

**STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 West 7th Avenue, Suite 100
Anchorage, Alaska 99501**

Re: ENFORCEMENT ACTION AGAINST) March 8, 2002
GRI, INC.)
_____) Other No. 15

ENFORCEMENT ORDER

IT APPEARING THAT:

1. Pursuant to 20 AAC 25.535, on July 18, 2001, the Alaska Oil and Gas Conservation Commission ("Commission") issued written notice to GRI, Inc. ("GRI"), and to its surety, Insurance Company of North America ("ICNA"), informing them that the Commission proposed to take enforcement action, including requiring payment under GRI's surety bond filed with the Commission, due to GRI's failure to comply with 20 AAC 25.105(a), 20 AAC 25.112, and 20 AAC 25.170, by not plugging and clearing the locations of specified wells as required by those regulations.
2. The Commission's written notice informed GRI and ICNA, *inter alia*, that if they failed to file a timely written response, the Commission would consider them to have accepted the proposed Commission action by default, as provided in 20 AAC 25.535(c).
3. At GRI's request, the Commission extended until September 15, 2001, the time within which GRI or ICNA could respond to the July 18, 2001, written notice.
4. The Commission received no response from GRI or ICNA.
5. On October 12, 2001 the Commission wrote GRI and ICNA informing them that the Commission would proceed to order payment under GRI's surety bond unless GRI or its surety showed good cause no later than October 24, 2001, why the Commission should not do so.
6. The Commission received no response from GRI or ICNA.

FINDINGS:

1. GRI is the operator of the Houston #1, #2, #3, #4, and #22 wells in Alaska ("Houston wells").
2. GRI was owner of the oil and gas leases on which the Houston wells are located at the time they were drilled.
3. GRI's leases on which the Houston wells are located have expired.
4. The Houston wells have not been plugged.
5. The locations of the Houston wells have not been cleared.
6. GRI is the principal and ICNA is the surety on a blanket well surety bond, no. KO5880877, in favor of the Commission, under which GRI and ICNA bound themselves to comply, *inter alia*, with the regulations and orders of the Commission.

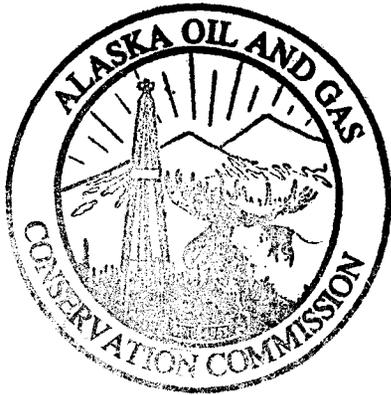
CONCLUSIONS:

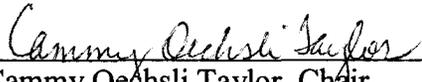
1. Within the meaning of 20 AAC 25.105(a), the owner's rights in the properties on which the Houston wells are located have expired.
2. GRI's failure to plug the Houston wells constitutes non-compliance with 20 AAC 25.105 and 20 AAC 25.112.
3. GRI's failure to clear the locations of the Houston wells constitutes non-compliance with 20 AAC 25.120 and 20 AAC 25.170.
4. GRI and ICNA are liable to pay to the Commission the penal sum of \$200,000 under their surety bond no. KO5880877.
5. Pursuant to 20 AAC 25.535(c), GRI and ICNA have accepted by default the Commission's proposed action ordering payment under their surety bond no. KO5880877.

NOW THEREFORE IT IS ORDERED:

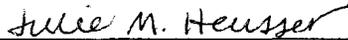
1. No later than March 29, 2002, Insurance Company of North America shall pay to the Commission the penal sum of \$200,000 under surety bond no. K05880877.
2. The Commission reserves decision on ordering additional remedies or sanctions.

DONE at Anchorage, Alaska, this 8th day of March 2002.




Cammy Oechsli Taylor, Chair
Alaska Oil and Gas Conservation Commission


Daniel T. Seamont, Jr.
Alaska Oil and Gas Conservation Commission


Julie M. Heusser, Commissioner
Alaska Oil and Gas Conservation Commission

I certify that a copy of the above was mailed certified delivery on March 8, 2002 to the following at their addresses of record:

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