



Commissioners of the
Colorado Oil and Gas Conservation Commission

August 29, 2011

RE: RELIEF OF ORDERS
Cause NO. 1V
Order No. 1V-368

Commissioners:

On Monday March 21, 2011 we met with two of staff members, specifically Ms. Diana Burn and Mr. Bob Willis to discuss the Notice of Order Finding Violation and the scheduled hearing dealing with said Notice. During this meeting we discussed many items as well as formulated a plan as to how to resolve the current situation. Some of the items discussed were:

- We provided the details of how the Working Interest Partners in these 4 wells had all each either closed their doors, gone out of business or simply vanished leaving no assets and many bills due to Aspen that are uncollectable.
- The discussion came full circle in that the Working Interest Owners of these wells are gone or out of business and unwilling or unable to pay their LOE associated with the efforts to plug and abandon the wells.
- The meeting turned to what can be done with these wells? We all agreed that it would be preferable if it were possible to find a current (bonded) Operator to whom these wells could be assigned. Perhaps the deeper pay zones would be attractive to another Operator.
- We also committed to assist to the extent possible in providing the missing well data files.

On or about 11:00 AM on Monday April 4, 2011 during the Hearing that day the question came before the Board of Commissioners for an Order Finding Violation on this Cause. It was Aspen's written request with staff's recommendation that a Continuation of Enforcement be granted in order for Aspen to seek a suitable Operator to acquire these four wells. Said Continuation was granted.

Subsequent to that meeting, we did provide to Ms. Burn the well data she had requested. We also shared with Mr. Willis that we would be contacting a company named Fram Americas, LLC (Fram) the company who purchased most of the Whitewater field that Aspen had been involved with in the area to determine their level of interest in these four wells.

We did contact Fram and they indicated that they might have an interest however due to SEC rules they were currently in a "quiet period" due to fund raising efforts and were prevented from taking any action until such quiet period ended.

Apparently during a hearing on May 16, 2011 the question was again raised to the Commissioners and Order No. 1V-368 was issued against Aspen. Unfortunately as line item #45 on page 6 of 7 of the Order states Aspen was not “noticed of the time, place and purpose of the hearing...” in fact Aspen was under the understanding that the “Continuation of Enforcement” granted the previous month was in full force and effect. This is why as line item #48 on page 6 of 7 of the Order states correctly that “representatives of Aspen did not appear...”.

On July 21st at 10:00 AM another meeting was held at the offices of the COGCC. In attendance at this meeting were; Ms. Diana Burn and Mr. Bob Willis staff members of the COGCC, Mr. Craig Camozzi and Mr. Mike Mayers both of Aspen and Mr. Dave Cook legal representative of Fram Americas, LLC. During this meeting Mr. Cook confirmed that the quiet period that had been in place was now over. Mr. Cook announced that in his conversations with Aspen about the Hamilton wells (the subject wells in the order) Fram was indeed able and willing to take over as Operator of all 4 of the wells as Aspen had requested. Ms. Burn who knew Mr. Cook from previous work was willing to have Fram complete the required forms and take over as Operator. All in the meeting agreed that this provided the solution that the COGCC was seeking.

We therefore present to you that subject to Rule #523 (**PROCEDURE FOR ASSESSING FINES**) **Section a, paragraph 2** (All fines shall be subject to adjustment based upon the factors listed in subparagraph d. of this Rule 523.) **subparagraph d (Adjustment.** The fine may be increased (if base fine is less than \$1000) or decreased by application of the aggravating and mitigating factors set forth below.) The following mitigating factors taken from rule #523 subparagraph d are in-fact applicable to Aspen Operating:

Subparagraph d. Mitigating factors and their numbers:

2. The violator demonstrated prompt, effective and prudent response to the violation, including assistance to any impacted parties.
3. The violator cooperated with the Commission, or other agencies with respect to the violation.
5. The violator made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation.
6. The cost of correcting the violation reduced or eliminated any economic benefit to the violator.
7. The violator has demonstrated a history of compliance with Commission rules, regulations and orders.

Commissioners, as you can see Aspen has worked diligently with both Ms. Burn and Mr. Willis to identify and secure a 3rd party, in this case Fram to take over as operator of these four wells. We worked as promptly as the law would allow in finding a replacement Operator. We have been in regular contact with Staff members as to our efforts. Aspen has enjoyed an excellent working relationship with the COGCC in the past.

We hope we have demonstrated that Aspen not only made a good faith effort to comply with the rules but in fact has been able to satisfy the requirements and needs of the COGCC in the long run in regards to these four wells, specifically providing a fully bonded Operator in good standing with the State and the COGCC to take over these wells, relieving the State of Colorado (COGCC) of any further financial or plugging liability.

We therefore request that subject to Rule #523 and its various subparagraphs subject to this written request you find that the Operator, Aspen Operating, LLC has made a good faith effort to comply and in fact has complied with the requests of the COGCC regarding these four subject wells and provide a variance to Order No. 1V-368 vacating the assessed penalties of \$200,000.00

Respectfully submitted,

Aspen Operating, LLC
Craig Camozzi
Mike Mayers
Managing Members

State of Colorado
Oil and Gas Conservation Commission

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



FOR OGCC USE ONLY

CERTIFICATION OF CLEARANCE AND/OR CHANGE OF OPERATOR

This form should be completed and filed by the New Operator. Submit original plus one copy. Use Page 2 of Form 10 for multiple wells changing from the same operator to the new operator or when the "Change of Transporter/Gatherer" on multiple wells are the same. This form is not to be used for Well Name changes or Status changes. Form more information/codes, see www.oil-gas.state.co.us/forms. It is the Operator's responsibility to mail approved copies to the new Transporter and/or Gatherer for each well listed.

1. OGCC Operator Number: 10310	4. Contact Name and Phone
2. Name of Operator: Fram Operating, LLC	David Cook
3. Address: 30 E. Pikes Peak, Ste. 287	No: 719-355-1320
City: Colorado Springs State: CO Zip: 80903	Fax: 719-314-1362

Operator Bond Status

☒ Blanket

☐ Individual

☒ Change of Operator

Effective Date: _____

☐ Add/Change Transporter or Gatherer

Effective Date: _____

Complete This Section for a New or Individual Well:

Well Name & Number: See Attached Sheet	API Number: 05-
Location: (Qtr, Sec, Twp, Rng, Meridian):	
Date of First Production:	Date of First Sales: Gas: Oil:

<input type="checkbox"/> Add <input type="checkbox"/> Delete	<input type="checkbox"/> Add <input type="checkbox"/> Delete
Product: <input type="checkbox"/> Oil <input type="checkbox"/> Gas	Product: <input type="checkbox"/> Oil <input type="checkbox"/> Gas
Name of Transporter/Gatherer: OGCC Transporter No:	Name of Transporter/Gatherer: OGCC Transporter No:
Address:	Address:
City: State: Zip:	City: State: Zip:
Area Code and Phone Number:	Area Code and Phone Number:

<input type="checkbox"/> Add <input type="checkbox"/> Delete	<input type="checkbox"/> Add <input type="checkbox"/> Delete
Product: <input type="checkbox"/> Oil <input type="checkbox"/> Gas	Product: <input type="checkbox"/> Oil <input type="checkbox"/> Gas
Name of Transporter/Gatherer: OGCC Transporter No:	Name of Transporter/Gatherer: OGCC Transporter No:
Address:	Address:
City: State: Zip:	City: State: Zip:
Area Code and Phone Number:	Area Code and Phone Number:

Remarks: _____

The undersigned certifies that the rules and regulations of the Oil and Gas Conservation Commission of the State of Colorado have been complied with except as noted above and that the transporter(s) is (are) authorized to transport the oil and/or gas produced from the above described well and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Colorado Oil and Gas Conservation Commission.

Name of Buyer or Current Operator: Fram Operating, LLC	Name of Selling Operator: Aspen Operating, LLC
Signature: <i>David Cook</i> Date: 9/28/2011	Signature: <i>Craig Camozzi</i> Date: 9/30/2011
Print Name: David Cook Title: Manager	Print Name: Craig Camozzi Title: Managing Member

OGCC Approved: _____ Title: _____ Date: _____

**State of Colorado
Oil and Gas Conservation Commission**

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

GAS FACILITY REGISTRATION/CHANGE OF OPERATOR

OGCC Operator Number: 10310 of 1
Total Number of Wells Submitted: 4 Page 1

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