



*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 53650
Name of Operator: MARATHON OIL COMPANY
Address: 5555 SAN FELIPE ST
City: HOUSTON State: TX Zip: 77056
Company Representative: KEN DUNEK

Date Notice Issued:
04/23/2010

Well Name: 697-12A Well Number: 18 Facility Number: 293529
Location (QtrQtr, Sec, Twp, Rng, Meridian): SWNE 12 6S 97W 6 County: GARFIELD
API Number: 05 045 15033 00 Lease Number:

COGCC Representative: ANDREWS DAVID Phone Number: 970 625-2497 EXT. 1

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: **04/20/2009** Approximate Time of Violation:
Description of Alleged Violation:
ON 4/20/2010, COGCC STAFF RECEIVED A FORM 4 (SUNDRY NOTICE), WHICH DESCRIBED A CASING REPAIR THAT REPORTEDLY OCCURRED ON OR ABOUT 4/20/2009. WITHOUT PRIOR NOTICE TO COGCC STAFF FOR A WELL REPAIR, CASING WAS PULLED FROM SURFACE TO 2334', THE CASING STUB WAS DRESSED WITH A MILL, AND A LOGAN CASING PATCH WAS SET ON THE CASING STUB AND TIED BACK WITH NEW 4-1/2" CASING TO SURFACE. SUBSEQUENTLY, MARATHON SET A CIBP AT 9490' WITH 10' OF CEMENT ON TOP ON 7/2/2009, AND MARATHON SET AN ADDITIONAL PLUG AT 2575' AND DUMPED 10' OF CEMENT ON TOP OF THAT PLUG ON 8/5/2009. THE WELL IS CURRENTLY SHUT-IN, WAITING ON IMPLEMENTATION OF A PLAN TO EITHER COMPLETE OR PLUG AND ABANDON THE WELL. THE PLUG AT 2575' IS REPORTEDLY SET BELOW THE TOP OF CEMENT ON THE 4-1/2" PRODUCTION CASING.

Act, Order, Regulation, Permit Conditions Cited:
Rule 317.d. - Failure to submit a Form 4 (Sundry Notice) prior to a planned casing repair and/or failure to obtain verbal approval for an unforeseen casing repair.

Abatement or Corrective Action Required to be Performed by Operator:*
COMPLETE THE FOLLOWING WITHIN 45 DAYS: 1) SUBMIT A WRITTEN REPORT WHICH IDENTIFIES PROCEDURAL CHANGES THAT MARATHON WILL MAKE TO ENSURE THAT CASING REPAIRS RECEIVE PRIOR APPROVAL FROM COGCC STAFF. 2) SUBMIT FORM 21 WITH PRESSURE CHART TO DOCUMENT PRODUCTION CASING INTEGRITY ABOVE THE PLUG AT 2575'. IF A NEW MIT IS PERFORMED TO SATISFY THIS REQUIREMENT, THEN NOTIFY COGCC STAFF AT LEAST 10 DAYS PRIOR TO PERFORMING THE MIT. 3) PERFORM A BRADENHEAD TEST AND SUBMIT RESULTS ON FORM 17. NOTIFY COGCC STAFF AT LEAST 10 DAYS PRIOR TO PERFORMING THE BRADENHEAD TEST.

Abatement or Corrective Action to be Completed by (date): **06/07/2010**
* 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: Keneth DuneK Title: Completions Supt
Signature: [Signature] Date: 2 June 2010
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 five 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, not to exceed a maximum of \$1,000.00 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 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 Commission has final authority over the penalty amount assessed.

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 605, 606A, 606B, 607
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: David Andrews Date: 04/23/2010 Time: 9:00AM
Resolution Approved by: David Andrews Date: 1/5/2011
WRITTEN REPORT ATTACHED. WELL WAS PLUGGED AND ABANDONED.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MARATHON OIL COMPANY
ATTN: KEN DUNEK
555 SAN FELIPE ST
HOUSTON, TX 77056

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Handwritten Signature]* Agent
 Addressee

B. Received by (Printed Name) *David Carter* C. Date of Delivery *4/22/10*

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

Certified Mail Express Mail

Registered Return Receipt for Merchandise

Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 7009 2820 0001 0486 1699

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

June 1, 2010

Mr. David D. Andrews,

Marathon Oil Corporation has received the Notice of Alleged Violation for the 697-12A-18 well, with regards to Rule 317.d. - Failure to submit a Form 4 prior to a planned casing repair and/or failure to obtain verbal approval for an unforeseen casing repair. As a corrective action to this NOAV the Piceance completion engineers have added a step to all procedures stating "If casing integrity fails, Houston engineering and local field superintendent must be notified immediately. Leak must be located in a timely manner and if leak is above top of cement, COGCC must be notified immediately. All casing repairs must be approved by COGCC staff prior to beginning the repair." Attached with this letter are the three current procedure templates for cased-hole logging, stimulation, and drilling out composite bridge plugs. All three procedure templates have been updated to reflect the above mentioned step.

As has been discussed in other conversations and emails, Marathon will initiate plug and abandonment operations on the subject well, fulfilling the other conditions of the NOAV.

Please let me know if you have any questions or concerns.

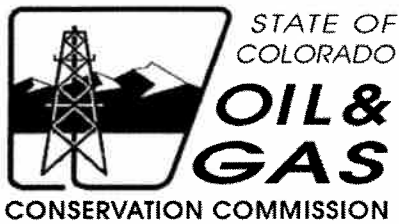
Sincerely,



Kenneth Dunek
Completion Superintendent
Worldwide Drilling and Completions
Office: 713-296-2226
Cell: 281-685-4019
Fax: 713-513-6058
KLDunek@MarathonOil.com

PROCEDURE CHANGES
REVIEWED. OK.

D.A.



DEPARTMENT OF NATURAL RESOURCES

Bill Ritter, Jr., Governor
707 Wapiti Ct. Suite 204
Rifle, CO 81650
Phone: (970) 625-2497
FAX: (970) 625-5682
www.colorado.gov/cogcc

January 5, 2011

Mr. Kenneth Dunek
Marathon Oil Company
5555 San Felipe Street
Houston, Texas 77056

RE: 697-12A #18 Notice of Alleged Violation
API Number: 05-045-15033
SWNE Section 12, T6S, R97W, 6th PM
Garfield County, Colorado

Dear Mr. Dunek:

Colorado Oil and Gas Conservation Commission (COGCC) Staff issued a Notice of Alleged Violation (NOAV's) for the above-referenced well on April 23, 2010. Marathon Oil Company submitted a letter dated June 1, 2010, which identifies changes to its internal procedures that are intended to prevent recurrence of the alleged violation. COGCC Staff finds your response and procedure changes acceptable. The 697-12A #18 well was plugged and abandoned on June 14, 2010. The attached NOAV has been resolved and no further enforcement action will be taken by COGCC regarding this NOAV.

Sincerely,

David D. Andrews, P.E., P.G.
Engineering Supervisor

Enclosures