



FOR OGCC USE ONLY 12/3/2013 200390941

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 10352 Name of Operator: CM PRODUCTION LLC Address: 600 17TH STREET #2800 SOUTH City: DENVER State: CO Zip: 80202 Company Representative: JOHN TEFF

Date Notice Issued: 12/3/2013

Well Name: WARREN*S J Well Number: 1 Facility Number: Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSW 11 2N 49W 6 County: WASHINGTON API Number: 05 121 07034 Lease Number:

COGCC Representative: NOTO JOHN Phone Number: 303 400-6136

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED Date of Alleged Violation: 11/20/2013 Description of Alleged Violation: COGCC performed an inspection on 11/20/2013 (document #670600098) following a complaint (document # 200390828) that a skim pit was buried at the location out of compliance with COGCC rules. COGCC observed that the former unlined earthen skim pit was closed without submittal of a Form 27 and without prior approval from COGCC as required by Rule 905.b. The skim pit was replaced with an above-ground steel 300 bbl tank. COGCC was not provided documentation for the skim pit closure or the disposition of the oily waste. The produced water pit at the location is still in use. Based on aerial photos, the skim pit was closed prior to June 2011.

Act, Order, Regulation, Permit Conditions Cited: Rule 324A.a, Rule 905.b, Rule 907, Rule 909, Rule 910

Abatement or Corrective Action Required to be Performed by Operator:* Submit a Form 27 to document closure of former skim pit and for treatment or disposal of the oily soil in the stockpile. If oily waste was removed from skim pit prior to closure and samples collected, remit sample location diagram, analytical results, laboratory report and waste disposal documentation with a Form 27. If oily waste was not removed prior to closure, remove contaminated soil, and collect confirmation samples to verify compliance with Table 910-1. All waste removed shall be treated or disposed in accordance with Rule 907.e. Abatement or Corrective Action to be Completed by (date): 3/1/2013 * 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 30 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, but to exceed a maximum of \$10,000.00 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, 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: 12/3/13 Time: Resolution Approved by: [Signature] Date: