



DEPARTMENT OF NATURAL RESOURCES
Bill Owens, Governor
1120 Lincoln St., Suite 801
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April 29, 2002

Mr. John Callahan
Noco Oil Co., LLC
3811 Turtle Creek, Suite 700
Dallas, TX 75219-4419

123-05676



Dear Mr. Callahan:

Please find enclosed a proposed Administrative Order By Consent ("AOC"), including proposed fines, prepared in accordance with Rule 522.b.(3) of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission. This AOC is being submitted as a result of the Notice of Alleged Violation ("NOAV") issued on January 24, 2002. This AOC is being offered in an effort to expedite the Commission hearing process and represents the lowest fine amount that the COGCC staff will propose for the alleged violations. The following options are available:

1. You may acknowledge your concurrence with the proposed AOC and fine by executing and returning the enclosed AOC, which then will be presented to the Commission for review and approval at the next scheduled hearing. You will not be required to appear at the hearing.
2. Should you wish to discuss the proposed AOC and the recommended fine, you may contact Morris Bell at (303) 894-2100 ext. 105 to schedule a meeting for the week of May XX, 2002.
3. If you wish neither to execute the proposed AOC nor to meet with Commission staff to discuss the proposed AOC within ten (10) days of receipt, then the Director shall make application to the Commission for an Order Finding Violation (OFV) at the August XX- XX, 2002 hearing.

Sincerely,

Morris Bell
Operations Manager

enclosure

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE
RULES AND REGULATIONS OF THE COLORADO OIL
AND GAS CONSERVATION COMMISSION BY
NOCO OIL COMPANY, LLC.,
WELD COUNTY, COLORADO

) CAUSE NO. 1V
)
)
)
) ORDER NO. 1V-

ADMINISTRATIVE ORDER BY CONSENT

FINDINGS

1. On January 24, 2002, COGCC staff issued two Notices of Alleged Violation ("NOAV") to Noco Oil Company, LLC (Noco) 2001 for the Arthur Sheetz 1 well located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 9, Township 9 North, Range 61 West, 6th P.M. and the Gillette 10 well located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, Township 9 North, Range 61 West, 6th P.M. The two NOAVs cited violation of Rule 309, failure to submit Production Reports (COGCC Form 7), failure to submit Production Levy reports (COGCC Form 8) and submittal of incomplete Certificate of Clearance and/or change of Operator (COGCC Form 10). The delinquent and incomplete Production Reports, delinquent Production Levy reports covered quarters and various months from November 1999 through November 2001. All reports listed were required to be submitted by February 28, 2002.

2. Noco was contacted numerous times by both phone and certified letter in an attempt to obtain compliance before the two NOAVs were issued.

3. On March 4, 2002, Mike Green acting as agent of Noco requested and was granted a compliance extension to April 1, 2002.

4. Per return receipt, DJ accepted the NOAV on January 28, 2002.

5. None of the required forms or other correspondence from Noco were received by the extended abatement date of April 1, 2002.

6. Rule 523. specifies a base fine of five hundred dollars (\$500.00) for each violation of Rule 309, and 310A. and specifies a base fine of two hundred and fifty dollars (\$250.00) for each violation of Rule 312.

9. A monetary penalty of One Thousand dollars (\$1,000.00) for violation of Rules 309, 310A and 312, should be assessed against Noco for these violations in accordance with Rule 523.a. Because the rule violations are similar and duplicative, a fine of One Thousand dollars (\$1,000.00) is recommended.

ORDER

NOW, THEREFORE IT IS ORDERED, that Noco Oil Company, LLC shall be found in violation of Rules 309, 310A, and 312, for failure to submit required production and levy forms and failure to re-submit incomplete production and levy forms for the Arthur Sheetz 1 well located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 9, Township 9 North, Range 61 West, 6th P.M. and the Gillette 10 well located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, Township 9 North, Range 61 West, 6th P.M..

IT IS FURTHER ORDERED, that Noco Oil Company, LLC shall be assessed a total fine of One Thousand dollars (\$1,000.00) for violation of Rules 309, 310A, and 312, for failure to submit and correct required production and levy forms, payable within thirty (30) days of the date the order is approved by the Commission.

IT IS FURTHER ORDERED, that Noco Oil Company, LLC shall submit the required COGCC Form 7s, COGCC form 8s and corrected COGCC Form 10s for COGCC approval within fifteen (15) days of the date this AOC is agreed to and accepted.

IT IS FURTHER ORDERED, that the provisions contained in the above order shall become effective forthwith.

IT IS FURTHER ORDERED, that the Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above orders.

RECOMMENDED this _____ day of April, 2002.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Morris Bell, Hearing Officer

Dated at Suite 801
1120 Lincoln St.
Denver, Colorado 80203
April 28, 2002

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 2002.

Noco Oil Company, LLC.

By _____

Title _____