



DEPARTMENT OF NATURAL RESOURCES
John W. Hickenlooper, Governor
707 Wapiti Ct. Suite 204
Rifle, CO 81650
Phone: (970) 625-2497
FAX: (970) 625-5682
www.colorado.gov/cogcc

February 22, 2011

Mr. Brad Robinson
Gunnison Energy Corporation
1801 Broadway Street, Suite 1200
Denver, Colorado 80202

RE: Oak Mesa Unit Hughes 1393 #12-22
API Number: 05-029-06108
SENW 12, T13S, R93W, 6th PM
Delta County, Colorado

Dear Mr. Robinson:

Colorado Oil and Gas Conservation Commission (COGCC) Staff issued a Notice of Alleged Violation (NOAV) for the above-referenced well on January 28, 2011. Gunnison Energy Corporation complied with all abatement and corrective action requirements and submitted a written response in a timely manner. 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

Enclosure

State of Colorado
Oil and Gas Conservation Commission

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



FOR OGCC USE ONLY
01/28/2011
200293435

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 100122
Name of Operator: GUNNISON ENERGY CORPORATION
Address: 1801 BROADWAY #1200
City: DENVER State: CO Zip: 80202
Company Representative: BRAD ROBINSON

Date Notice Issued:
01/28/2011

Well Name: OAK MESA UNIT HUGHES 1393 Well Number: 12-22 Facility Number: 416230
Location (QtrQtr, Sec, Twp, Rng, Meridian): SENW 12 13S 93W 6 County: DELTA
API Number: 05 029 06108 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: 12/01/2010 Approximate Time of Violation:
Description of Alleged Violation:
COGCC Staff received a complaint (Complaint No. 200293342) on 01/28/2011. The complainant was attempting to locate completion information on COGCC's website related to the Oak Mesa Unit Hughes 1393 #12-22 well. COGCC Staff determined that neither a Form 5 (Drilling Completion Report) nor Form 5A (Completed Interval Report) are in process or approved for this well. The well was spud on 6/28/2010, and according to the complainant, completion activities were performed in October 2010.

Act, Order, Regulation, Permit Conditions Cited:
Rule 308A - Failure to submit a Form 5 and related attachments within 30 days of setting production casing. Rule 308B - Failure to submit Form 5A and related attachments within 30 days of completing a formation.

Abatement or Corrective Action Required to be Performed by Operator: *
Submit Form 5, Form 5A, and all related attachments to COGCC's Denver office within 30 days. Return this form with the section below entitled "To Be Completed By Operator" filled in and signed to David Andrews in COGCC's Rifle office within 30 Days.

Abatement or Corrective Action to be Completed by (date): 02/28/2011
* 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: COGCC RIFLE OFFICE:
Company Representative Name: Brad Robinson Title: President
Signature: [Signature] Date: 2/17/2011
Company Comments: Form 4 Reg for Confidentiality was originally submitted 1/10/10. Form 5 attachments were submitted 12/12/10. Form 5A was submitted 12/22/10. Copies of all have been resubmitted and receipt acknowledged by the COGCC since the well is still under evaluation there was confusion as to actual submitted requirements. Discussion with COGCC has clarified this issue.

*** 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 \$500.00 PER DAY PER VIOLATION. RULES 210, 307, 311, 312, 313, 314A, 315, 406, 803, 804
BASE FINE \$1,000.00 PER DAY PER VIOLATION. RULES 205, 206, 207, 208, 209, 301, 302, 303, 305, 306, 308, 309, 310, 313A, 316A, 316B, 317, 317A, 317B, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 341, 401, 403, 404, 602, 603, 604, 606A, 606B, 607, 608, 703, 704, 705, 706, 707, 708, 709, 711, 712, 802, 805, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103, 1201, 1203, 1204, 1103, 1201, 1203, 1204, 1205

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: 01/28/2011 Time: 11:00AM
Resolution Approved by: David Andrews Date: 2/22/2011
FORM 5 AND FORM 5A RECEIVED, PROCESSED, AND APPROVED.

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

DENVER CO 80202

| | | |
|---|-----------|---------------|
| Postage | \$ | \$0.44 |
| Certified Fee | | \$2.80 |
| Return Receipt Fee (Endorsement Required) | | \$2.30 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total Postage & Fees | \$ | \$5.54 |

0543
 01/28/2011
 POSTMARK HERE

Sent To
GUNNISON ENERGY

Street, Apt. No.,
 or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2005 See Reverse for Instructions

7010 1870 0002 7959 6239

| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|--|--|
| <ul style="list-style-type: none"> 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. | <p>A. Signature X <u>C A Hallett</u> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (<i>Printed Name</i>) <u>C A Hallett</u></p> <p>C. Date of Delivery <u>JAN 31 2011</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> |
| <p>1. Article Addressed to:</p> <p>GUNNISON ENERGY CORPORATION ATTN: BRAD ROBINSON 1801 BROADWAY, STE 1200 DENVER, CO 80202</p> | <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> |
| <p>2. Article Number (Transfer from service label)</p> | <p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p> |
| <p>7010 1870 0002 7959 6239</p> | |
| <p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p> | |