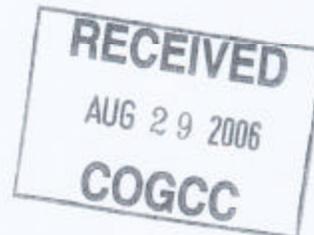




5550 Marshall Street
Arvada, Colorado 80002
T. 303.237.2072
F. 303.237.2659

August 24, 2006

Remed #3804



Mr. Terry McKee
United States Army Corps of Engineers
Omaha District
Denver Regional Office
9307 South Wadsworth Boulevard
Littleton, Colorado 80128-6901

**RE: Lone Pine Gas Company Crude Oil Spill, Jackson County, Colorado
Cordilleran Project #E06189**

Dear Mr. McKee:

During early March 2006 (exact data unknown due to thick snow cover) Lone Pine Gas Company (Lone Pine) had a crude oil spill that involved an undetermined volume of crude oil discharged from a flow line to Hell Creek in Jackson County, Colorado. This report presents the cleanup activities conducted to date pertaining to this spill event. Since this incident involves a crude oil spill from an exploration production facility that impacted Waters of the State, Lone Pine responded to the spill cleanup under Nationwide Permit #20, and as an emergency response action under the direction of the EPA and the Colorado Oil and Gas Conservation Commission (COGCC) did not need prior authorization from the Corps.

Site Location

The spill occurred near the Margaret Spaulding #1 lease on March 12, 2006. The leak surfaced within the Hell Creek stream channel which is located in the NWNE Quarter of Section 28, Township 9 North, Range 81 West, of the Sixth Principal Meridian. The spill site location is presented as Figure 1 and the GPS coordinates of the spill are given at 106° 29.963 West and 40° 43.719 North.

Spill Chronology

The crude oil spill occurred as the result of a corroded pipe line from one of the crude oil production leases. The following narrative presents the chronology of events (as provided by the remediation contractor RMCAT Environmental Services, Inc.) for the spill response:

- Monday, March 13, 2006: A crude oil spill impacting surface water was reported to the COGCC at the Lone Pine Field, in Section 28, Township 9 North, Range 81 West, in Jackson, County. Fluid, mainly crude oil and produced water, appears to have been released from a flowline from the Spaulding #1 wellsite (A.P.I.#0505706009) or a corrosion hole in a gathering pipeline collecting crude oil from the three wells on the lease. The release entered the Hell Creek stream channel which (eventually) flows into the North Platte River approximately 4½

Cordilleran Compliance Services, Inc.

*Grand Junction, CO • Arvada, CO • Laramie, WY • Casper, WY • Lander, WY • Sheridan, WY
Environmental Consulting Scientists and Engineers*

miles downstream of the point of release. Initially the spill appeared to be minor in volume (5 barrels or less), significant oil was observed on the stream banks and vegetation over a distance of two miles downstream. There was no evidence that the oil spill reached the North Platte River.

- Friday, March 17, 2006: RMCAT Environmental Services, Inc. (RMCAT) of Denver, Colorado received a call from Mr. Gilmer Mickey with Lone Pine Gas. Mr. Mickey retained RMCAT to respond to the crude oil spill on Hell Creek which flows through the Spaulding Lease. The spill involved an undetermined amount of crude oil as site conditions at the time consisted of open stream access of less than 10% (due to winter snowpac). The affected stream length was estimated in total to be approximately three miles, with the balance of the stream overdrifted with snow ranging in depth from 4 feet to 6 feet.
- Saturday, March 18: Lone Pine Gas entered into an Administrative Order with Region 8 EPA to identify the source of the oil and stop the release, to place an underflow dam at the nearest point to the release to enable recovery, to place an underflow dam at the furthest point downstream to prevent further impacts, place absorbent containment booms at various locations to collect released oil from surface water, to determine a plan for providing alternate water supply to impacted residents downstream if necessary. A copy of the EPA Administrative Order is presented in Attachment A.
- Saturday, March 18 through Tuesday, March 21, 2006: A RMCAT crew arrived at the spill site and began deployment of containment booms, sorbent booms, and sorbent pads, at various locations along the stream channel. RMCAT removed snow at most of the locations before deployment was possible. The boom and pad stations were maintained throughout the following days, the stream was monitored, and new boom stations were established as necessary. Two underflow dams were constructed to regulate the stream velocity and to serve as crude oil collection points.
- Wednesday, March 22, 2006: A stakeholder's meeting was held in Walden, Colorado. Mr. Gilmer Mickey; RMCAT personnel; the surface landowner, Mr. John McKeown; representatives from Region 8 United States Environmental Protection Agency (EPA) in Denver; representatives from the Colorado Department of Public Health and Environment (CDPHE), and various landowners attended the meeting. After the meeting and a visit to the site, a plan was formulated to remove snow drifts to access Hell Creek by cutting through the snow with pumped stream water and using backhoe and trackhoe excavators.
- Thursday, March 23, 2006 through Monday April 24, 2006: RMCAT crews continue with snow removal activities, monitoring the creek, changing out booms, and vegetation removal along Hell Creek and two small sections of adjoining ditches. On Tuesday, March 25, 2006, RMCAT no longer needed personnel onsite on a full-time basis.
- April 10, 2006, RMCAT prepared a Response/Remediation Work Plan for the Crude Oil Release at the Lone Pine Gas Company Spaulding Lease #2 located in Jackson County, Colorado (RMCAT Project #10-30-6-73923). A copy of the Plan is contained in Attachment B.

- April 24, 2006 through Tuesday June 13, 2006. Periodic maintenance of a reduced number of boom stations occurred on a weekly to biweekly schedule until mid June 2006. Approximately 180 cubic yards of impacted soil and debris have been removed from the site and disposed at Waste Management's landfill in Ault, Colorado. The incident was mentioned in the April 24, 2006 Colorado Oil and Gas Conservation Commission (COGCC) monthly staff report meeting to the COGCC Commissioners. Copies of the COGCC records are presented in Appendix C.
- On April 25, 2006, Cordilleran personnel visited the site to document the cleanup activities that had been performed and site conditions.

Stream Diversionary Structures

RMCAT installed two stream diversionary structures as agreed upon in the March 18, 2006 EPA Administrative Order, including one underflow dam at a point nearest to the point of release, and a second underflow diversionary structure downstream to prevent further oil flow downstream. The second diversionary structure has since been removed and the area restored as it was no longer needed. The locations of the structures are shown on Figure 1.

The underflow dam nearest to the point of release is still in place at the request of the landowner. This structure consists of a 30-inch diameter culvert submerged in the stream channel and an earthen dam measuring 15 feet wide by 150 feet in length and a height of 6 feet. The channel width in this area was approximately 4 feet, so approximately 13 cubic yards to 15 cubic yards of soil was placed within the stream channel to stop the crude oil. Oil absorbent booms and pads were used along the stream course to skim oil from the water surface. Figure 2 presents diagrams showing the first diversion structure. Site photographs of this structure are presented in Attachment D.

The second diversionary structure was a "U-shaped" structure located near County Road 5. The second diversionary structure was constructed using a 48-inch diameter culvert by 27 feet in length and two parallel 24-inch diameter culverts that were 18 feet in length. Four sets of booms were placed across the stream channel upgradient of the second diversionary structure. The "U-shaped" structure was 18 feet wide and 140 feet in length from limb to limb, limbs pointing in the downstream direction and built up against the shoulder of Jackson County Road 5. The structure was approximately six feet in height. The channel was approximately 4 feet wide so the amount of soil in the channel itself was approximately 16 cubic yards. The culverts emptied into the open part of the "U-shaped" structure, skimmed by a boom that was placed across the discharge ends of these culverts, and drained from the structure through the six-foot diameter culvert beneath Jackson County Road 5.

The road grade of County Road 5 was at a height of 20 feet above the creek and was 25 feet wide. The Hell Creek flood plain was approximately 380 feet wide in this area. Figure 3 presents diagrams showing the second diversion structure, which has since been removed and the creek restored to its previous configuration. Site photographs showing

Mr. Terry McKee
August 24, 2006

the second diversion structure in April and later photographs showing the site after the structure had been removed and the channel restored are presented in Attachment D.

Future Site Activities

RMCAT proposed monitoring site conditions for the remainder of the month of April and into May 2006 using a combination of RMCAT and Lone Pine Gas Company personnel. The absorbent boom and pad locations were maintained throughout this time, and were adjusted as necessary to effectively deal with the rising stream and increased velocities associated with the snow melt.

The point where the pipeline was leaking has been excavated and the line will be repaired once conditions are conducive for the work to be performed and when the well will be brought back into production (the well was shut in after the discovery of the release). Impacted soil was excavated and removed from the site. Pressure washing was performed to clean up residual oil on vegetation and rocks along the creek banks that became apparent as the snow melted. A creek sampling plan was to be developed to determine water quality and contaminant levels to continue until CDPHE WQCC Regulation 31 *Basic Standards and Methodologies for Surface Water* had been achieved.

Waste Disposal

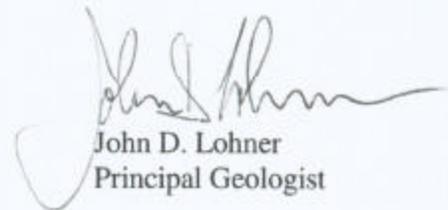
Waste generated from the site consisting of crude oil impacted debris, sorbent booms and pads, and soils and required disposal as a solid waste at a permitted landfill. Jackson County does not have a permitted landfill where this waste can be disposed; therefore, the waste was disposed at the Waste Management's North Weld Landfill located in Ault, Colorado.

The impacts to Hell Creek have been successfully remediated and monitoring activities are ongoing. The first diversion structure will be removed once it is no longer needed and the creek bed will be restored to its previous configuration. If you have any questions, please contact me at (303) 237-2072.

Sincerely,
Cordilleran Compliance Services, Inc.



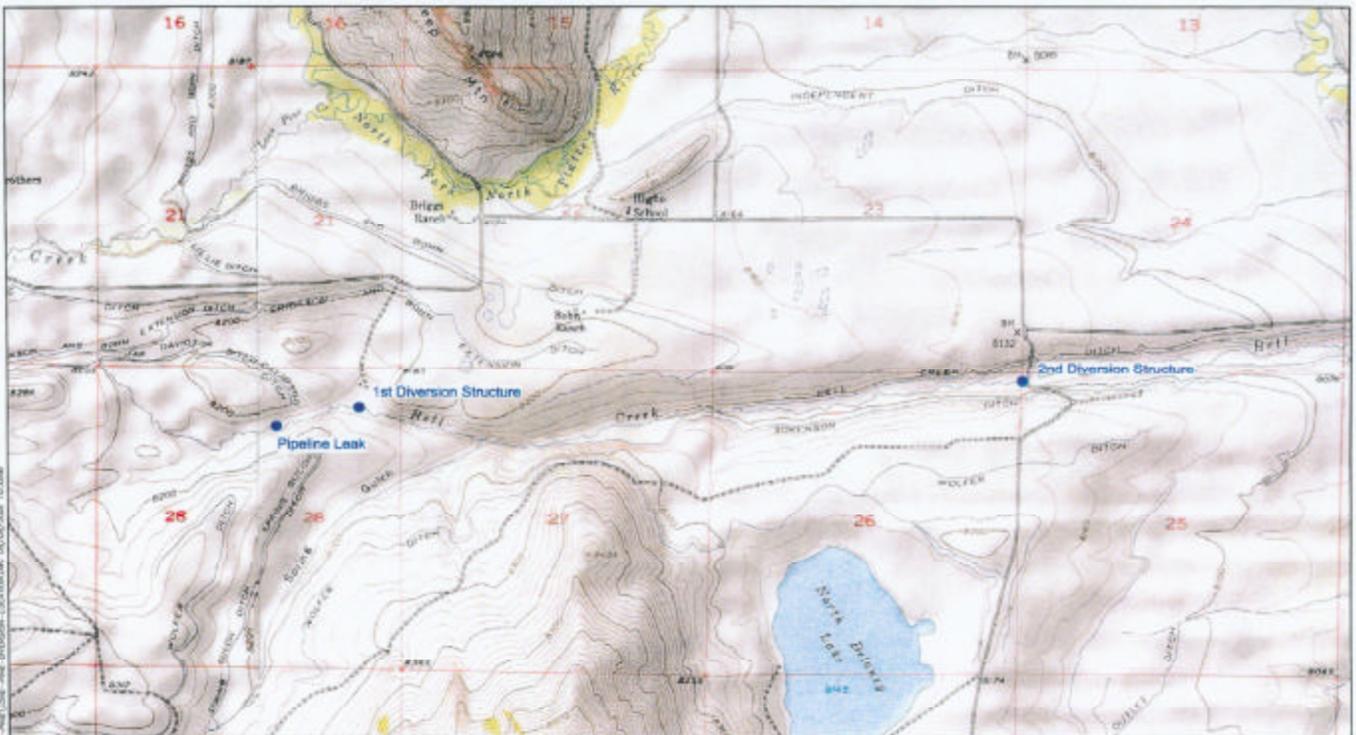
James W. Hix
Senior Project Geologist



John D. Lohner
Principal Geologist

CC: Mr. Gilmer Mickey, Lone Pine
Mr. Robert Chesson, COGCC

FIGURES



MAP SOURCE: 7.5 MINUTE U.S.G.S. TOPOGRAPHIC MAP (TOPONE MONTAN & ISLAND BUTTE, CO.)



FIGURE 1
 Pipeline Leak And
 Diversion Structure Locations
 Lone Pine Gas Inc.
 Jackson County, Colorado

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SCALE	AS SHOWN

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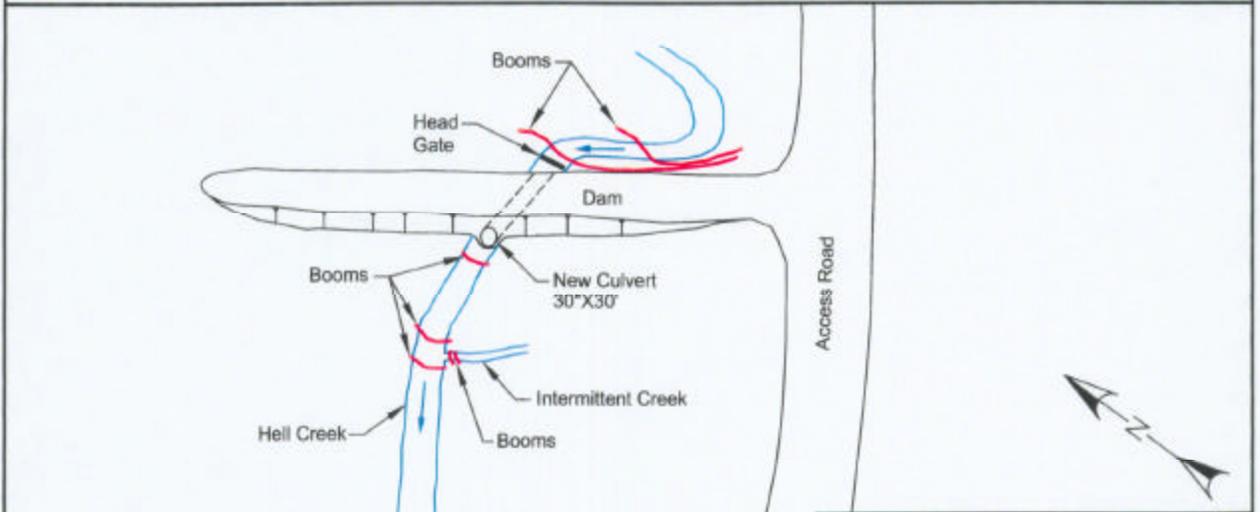
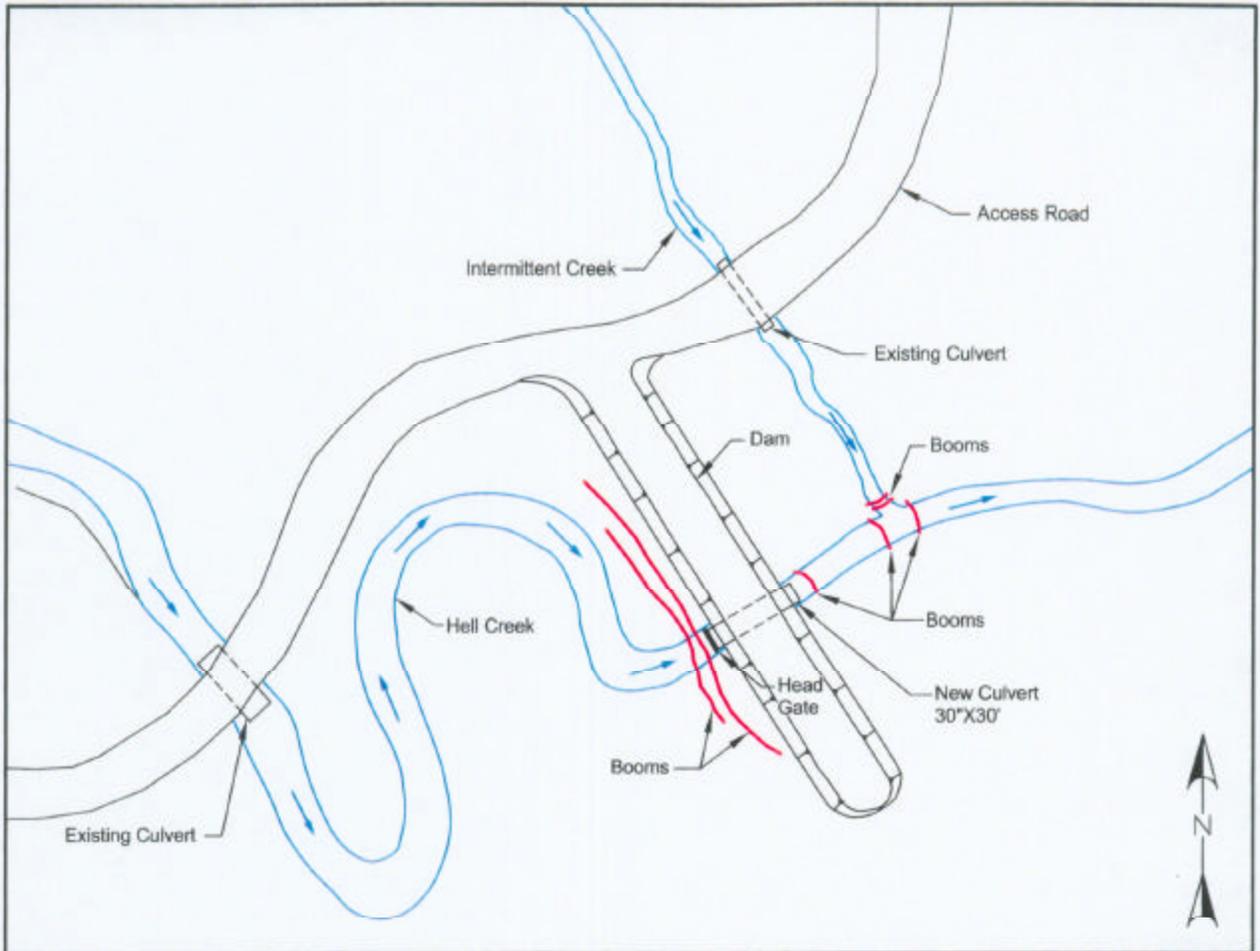


FIGURE 2
1st Diversion Structure
Lone Pine Gas Inc.
Jackson County, Colorado

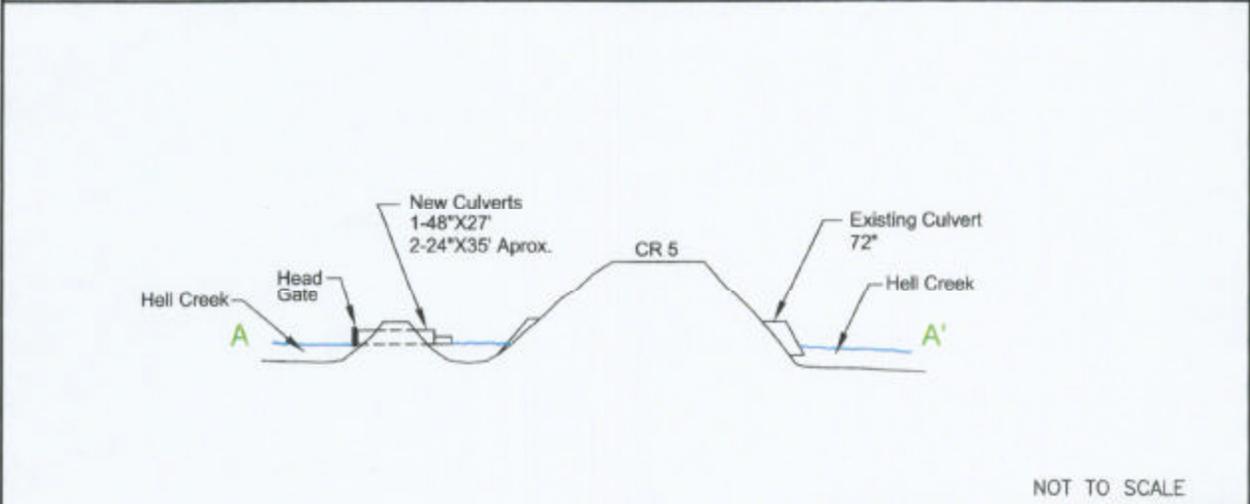
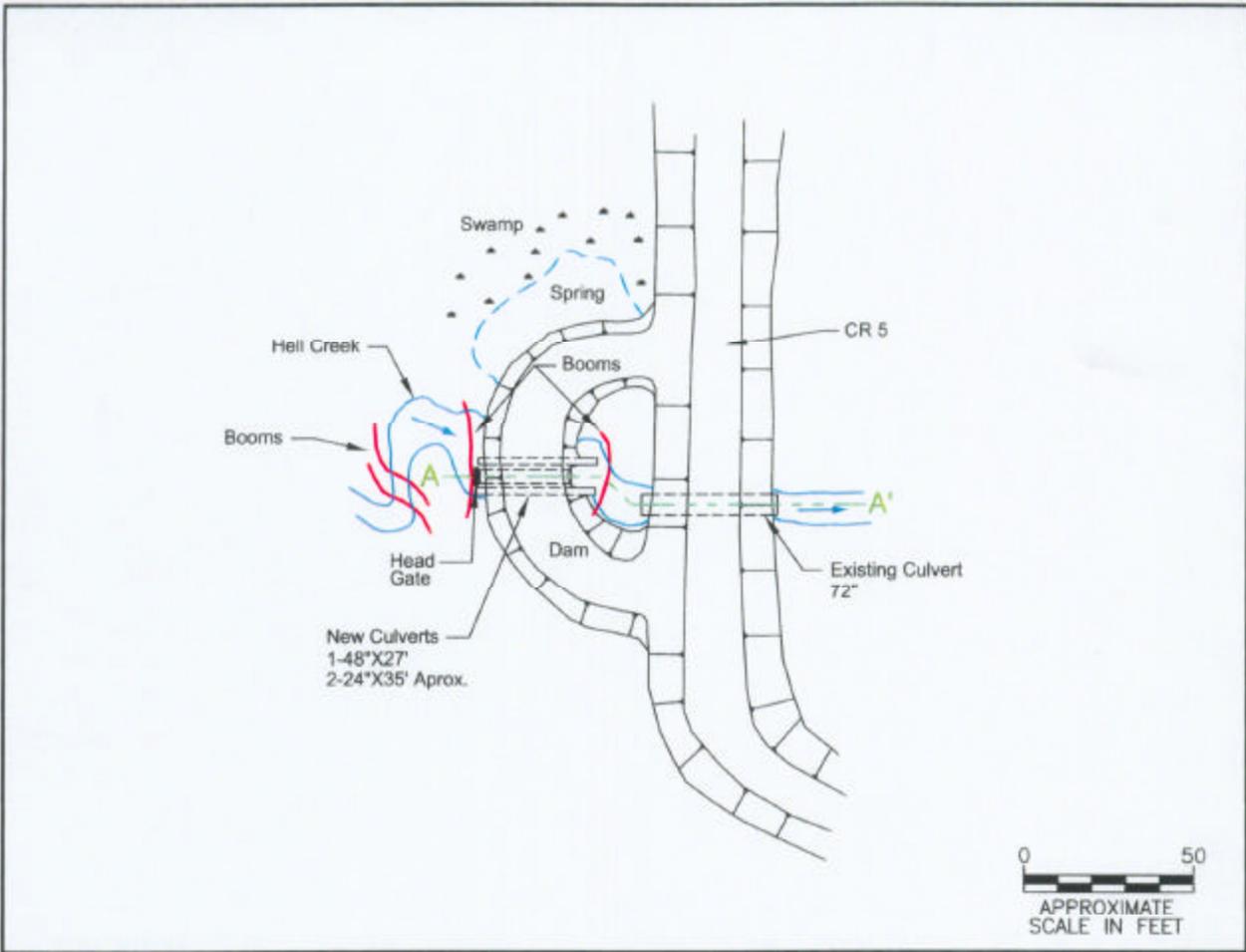


REVISION DATE:	5/04/06
REVISION NUMBER:	001
DRAWN BY:	JDM
APPROVED BY:	JL
PROJECT #	E006189
SCALE:	AS SHOWN



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M:\CLIENTS\CORDILLERAN\LONE-PINE-DIVERSION-2.DWG 05/05/2005 10:08AM



NOT TO SCALE

FIGURE 3
2nd Diversion Structure
Lone Pine Gas Inc.
Jackson County, Colorado

REVISION DATE:	5/04/06
REVISION NUMBER:	00#
DRAWN BY:	JCM
APPROVED BY:	JL
PROJECT #	ED06189
SCALE:	AS SHOWN

CORDILLERAN



ATTACHMENT A

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
ADMINISTRATIVE ORDER**

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION VIII
ADMINISTRATIVE ORDER

2006 APR 18 PM 2:02

IN THE MATTER OF

Lone Pine Gas Oil Spill

REGIONAL OFFICE
EPA REGION VIII
DENVER, COLORADO

DOCKET NUMBER: CWA-08-2006-0023

Proceedings under Section 311 (c) of the Clean Water Act (CWA), 33 U.S.C. § 1321 (c), as amended by the Oil Pollution Act of 1990 (OPA), 33 U.S.C. § 2701 et seq.

I. DEFINITIONS

"Oil" means oil of any kind or in any form, including, but not limited to, petroleum, fuel oil, sludge, oil refuse, and oil mixed with wastes other than dredged spoil (Section 311(a)(1) of the CWA, 33U.S.C. §1321(a)(1)).

"Hazardous substance" means any substance designated pursuant to subsection (b)(2) of this section (Section 311(a)(14) of the CWA, 33 U.S.C. § 1321(a)(14)).

"Navigable water of the United States" means the waters of the United States, including the territorial seas (Section 502(7) of the CWA, 33 U.S.C. § 1362(7)).

"Facility" means any facility of any kind located in, on, or under, any of the navigable waters of the United States other than submerged land (Section 311(a)(10) of the CWA, 33U.S.C. §1321(a)(10)).

"Discharge" means any spilling, leaking, pumping, pouring, emitting, emptying or dumping, but excludes (A) discharges in compliance with a permit under section 402 of CWA, (B) discharges resulting from circumstances identified and reviewed and made a part of the public record with respect to a permit issued or modified under section 402 of CWA, and subject to a condition in such permit, and (C) continuous or anticipated intermittent discharges from a point source, identified in a permit or permit application under section 402 of CWA which are caused by events occurring within the scope of relevant operating or treatment systems (Section 311(a)(2) of the CWA, 33 U.S.C. § 1321(a)(2)).

II. FINDINGS OF FACT AND VIOLATIONS

A. This Order is being issued under §311(c) of the Clean Water Act, 33 U.S.C. §1321 for a discharge or a substantial threat of discharge of oil and/or a hazardous substance into waters of the United States.

B. On or about date unknown (date of discharge), a discharge or a substantial threat of a discharge of unknown gallons/barrels of oil and/or NA, which is/are hazardous substance(s), reached or may reach Hell Creek (body of water) which is a navigable water of the United States. This discharge or substantial threat of a discharge from the Lone Pine Gas - Mr Gilmer Mickey 6784 East Long Avenue, Kentwood, CO 80112 (Name and address of facility) facility constitutes a substantial threat to the public health or welfare.

C. Respondent(s) Lone Pine Gas - Mr Gilmer Mickey is/are the owner(s)/operator(s) of the facility.

III. WORK TO BE PERFORMED (Initial all that apply)

A. RESPONDENT IS HEREBY ORDERED to complete the tasks described below within the dates specified and in accordance with the National Contingency Plan, 40 CFR Part 300, and any appropriate area contingency plan, and any applicable §311(j) facility response plan.

B. IMMEDIATE STABILIZATION AND MITIGATION ACTIONS (see attached sheet for further requirements)

Identify source of release and stop any additional release of oil. - Complete BY 3/19/06

Place underflow dam at nearest point to release to stop & enable recovery - Complete BY 3/19/06

Place an underflow dam at furthest point downstream ahead of released oil to prevent further flow BY 3/19/06

Place obstructions, containment booms at various locations to collect released oil from surface - Complete BY 3/19/06

Work with impacted residents downstream to determine a plan for providing alternate water supply to impacted residents downstream if necessary BY 3/25/06

C. REMOVAL ACTION

X Within 4 days from the date this Order is signed by EPA, Respondent(s) shall develop and submit to EPA for approval, a Work Plan and schedule for completing the tasks described below. Respondent(s) shall begin work within 4 days of EPA approval of the Work Plan. The Work Plan shall include the following tasks:

- Recovery Ops - Vacuum trucks to recover oil from water.
Recovery Ops to recover oil from snow, Hell Creek vegetation, Hell Creek banks & sediments. Disposal of contaminated material & sample as required.

NA Within days from the date this Order is signed by EPA, Respondent(s) shall develop and submit to EPA for approval, a Sampling Plan and schedule for sampling.

Respondent(s) shall implement the Sampling Plan within ___ days of EPA approval. The Sampling Plan must satisfy the following requirements:

D. REPORTING REQUIREMENTS

- Respondent(s) shall prepare and submit to the On-Scene Coordinator the following reports:
- ~~Weekly~~ ^{Weekly} Progress Reports due on request by Unified Command (EPA, CDPRE, Tech Co. Lead)
 - Monthly Progress Reports due on _____
 - Final Completion Report due 30 days after the completion of the Removal Action

E. OTHER REQUIREMENTS

IV. RESERVATION OF RIGHTS AND PENALTIES

- A. This Order does not preclude EPA from taking any actions authorized by CWA, the National Contingency Plan, or any other law. EPA reserves the right to direct all activities and to comment on and direct changes to deliverables, off-site shipping and disposal, and all other matters.
- B. Respondent shall notify EPA of any response actions it takes as to this discharge that are in addition to those described in this Order.
- C. Violation of any term of this ORDER may subject Respondents to an administrative civil penalty of up to \$27,500 per day of violation or an amount up to three times the costs incurred by the Oil Spill Liability Trust Fund as a result of such failure. (Section 311(b)(7)(B) of the Clean Water Act, 33 U.S.C. § 1321(b)(7)(B) as amended by the Oil Pollution Act of 1990, 33 U.S.C. §§ 2701 et seq.)

V. EFFECTIVE DATE

The effective date of this ORDER shall be the date of the receipt of this Order by the Respondents.

[Signature] _____ 3/18/06
On-Scene Coordinator Date

Received by [Signature] _____ 3/18/06
Representing Respondent Date

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION VIII
ADMINISTRATIVE ORDER

IN THE MATTER OF the Lone Pine Gas Oil Spill

Docket Number:

Proceedings under Section 311 (c) of the Clean Water Act (CWA), 33 U.S.C. § 1321 (c), as amended by the Oil Pollution Act of 1990 (OPA), 33 U.S.C. § 2701 et seq.

I. DEFINITIONS

"Oil" means oil of any kind or in any form, including, but not limited to, petroleum, fuel oil, sludge, oil refuse, and oil mixed with wastes other than dredged spoil (Section 311(a)(1) of the CWA, 33U.S.C. §1321(a)(1)).

"Hazardous substance" means any substance designated pursuant to subsection (b)(2) of this section (Section 311(a)(14) of the CWA, 33 U.S.C. § 1321(a)(14)).

"Navigable water of the United States" means the waters of the United States, including the territorial seas (Section 502(7) of the CWA, 33 U.S.C. § 1362(7)).

"Facility" means any facility of any kind located in, on, or under, any of the navigable waters of the United States other than submerged land (Section 311(a)(10) of the CWA, 33U.S.C. §1321(a)(10)).

"Discharge" means any spilling, leaking, pumping, pouring, emitting, emptying or dumping, but excludes (A) discharges in compliance with a permit under section 402 of CWA, (B) discharges resulting from circumstances identified and reviewed and made a part of the public record with respect to a permit issued or modified under section 402 of CWA, and subject to a condition in such permit, and (C) continuous or anticipated intermittent discharges from a point source, identified in a permit or permit application under section 402 of CWA which are caused by events occurring within the scope of relevant operating or treatment systems (Section 311(a)(2) of the CWA, 33 U.S.C. § 1321(a)(2)).

II. FINDINGS OF FACT AND VIOLATIONS

A. This Order is being issued under §311(c) of the Clean Water Act, 33 U.S.C. §1321 for a discharge or a substantial threat of discharge of oil and/or a hazardous substance into waters of the United States.

B. On or about date unknown due to snow cover (date of discharge), a discharge or a substantial threat of a discharge of estimated 300-1000 gallons of oil (crude), reached or may reach Hell

Creed (body of water) which is a navigable water of the United States. This discharge or substantial threat of a discharge from the Lone Pine Gas facility occurred due to what is believed to be a leak or break in a production line. The exact location of the leak and the exact time the leak or break occurred is unknown and still being investigated. The source has been stopped and no further release or production is ongoing. The release was discovered during the weekend of 11-12 March 2006. The extent of the release was unknown at that time. On 14 March, Lone Pine identified the release had reached Hell Creek and notified the NRC and Colorado Department of Public Health and Environment. Lone Pine Gas has hired an environmental cleanup contractor to contain and recover released oil. (Name and address of facility) facility constitutes a substantial threat to the public health or welfare.

C. Respondent(s) Lone Pine Gas, 6704 East Long Avenue, Centennial, CO 80112 - Owner Mr. Gilmer Mickey is the owner(s)/operator(s) of the facility.

III. WORK TO BE PERFORMED (Initial all that apply)

A. RESPONDENT IS HEREBY ORDERED to complete the tasks described below within the dates specified and in accordance with the National Contingency Plan, 40 CFR Part 300, and any appropriate area contingency plan, and any applicable §311(j) facility response plan.

B. IMMEDIATE STABILIZATION AND MITIGATION ACTIONS
(see attached sheet for further requirements)

Identify source of release and stop any additional release of oil.

BY March 19, 2006

Place an underflow dam (or equivalent) at the nearest practical location to the release point to stop additional oil migration and enable recovery operations.

BY March 19, 2006

Place an underflow dam at the furthest practical point downstream ahead of the forward migration of the oil spill to prevent further flow and enable recovery operations.

BY March 19, 2006

Place absorbent and containment boom at various strategic locations to collect released oil from surface water, vegetation and banks of Hell Creek

BY March 19, 2006

Determine a plan for providing alternate water supply to impacted parties resulting from the spill (if necessary)

BY March 25, 2006.

C. REMOVAL ACTION

Within 4 days from the date this Order is signed by EPA, Respondent(s) shall develop and submit to EPA for approval, a Work Plan and schedule for completing the tasks described below. Respondent(s) shall begin work within 4 days of EPA approval of the Work Plan. The Work Plan shall include the following tasks:

- Identify extent of area of contamination.

- Identify what actions will be taken to contain and recover released oil from Hell Creek, vegetation along Hell Creek, the banks and soil around Hell Creek, and any contaminated soil near the source of the spill.
- Determine disposal plan for sorbent material and excavated soil.
- Develop a Final Report to document completion of project.
- Attend periodic progress meeting (TBD by unified command)

D. REPORTING REQUIREMENTS

- ____ Respondent(s) shall prepare and submit to the On-Scene Coordinator the following reports:
- ____ Weekly Progress Reports due on _____
 - ____ Monthly Progress Reports due on _____
 - X Final Completion Report due 30 days after the completion of the Removal Action

E. OTHER REQUIREMENTS

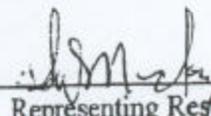
 NA

IV. RESERVATION OF RIGHTS AND PENALTIES

- A. This Order does not preclude EPA from taking any actions authorized by CWA, the National Contingency Plan, or any other law. EPA reserves the right to direct all activities and to comment on and direct changes to deliverables, off-site shipping and disposal, and all other matters.
- B. Respondent shall notify EPA of any response actions it takes as to this discharge that are in addition to those described in this Order.
- C. Violation of any term of this ORDER may subject Respondents to an administrative civil penalty of up to \$27,500 per day of violation or an amount up to three times the costs incurred by the Oil Spill Liability Trust Fund as a result of such failure. (Section 311(b)(7)(B) of the Clean Water Act, 33 U.S.C. § 1321(b)(7)(B) as amended by the Oil Pollution Act of 1990, 33 U.S.C. §§ 2701 et seq.)

V. EFFECTIVE DATE

The effective date of this ORDER shall be the date of the receipt of this Order by the Respondents.

 _____ On-Scene Coordinator	3/22/06 _____ Date
Received by  _____ Representing Respondent	3/22/06 _____ Date

CERTIFICATE OF SERVICE

The undersigned certifies that the original of the attached **ADMINISTRATIVE ORDER** in the matter **LONE PINE GAS OIL SPILL, DOCKET NO.: CWA-08-2006-0023** was filed with the Regional Hearing Clerk on April 18, 2006.

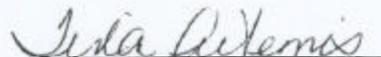
Further, the undersigned certifies that a true and correct copy of the document was delivered to David Janik, Enforcement Attorney, U. S. EPA – Region 8, 999 18th Street, Suite 300, Denver, CO 80202-2466. True and correct copies of the aforementioned document was placed in the United States mail certified/return receipt requested on April 18, 2006, to:

Gilmer Mickey
Lone Pine Gas
6704 East Long Avenue
Centennial, CO 80112

And

Commander
Finance Center (OGR)
U. S. Coast Guard
1430 A Kristina Way
Chesapeake, VA 23326

April 18, 2006


Tina Artemis
Regional Hearing Clerk



Printed on Recycled Paper

ATTACHMENT B

RMCAT RESPONSE/REMEDATION WORK PLAN



A BELFOR (●) COMPANY

**Response/Remediation Work Plan
For
Crude Oil Release**

**Spaulding Lease #2
Lone Pine Gas Company
Jackson County, CO
*RMCAT Project # 10-30-6-73923***

Prepared by: RMCAT Environmental Services, Inc.

April 10, 2006

RMCAT Environmental Services, Inc.
4975 Paris Street
Denver, CO 80239

Phone: (303) 425-7526
Fax: (303) 425-6575

PROJECT/CONTRACTOR INFORMATION

Project Location: Spaulding Lease #2, Section 28, Township 9, Range 81, approximately 9-10 miles west of Walden, off County Road 12, Jackson County, CO.

Client: Lone Pine Gas Company
6704 East Long Avenue
Centennial, CO 80112-2507
(303) 770-4258
(303) 770-9121 fax

Client Contact: Gilmer Mickey

Generator: Lone Pine Gas Company

Disposal Facility: North Weld County Landfill
Ault, CO

SITE OVERVIEW

The area where the crude oil release occurred is on private ranch land within the Spaulding Lease #2, impacting the shoreline and waters of a section of Hell Creek, a tributary of the North Platte River, between County Road 16 and County Road 5, west of the town of Walden, Jackson County, Colorado. The estimated length of the impacted area of the creek is two miles of shoreline, approximately one mile on a straight east-west line. The release was discovered by Lone Pine personnel on March 12, 2006. Lone Pine personnel responded immediately with deployment of hay bales and sorbent booms along the affected areas of the creek to control and contain the downstream flow of the crude oil.

The release is presently thought to be the result of a corrosion hole in a gathering pipe collecting crude oil from three production wells on the lease. It has not been determined how long the pipe has been leaking, or how much crude has been released, although Lone Pine personnel have estimated the amount of crude oil to reach the stream at approximately 200 gallons. Flow to the gathering line was stopped and the line evacuated with air purging simultaneous with collection of the product from the pipe with a vacuum truck. Preliminary G.P.S. data places the position of the leak at 106° 29.963' West, 40° 43.719' North.

On March 17, 2006, RMCAT was retained by Lone Pine to respond to the site, in reaction to increased stream flow caused by snow melt in the area. The increased flow made containment and control of the crude oil present in the stream more difficult for Lone Pine personnel to maintain on a consistent basis, with the manpower, equipment, and supplies available.

RMCAT personnel arrived onsite on March 18, and deployed additional containment boom, sorbent boom, and sorbent pad at numerous locations along the stream. The sorbent boom and pad were maintained and replaced as they became saturated from March 18th forward by RMCAT and Lone Pine personnel. Additionally, two under-flow dams were constructed to regulate the stream velocity, thereby serving as effective collection points for the crude oil. In total, as of March 21st, in addition to the underflow dams, there are five containment boom/sorbent boom combination deployments on the creek, and nine additional sorbent boom/ sorbent pad deployments in the affected area. Presently, these locations are checked several times every day for saturation and movement. The saturated boom and pads are collected into visqueen bags and staged on visqueen in a waste holding area awaiting offsite disposal.

Additional onsite activities include the removal and staging of impacted grass and brush from along the shoreline to reduce the amount of crude oil released to the stream, and pressure washing of impacted areas of the banks for removal of the crude back into the water for collection at the boom stations.

FUTURE SITE ACTIVITIES

For the remainder of the month of April and into May, site conditions will be monitored by RMCAT and Lone Pine personnel, with boom and pad maintained throughout the period. As snow melt increases, the boom locations and deployment strategies will be adjusted as necessary to effectively deal with the rising stream and increased velocities.

As the ground surface surrounding the general area where leak is believed to be located is exposed above the water line and dries up, the site will be accessed to locate and repair the gathering pipe leak. The impacted soil will be removed and disposed of offsite.

As the snow melts and reveals more shoreline, washing of the shoreline with pressurized water to release the residual crude oil bound up on the vegetation will be performed.

The boom and pad stations will be maintained as long as necessary to collect significant residual amounts of crude oil along the shoreline.

After spring runoff has subsided, the site will be inspected for any residual areas of contamination along the newly exposed shorelines above the stream level.

SAMPLING

A sampling plan of the creek will be developed in the near future to determine water quality and contaminant levels, both at the present time and as stream remediation continues.

WASTE DISPOSAL

Waste generated from the site in the form of contaminated debris, sorbent and soil will require disposal as a solid waste at a permitted landfill, unless landfarming options are employed for the contaminated soil. Jackson County does not have a permitted landfill where solid waste can be disposed of. The disposal facility presently selected to receive the waste is North Weld Landfill, Ault, CO.

ATTACHMENT C

**COLORADO OIL AND GAS CONSERVATION COMMISSION
NOTICE OF ALLEDGED VIOLATION**



DEPARTMENT OF NATURAL RESOURCES

Bill Owens, Governor
1120 Lincoln St. Suite 801
Denver, CO 80203
Phone: (303) 894-2100
FAX: (303) 894-2109
www.oil-gas.state.co.us

TO: COGCC Commissioners
FROM: Brian Macke
DATE: April 24, 2006

cc: Russ George
Mike King
Carol Harmon
Gale Shelley
Alexis Senger
Bill Levine
Dean Winstanley
David Beaujon
DNR Directors
COGCC Staff
MEGA Board Representatives
General Email List

MONTHLY STAFF REPORT

I. STATISTICS

- Our monthly statistics report is attached. Based on data available to date, 1,186 Applications for Permits-to-Drill ("APDs") were approved as of April 7, for 2006. At that pace, it is estimated that approximately 4,462 APDs will be approved in calendar year 2006. This represents an increase from the previous record high of 4,363 APDs approved in 2005, which was nearly 50% higher than the 2,917 APDs approved in 2004.
- The 2006 drilling permit totals for the top six counties as of April 7th are:

County	2006 (% of Total)	2005	2004
Garfield	368 (31%)	1508	796
Weld	287 (24%)	901	832
Yuma	111(9%)	782	237
Las Animas	89 (7%)	413	332
Rio Blanco	85 (7%)	161	154
Mesa	64 (5%)	136	54

- Phase IV Piceance Basin Baseline Water Quality Study – Garfield County

As part of a FY 2006 budgetary request, the COGCC received funding to conduct a water quality investigation in Garfield County. The Piceance Basin Phase IV Baseline Water Quality Study will sample water wells in a portion of Garfield County between the towns of New Castle and Rifle, north of the Colorado River that has historically had little previous drilling activity and no producing oil and gas wells. Future oil and gas activity is anticipated in this portion of Garfield County.

The project includes the sampling of approximately 70 domestic water wells in portions of Township 6 South, Ranges 91 through 93 West, and Township 5 South, Ranges 91 and 92 West, for general water quality and the presence of gas and benzene, toluene, ethylbenzene, and xylenes (BTEX) compounds. This is the fourth in a series of baseline water quality sampling projects the COGCC staff have conducted in the Piceance Basin of Colorado.

Seventeen proposals were received and the COGCC staff, in conjunction with the Department of Natural Resources Purchasing Office, completed the evaluation of these proposals. S.S. Papadopoulos & Associates of Boulder, Colorado has been selected to conduct the project. The COGCC staff anticipates starting this project in May with a completion date in December 2006.

- Local Project Status Update

URS Corporation (URS) has completed the Phase I Hydrogeological Characterization Project in Garfield County south of Rifle and Silt. The report is available on the COGCC website (www.oil-gas.state.co.us, Library, Piceance Basin). Garfield County and COGCC staffs are in the process of evaluating the recommendations for Phase II.

- Lone Pine Field Surface Water Spill – Jackson County

A crude oil spill impacting surface water was reported to the COGCC on March 13, 2006 at the Lone Pine Field, in Section 28, Township 9 North, Range 81 West, in Jackson County. Fluid, mainly crude oil, appears to have been released from a possible abandoned flowline from the Spaulding #1 wellsite (A.P.I. No. 05-057-06009). The release is into the stream bed of Hell Creek, which flows into the North Platte River approximately 4½ miles downstream of the release. Although the spill appears to be minor in volume (5 bbls or less), significant oiling of the stream banks and vegetation is present for approximately 2 miles downstream of the release. There is no evidence that oil from the spill has reached the North Platte River.

The COGCC staff is working closely with the operator, Lone Pine Gas, the CDPHE Water Quality Control Division, and impacted local area landowners on this spill investigation and clean-up. The USEPA has visited the spill location at the request of an adjacent landowner.

COGIS - NOAV Report

Operator Information

 Related  Doc

DocNum:	200088636	Date Rec'd:	4/5/2006
Operator:	LONE PINE GAS INC	Oper. No.	100200
Address:	6704 E LONG AVE ATTN: GILMER MICKEY ENGLEWOOD , CO 80112		
Company Rep.	GILMER MICKEY		
Well Name/No.	SPAULDING, MARGARET 1		
Location	NWNE 28 T9N R81W 6		
Fac.ID:	212116	Fac.Type:	WELL
API number:	05-057 -06009	County	JACKSON
COGCC Rep:	BOB CHESSON	Phone:	(303) 894-2100 X112

Alleged Violation:

Date of Alleged Violation: 3/12/2006

Approx. time of violation: 8:00:00 AM

Uncontrolled release of crude oil into Hell Creek via failure of a flowline on the Spaulding No. 1 wellpad. Release flowed down Hell Creek causing oiling banks and bank vegetation. Evidence of oiling found 2 miles downstream. Hell Creek is tributary to the North Platte River. Unpermitted discharge of a waters of the State is a violation of the CDPHE WQCD Basic Standards Applicable to Waters of the State (31.11). Water samples collected from the spill location and downstream show violation of Water Quality Standard for benzene (2.5 ug/l).

Act, Order, Regulation, Permit Conditions Cited:

324A.a - Unauthorized discharge of oil. 324A.b - No operator shall perform any act that is a violation of water quality standards established by the Water Control Commission for waters of the State. 906.a - Control and contain any spill immediately upon discovery. 906.d (1) & (2) - Prepare and submit a Remediation Workplan and site must be remediated to meet State standards.

Abatement or Corrective Action Required to be Performed by Operator

Operator must submit a Form 27 - Remediation Workplan describing all actions to address this spill including all clean-up actions.

Abatement or Corrective Action Required to be Completed by: 4/14/2006

This section to be completed by Operator when alleged violation is corrected

Company Rep:	Title:
Signature?	Date: 4/5/2006 2:38:41 PM

Company Comments:

COGCC Signature? X	Date: 4/3/2006 1:30:00 PM
Resolution approved by:	Title:
Resolution Action:	Date Approved:

Final Resolution

Date	Case Closed?	Letter Sent?	COGCC person
No Final data found.			

Monday, April 10, 2006

ATTACHMENT D
SITE PHOTOGRAPHS

Photographic Log – Lone Pine Gas Company March 2006
Hell Creek Crude Oil Spill Response



Photo 1 – Hell Creek drainage April 25, 2006



Photo 2 – Absorbent Booms, along Hell Creek Drainage on April 25, 2006

Photographic Log – Lone Pine Gas Company March 2006
Hell Creek Crude Oil Spill Response



Photo 3 – Absorbent booms deployed at Hell Creek Underflow Dam #1 – April 25, 2006



Photo 4 – Absorbent booms placed at Hell Creek Underflow Dam #1 – April 25, 2006

Photographic Log – Lone Pine Gas Company March 2006
Hell Creek Crude Oil Spill Response



Photo 5 – Hell Creek Underflow Dam #2 – April 25, 2006



Photo 6 – Absorbent booms placed at Hell Creek and Underflow Dam #2 – April 25, 2006

Photographic Log – Lone Pine Gas Company March 2006
Hell Creek Crude Oil Spill Response



Photo 7 – Absorbent booms deployed at Hell Creek Underflow Dam #1 – April 25, 2006



Photo 8 – Absorbent booms placed at Hell Creek Underflow Dam #1 – April 25, 2006