



*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 10322
Name of Operator: EAST CHEYENNE GAS STORAGE LLC
Address: 10901 WEST TOLLER DRIVE - SUITE 200 ATTN: SCOTT S
City: LITTLETON State: CO Zip: 80127
Company Representative: ARLEN HERSHBERGER

Date Notice Issued:
3/14/2011

Well Name: Schwake Well Number: A-2 Facility Number: 219780
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWNE 6 11N 52W 6 County: LOGAN
API Number: 05 075 07181 00 Lease Number:

COGCC Representative: AXELSON JOHN Phone Number: 303 637-7178

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

Date of Alleged Violation: 3/3/2011 Approximate Time of Violation: 12:00PM
Description of Alleged Violation:
During an inspection performed by COGCC staff on March 3, 2011, to document the implementation of Remediation Project #4886, several rule violations were observed. The landfarm to treat contaminated soil was constructed in accordance with the approved work plan. The skim pit had been closed and impacted material from the produced water pit was excavated and placed on the landfarm for treatment. However, oily soil at the pumping unit, tank battery and treater was still in place. Some small areas of localized oily soil remained in the west wall of the water pit excavation. In addition, junk and trash has accumulated at the location and weeds have not been controlled. Areas to the north and east of the landfarm disturbed by construction activities were not stabilized.

Act, Order, Regulation, Permit Conditions Cited:
Rule 324A.a., Rule 603.j., Rule 604.d., Rule 906.a., Rule 907.e.(1), Rule 1002, Rule 1003

Abatement or Corrective Action Required to be Performed by Operator:
Immediately remove all oily soil from wellhead, battery, treater and any remaining areas in produced water pit excavation. Oily soil shall be treated or disposed in accordance with COGCC Rule 907.e including the option to treat on site at recently constructed landfarm per approved remediation project #4886. Control weeds including areas at tank battery, treater and former water pit complex. Immediately remove all trash and junk and properly dispose or recycle. Stabilize the disturbed areas adjacent to the north and east of the landfarm to prevent soil erosion. Implement approved remediation plan regarding treatment of landfarmed material including aeration and addition of nutrients, organic material and moisture as needed. Prevent weeds and maintain stormwater controls at landfarm throughout life of project.
Abatement or Corrective Action to be Completed by (date): 6/3/2011
* 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:

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 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

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: Date: 3/14/2011 Time: 10:00AM
Resolution Approved by: _____ Date: _____