abandoned	Method of Isolation	Plug Depth
SUSX	4250	4256		NONE	

Casing History				
Casing String	Casing Size	Casing Depth	Cement Top	Stage Cement Top
SURF	8 5/8	359		
1ST	4 1/2	4720		

Plugging Procedure for Intent and Subsequent Report

CIBP # 1: Depth 4200 ft. with 2 sacks cement on top. NOTE: Two(2) sacks cement required on all CIBPs.
Set 50 sacks half in, half out surface casing from 400 ft. to 300 ft.
Set 10 sacks at surface.
Cut all casing strings four feet below ground level, weld on plate Dry-Hole Marker: No
Set _____ sacks in rat hole. Set _____ sacks in mouse hole.

Additional Plugging Information for Subsequent Report Only

Casing Recovered: _____ ft. of _____ inch casing. Plugging Date: _____
*Wireline Contractor: _____ *Cementing Contractor: _____
Type of Cement and Additives Used: _____ *Attach Job Summaries

~~1-970-330-1888~~

Dave 970-867-8374

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct, and complete.

Print Name: _____ Signed? [Signature] Title: _____ Date: _____
OGCC Approved: SHELTOND Date: 10/5/2000

CONDITIONS OF APPROVAL, IF ANY: P&A procedures require 48 hours notice of MIRU. Contact Linda Pavelka at 303-857-1635 or 303-886-7223