

CORAL PRODUCTION CORP.

1600 STOUT STREET, SUITE 1500
DENVER, COLORADO 80202

Phone (303) 623-3573
Fax (303) 623-2870

May 3, 2011

Mr. John Axelson, PG
Environmental Protection Specialist
Colorado Oil & Gas Conservation Commission
1120 Lincoln St., Suite 801
Denver, CO 80203



Re: NOAV Christiansen/ Miller tank batteries

Dear Mr. Axelson:

On behalf of Coral Production Corp., I am coordinating our response to the recent field inspections conducted by your personnel on 4/28 & 4/29/11 at the above-referenced leases. In light of your findings, we are in the process of conducting an environmental audit on all our leases in Colorado to verify that historical practices that are not in compliance with current regulations are no longer being utilized, and to prevent future violations. Our contract pumpers have been notified that we will not condone those activities which were evident on the Christiansen lease and all E & P waste is to be properly disposed of.

Coral Production has contracted with Gary Gardiner to remove the soils that have been impacted by the spreading of tank bottom material on lease roads and disposing at an approved site. Additional soil removal will take place at those sites identified in your field inspection reports. Once the visibly affected soils have been removed, confirmation sampling will be conducted and results submitted on Form 27.

Our response to the additional action items will be as follows:

Miller #1-A

- Form 19, although not necessary for spill less than 5 bbls, will be submitted;
- All debris will be removed and reclaimed by scrap metal hauler or disposed;
- Well is currently shut in to allow freeboard to drop in water pit;
- Proper signage will be installed at tank battery;

Christiansen lease

- Form 19 to be submitted for intentional spreading of tank bottoms on lease road;
- All debris will be removed and reclaimed by scrap metal hauler or disposed;
- Proper signage will be installed at tank battery;
- Will submit Form 27 for approval prior to closure of skim pits;
- Repair/replace skim pit covers as necessary to prevent wildlife entry;
- Enclosed documentation that discharge is to a permitted pit and does not leave property;

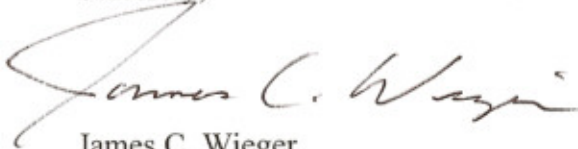
Dorothy Schwartz lease

All debris will be removed and reclaimed by scrap metal hauler or disposed;
More investigation is needed in response to NOAV 1120224 status;
Fencing to be repaired/replace as needed;

As activities commence, I will keep you informed of our progress and provide you with the necessary documentation.

Should you have any questions or require further information please contact me at (303) 623-3573, extension 101.

Sincerely,

A handwritten signature in black ink, appearing to read "James C. Wiegner". The signature is fluid and cursive, with a large initial "J" and a stylized "W".

James C. Wiegner,

Geologist and Environmental Coordinator

**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

MAY 05 2011

COGCC

Spill report taken by:

FACILITY ID:

This form is to be submitted by the party responsible for the oil and gas spill or release. Any spill or release which may impact waters of the State must be reported as soon as practicable; any spill over 20 bbls must be reported within 24 hours and all spills over five bbls must be reported within ten days. Submit a Site Investigation and Remediation Workplan (Form 27) when requested by the Director.

OPERATOR INFORMATIONName of Operator: CORAL PRODUCTION CORP. OGCC Operator No: 20275Address: 1600 STOUT ST., SUITE 1500City: DENVER State: CO Zip: 80202Contact Person: JIM WIEGER**Phone Numbers**No: 303-623-3573Fax: 303 623-2870E-Mail: JIMWIEGER@QWESTOFFICE.NET**DESCRIPTION OF SPILL OR RELEASE**Date of Incident: 4/26/11 Facility Name & No.: MILLER 1-AType of Facility (well, tank battery, flow line, pit): TANK BATTERYWell Name and Number: MILLER 1-AAPI Number: 05-121-09221County: WASHINGTONQtrQtr: NESE Section: 28Township: 3S Range: 50W

Meridian: _____

Specify volume spilled and recovered (in bbls) for the following materials:

Oil spilled: 3 BBLS Oil recov'd: 2.5 BBLS Water spilled: _____ Water recov'd: _____ Other spilled: _____ Other recov'd: _____Ground Water impacted? ☐ Yes ☒ NoSurface Water impacted? ☐ Yes ☒ NoContained within berm? ☐ Yes ☒ NoArea and vertical extent of spill: 1200 sq ft x 2"Current land use: PASTUREWeather conditions: RAINY CAUSING GREATER AREAL EXTENTSoil/geology description: SANDY LOAMIF LESS THAN A MILE, report distance IN FEET to nearest.... Surface water: >2 MI wetlands: _____ buildings: 5000'Livestock: 100' water wells: 4000' Depth to shallowest ground water: >150'Cause of spill (e.g., equipment failure, human error, etc.): EQUIPMENT FAILURE Detailed description of the spill/release incident:Water leg backed up allowing stock tank to over flow. Some spillage caused by vac truck**CORRECTIVE ACTION**

Describe immediate response (how stopped, contained and recovered):

Shut well in; vacumed water off tank & free oil on ground;

Describe any emergency pits constructed:

none

How was the extent of contamination determined:

production records and daily production rate.

Further remediation activities proposed (attach separate sheet if needed):

remove affected soils and dispose of per rule 907.E

Describe measures taken to prevent problem from reoccurring:

Repaired treater and unplug water leg; built up firewall**OTHER NOTIFICATIONS**

List the parties and agencies notified (County, BLM, EPA, DOT, Local Emergency Planning Coordinator or other).

Date	Agency	Contact	Phone	Response

Spill/Release Tracking No: _____

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

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MAY 05 2011

OGCC

Spill report taken by:

FACILITY ID:

SPILL/RELEASE REPORT

This form is to be submitted by the party responsible for the oil and gas spill or release. Any spill or release which may impact waters of the State must be reported as soon as practicable; any spill over 20 bbls must be reported within 24 hours and all spills over five bbls must be reported within ten days. Submit a Site Investigation and Remediation Workplan (Form 27) when requested by the Director.

OPERATOR INFORMATIONName of Operator: CORAL PRODUCTION CORP. OGCC Operator No: 20275Address: 1600 STOUT ST., SUITE 1500City: DENVER State: CO Zip: 80202Contact Person: JIM WIEGER**Phone Numbers**No: 303-623-3573Fax: 303 623-2870E-Mail: JIMWIEGER@QWESTOFFICE.NET**DESCRIPTION OF SPILL OR RELEASE**Date of Incident: 4/19/11 Facility Name & No.: CHRISTIANSENType of Facility (well, tank battery, flow line, pit): LEASE ROADSWell Name and Number: CHRISTIANSEN B-5API Number: 05-121-10711County: WASHINGTONQtrQtr: NENW Section: 27Township: 3S Range: 50WMeridian: 6

Specify volume spilled and recovered (in bbls) for the following materials:

Oil spilled: 30 BBLS Oil recov'd: 0 Water spilled: _____ Water recov'd: _____ Other spilled: _____ Other recov'd: _____Ground Water impacted? ☐ Yes ☒ NoSurface Water impacted? ☐ Yes ☒ NoContained within berm? ☐ Yes ☒ NoArea and vertical extent of spill: 12000 sq ft x 2"Current land use: RANGELANDWeather conditions: CLEARSoil/geology description: VALENT SAND**IF LESS THAN A MILE**, report distance **IN FEET** to nearest.... Surface water: 10500' wetlands: _____ buildings: 5000'Livestock: 100' water wells: 4000' Depth to shallowest ground water: 180'Cause of spill (e.g., equipment failure, human error, etc.): RULE CHANGES IN HISTORICAL PRACTICES Detailed description of the spill/release incident:

Pumper was still under impression that road application of tank bottoms was acceptable for soil stabilization and dust control.

CORRECTIVE ACTION

Describe immediate response (how stopped, contained and recovered):

contract heavy equipment to remove affected soils to secure area, conduct profile sampling for landfill disposal then haul off

Describe any emergency pits constructed:

none

How was the extent of contamination determined:

road width and length where application took place.

Further remediation activities proposed (attach separate sheet if needed):

remove affected soils and dispose of per rule 907.E; conduct confirmation sampling; report on Form 27

Describe measures taken to prevent problem from reoccurring:

Educate pumpers on new regulations

OTHER NOTIFICATIONS

List the parties and agencies notified (County, BLM, EPA, DOT, Local Emergency Planning Coordinator or other).

Date	Agency	Contact	Phone	Response

Spill/Release Tracking No: _____

RECEIVED

JAN 30 2004

CORAL PRODUCTION CORP.

January 27, 2004

Mr. Jim Chonka
Coral Production Corp.
1600 Stout St., Ste. 1500
Denver, CO 80202

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MAY 05 2011

COGCC

RE: Christianson Lease – Pit #1 & #2 Permit Applications
SWNW Section 27 – T3S – R50W
Washington County, Colorado

Dear Mr. Chonka:

I have reviewed the Form 15 – Earthen Pit Report/Permit applications for Pits #1 and #2 at the subject location submitted to the Colorado Oil & Gas Conservation Commission (COGCC) on January 22, 2004. As you are aware, Pit #1 is an existing pit and Pit #2 is a natural depression located south of the main tank battery. This area has been subject to historic discharges of produced water from Pit #1 by Coral Production and previous operators.

A publication of the Colorado State University Extension (see attached) provides guidelines for the use of saline waters for livestock. The pit permit application contains water analyses that indicate the Total Dissolved Solids (TDS) of the produced water is 1,784 mg/l. This is reportedly very satisfactory for all classes of livestock but may have some negative side effects. This concentration may likely be less in Pit #2 due to the precipitation run-off of the surrounding watershed.

Therefore the permits are approved with the following conditions:

- The topographic map of the Christianson lease indicates two separate areas within the natural depression south of the tank battery facility. The small ridge separating these two areas is shown on the attached map. A berm shall be constructed across this ridge to prevent produced waters from encroaching on the Christianson B #4-WD injection well or County Road RR.
- Should oil or a significant sheen be observed on the water surface of Pit #2, the facility shall be shut-in and the COGCC notified immediately. Oil must be removed from any produced water pit within 24 hours of discovery in accordance with Rule 902.d.

Mr. Jim Chonka

01/27/04

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- Should there be a catastrophic failure of the pit walls of Pit #1 such that excessive amounts of produced water enters Pit #2, the facility shall be shut-in and the COGCC notified immediately to determine remedial action.
- Landowner approval to utilize the natural depression for the disposal of produced water has been received from Mr. Joeneal Young. In the future should Mr. Young decide against utilizing this area for the disposal of produced water, the pit permit shall be revoked.
- The closure of Pit #1 and Pit #2 shall be subject to Rules 905 and 1004.b.

Additionally, Coral Production Corp. must submit a Form 26 – Source of Produced Water for Disposal by **February 15, 2004**.

Should you have any questions, please call me at (303) 894-2100 ext.118.

Sincerely,



Randall H. Ferguson
Environmental Protection Specialist

Attachments

Cc: Rich Griebeling – COGCC Director
Debbie Baldwin – COGCC
Joeneal Young – Landowner

State of Colorado
Oil and Gas Conservation Commission

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



EARTHEN PIT REPORT/PERMIT

This form is to be used for both reporting and permitting pits. Rule 903 describes when a Permit with prior approval, or a Report within 30 days, is required for pits. Submit required attachments and forms.

Complete the
Attachment Checklist

Oper OGCC

FORM SUBMITTED FOR:

☐ Pit Report

☒ Pit Permit

OGCC Operator Number: 20275

Name of Operator: CORAL PRODUCTION CORP.

Address: 1600 STOUT ST., SUITE 1500

City: DENVER State: CO Zip: 80202

Contact Name and Telephone:

JIM CHONKA

No: (303) 623-3573

Fax: (303) 623-2870

Detailed Site Plan	
Topo Map w/ Pit Location	
Water Analysis (Form 25)	
Source Wells (Form 26)	
Pit Design/Plan & Cross Sect	
Design Calculations	
Sensitive Area Determ.	
Mud Program	
Form 2A	

API Number (of associated well): 121-05453-00

OGCC Facility ID (of other associated facility): _____

Pit Location (QtrQtr, Sec, Twp, Rng, Meridian): SW NW SEC 27, T3S, R50W: PIT #1

Latitude: _____ Longitude: _____ County: WASHINGTON

Pit Use: ☒ Production ☐ Drilling (Attach mud program) ☐ Special Purpose (Describe Use): _____

Pit Type: ☐ Lines ☒ Unlined Surface Discharge Permit: ☐ Yes ☒ No

Offsite disposal of pit contents: ☐ Injection ☐ Commercial Pit/Facility Name: _____ Pit/Facility No: _____

Attach Form 26 to identify Source Wells and Form 25 to provide Produced Water Analysis results.

Existing Site Conditions

Is the location in a "Sensitive Area?"

☐ Yes

☒ No

Attach data used for determination.

Distance (in feet) to nearest surface water: 2 MI / 10500 ground water: 150 / 120 water wells: 4000'

LAND USE (or attach copy of Form 2A if previously submitted for associated well) Select one which best describes land use:

Crop Land: ☐ Irrigated ☐ Dry Land ☐ Improved Pasture ☐ Hay Meadow ☐ CRP

Non-Crop Land: ☒ Rangeland ☐ Timber ☐ Recreational ☐ Other (describe): _____

Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

SOILS (or attach copy of Form 2A if previously submitted for associated well)

Soil map units form USNRCS survey: Sheet No: 39 Soil Complex/Series No: 70

Soils Series Name: VALENT SAND Horizon thickness (in inches): A: 8 ; B: 60 ; C: _____

Soils Series Name: _____ Horizon thickness (in inches): A: _____ ; B: _____ ; C: _____

Attach detailed site plan and topo map with pit location.

Pit Design and Construction

Size of pit (feet): Length: 335 Width: 160 Depth: 5

Calculated pit volume (bbls): 47,729 Daily inflow rate (bbls/day): 2600

Daily disposal rates (attach calculations): Evaporation: 113 bbls/day Percolation: 34,365 bbls/day

Type of liner material: NONE Thickness: _____

Attach description of proposed design and construction (include sketches and calculations).

Method of treatment of produced water prior to discharge into pit (separator, heater treater, other): HEATED GUNBBL, SKIM PITS

Is pit fenced? ☐ Yes ☒ No Is pit netted? ☐ Yes ☒ No

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct, and complete.

Print Name: JAMES P. CHONKA

Signed: _____

Title: VICE PRESIDENT

Date: 1/21/04

OGCC Approved: Timothy H. Fugate Title: EPS

Date: 1/28/04

CONDITIONS OF APPROVAL, IF ANY:

* See letter of conditional approval dated 1/27/04

FACILITY NUMBER: 270909



01187931

FORM

15

Rev 6/99

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MAY 05 2011

State of Colorado
Oil and Gas Conservation Commission

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



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JAN 22 2004

EARTHEN PIT REPORT/PERMIT

This form is to be used for both reporting and permitting pits. Rule 903 describes when a Permit with prior approval, or a Report within 30 days, is required for pits. Submit required attachments and forms.

Complete the
Attachment Checklist

Oper OGCC

FORM SUBMITTED FOR:

☐ Pit Report☒ Pit Permit

OGCC Operator Number: 20275

Name of Operator: CORAL PRODUCTION CORP.

Address: 1600 STOUT ST., SUITE 1500

City: DENVER State: CO Zip: 80202

Contact Name and Telephone:

JIM CHONKA

No: (303) 623-3573

Fax: (303) 623-2870

Detailed Site Plan

Topo Map w/ Pit Location

Water Analysis (Form 25)

Source Wells (Form 26)

Pit Design/Plan & Cross Sect

Design Calculations

Sensitive Area Determ.

Mud Program

Form 2A

API Number (of associated well): 121-05453-00

OGCC Facility ID (of other associated facility):

Pit Location (QtrQtr, Sec, Twp, Rng, Meridian): CS/2 NW/4 SEC 27, T3S, R50W: PIT #2

Latitude: Longitude: County: WASHINGTON

Pit Use: ☒ Production ☐ Drilling (Attach mud program) ☐ Special Purpose (Describe Use):Pit Type: ☐ Lines ☒ Unlined Surface Discharge Permit: ☐ Yes ☒ NoOffsite disposal of pit contents: ☐ Injection ☐ Commercial Pit/Facility Name: Pit/Facility No:

Attach Form 26 to identify Source Wells and Form 25 to provide Produced Water Analysis results.

Existing Site Conditions

Is the location in a "Sensitive Area?" ☐ Yes ☒ No Attach data used for determination.Distance (in feet) to nearest surface water: 2 MI 10500 ground water: 150' 190' water wells: 4000'

LAND USE (or attach copy of Form 2A if previously submitted for associated well) Select one which best describes land use:

Crop Land: ☐ Irrigated ☐ Dry Land ☐ Improved Pasture ☐ Hay Meadow ☐ CRPNon-Crop Land: ☒ Rangeland ☐ Timber ☐ Recreational ☐ Other (describe):Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

SOILS (or attach copy of Form 2A if previously submitted for associated well)

Soil map units from USNRCS survey: Sheet No: 39 Soil Complex/Series No: 27

Soils Series Name: HAXTUN Horizon thickness (in inches): A: 12 ; B: 12 ; C: 21

Soils Series Name: Horizon thickness (in inches): A: ; B: ; C:

Attach detailed site plan and topo map with pit location.

Pit Design and Construction

Size of pit (feet): Length: 1200 Width: 400 Depth: 4

Calculated pit volume (bbls): 341,941 Daily inflow rate (bbls/day): 2600

Daily disposal rates (attach calculations): Evaporation: 1015 bbls/day Percolation: 169,261 bbls/day

Type of liner material: NONE Thickness:

Attach description of proposed design and construction (include sketches and calculations).

Method of treatment of produced water prior to discharge into pit (separator, heater treater, other): HEATED GUNBBL, SKIM PITS

Is pit fenced? ☐ Yes ☒ No Is pit netted? ☐ Yes ☒ No

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct, and complete.

Print Name: JAMES P. CHONKA

Signed:

Title: VICE PRESIDENT

Date: 1/21/04

OGCC Approved: Randall H. Johnson Title: EPSDate: 1/28/04

CONDITIONS OF APPROVAL, IF ANY:

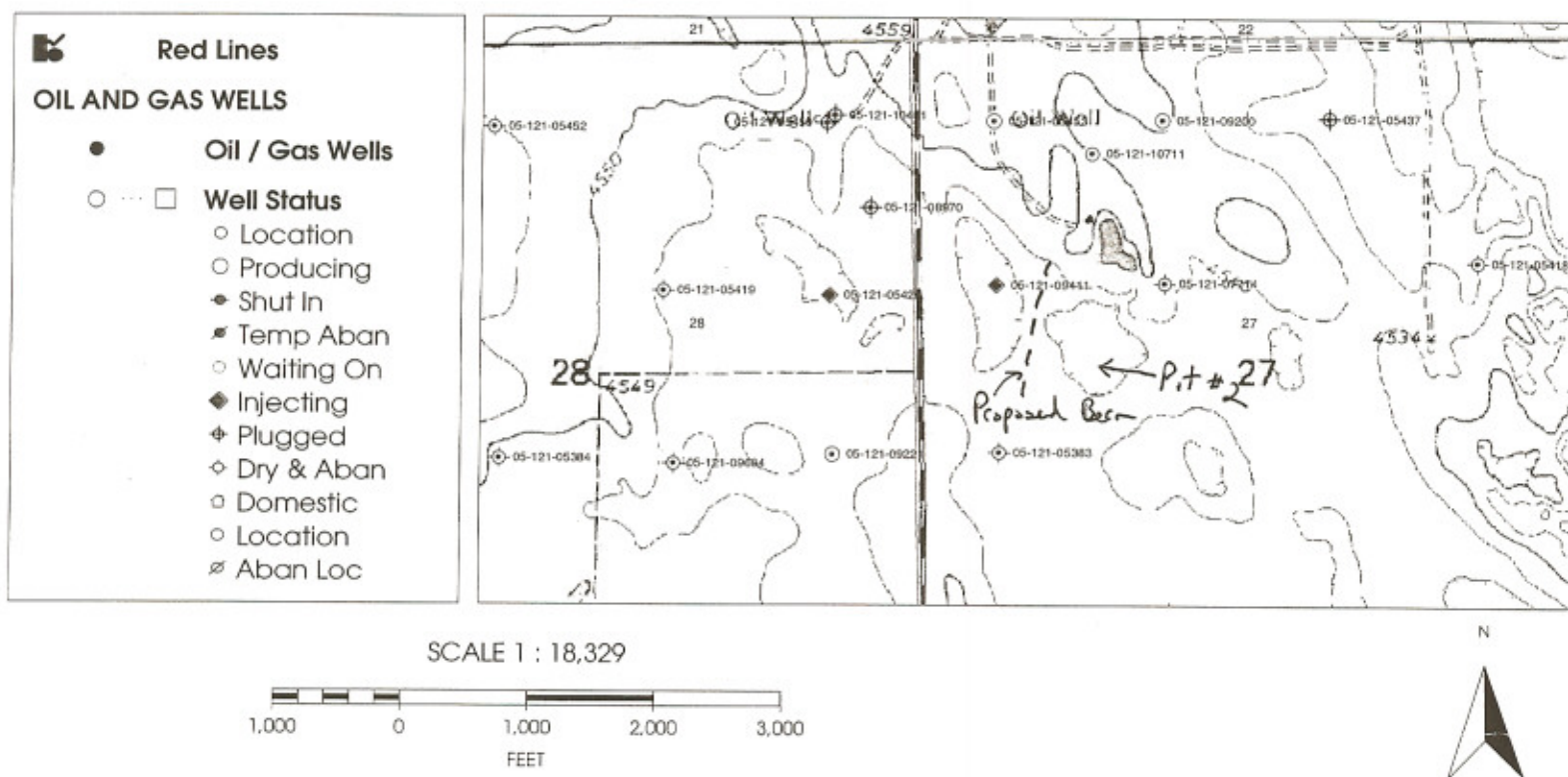
FACILITY NUMBER: 270910

* See letter of conditional approval
dated 1/27/04



01187932

COGCC GIS Online



**JOENEAL YOUNG
15778 ROAD RR
AKRON, COLORADO 80720**

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JAN 17 2004

CORAL PRODUCTION CORP.

January 14, 2004

Mr. Jim Chonka, V-P Production
1600 Stout Street, Suite 1500
Denver, Colorado 80202

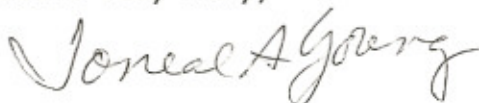
RE: Surface lands located in the NW/4 Section 27,
T-3-S, R-50-W, Washington, County, Colorado

Dear Jim:

I, Joeneal Young, do hereby state that I am the owner of the above referenced surface lands and I hereby give permission to Coral Production Corporation to put the produced waters into the low spot south of the Christianson tank battery, located in the NW/4 NW/4 of Section 27, T-3-S, R-50-W. Coral Production Corporation has agreed to keep all hydrocarbons off of the pit and notify me of any changes in the procedure of disposal.

I understand that the water will be cascaded from the 4 skim pits into the large pit and siphoned down to the big pit. Please keep me informed and updated of any changes.

Yours very truly,



Joeneal Young

Randall
cc: ~~Neal~~ Ferguson
Colorado Oil and Gas Conservation Commission