

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;

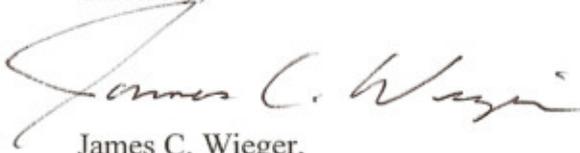
Dorothy Schwartz lease

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 cursive script that reads "James C. Wiegner". The signature is written in black ink and is positioned above the printed name.

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 INFORMATION

Name of Operator: CORAL PRODUCTION CORP. OGCC Operator No: 20275
 Address: 1600 STOUT ST., SUITE 1500
 City: DENVER State: CO Zip: 80202
 Contact Person: JIM WIEGER

Phone Numbers
 No: 303-623-3573
 Fax: 303 623-2870
 E-Mail: JIMWIEGER@QWESTOFFICE.NET

DESCRIPTION OF SPILL OR RELEASE

Date of Incident: 4/26/11 Facility Name & No.: MILLER 1-A County: WASHINGTON
 Type of Facility (well, tank battery, flow line, pit): TANK BATTERY QtrQtr: NESE Section: 28
 Well Name and Number: MILLER 1-A Township: 3S Range: 50W
 API Number: 05-121-09221 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 No Surface Water impacted? Yes No
 Contained within berm? Yes No Area and vertical extent of spill: 1200 sq ft x 2"
 Current land use: PASTURE Weather conditions: RAINY CAUSING GREATER AREAL EXTENT
 Soil/geology description: SANDY LOAM
 IF 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: _____

FORM
19
Rev 6/99

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
RECEIVED
MAY 05 2011
COGCC
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 INFORMATION

Name of Operator: <u>CORAL PRODUCTION CORP.</u> OGCC Operator No: <u>20275</u>	Phone Numbers
Address: <u>1600 STOUT ST., SUITE 1500</u>	No: <u>303-623-3573</u>
City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80202</u>	Fax: <u>303 623-2870</u>
Contact Person: <u>JIM WIEGER</u>	E-Mail: <u>JIMWIEGER@QWESTOFFICE.NET</u>

DESCRIPTION OF SPILL OR RELEASE

Date of Incident: <u>4/19/11</u> Facility Name & No.: <u>CHRISTIANSEN</u>	County: <u>WASHINGTON</u>
Type of Facility (well, tank battery, flow line, pit): <u>LEASE ROADS</u>	QtrQtr: <u>NENW</u> Section: <u>27</u>
Well Name and Number: <u>CHRISTIANSEN B-5</u>	Township: <u>3S</u> Range: <u>50W</u>
API Number: <u>05-121-10711</u>	Meridian: <u>6</u>
Specify volume spilled and recovered (in bbls) for the following materials: Oil spilled: <u>30 BBLS</u> Oil recov'd: <u>0</u> Water spilled: _____ Water recov'd: _____ Other spilled: _____ Other recov'd: _____	
Ground Water impacted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Surface Water impacted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Contained within berm? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Area and vertical extent of spill: <u>12000 sq ft</u> x <u>2"</u>
Current land use: <u>RANGELAND</u>	Weather conditions: <u>CLEAR</u>
Soil/geology description: <u>VALENT SAND</u>	
IF LESS THAN A MILE , report distance IN FEET to nearest.... Surface water: <u>10500'</u> wetlands: _____ buildings: <u>5000'</u> Livestock: <u>100'</u> water wells: <u>4000'</u> Depth to shallowest ground water: <u>180'</u>	
Cause of spill (e.g., equipment failure, human error, etc.): <u>RULE CHANGES IN HISTORICAL PRACTICES</u> 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: _____



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

RECEIVED

JAN 30 2004

CORAL PRODUCTION CORP.

January 27, 2004

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



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
Page 2

- 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 Griebing – COGCC Director
Debbie Baldwin – COGCC
Joeneal Young – Landowner

FORM
15
Rev 6/99

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
RECEIVED
MAY 05 2011
COGCC

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

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 Detern.	
Mud Program	
Form 2A	

OGCC Operator Number: 20275 Contact Name and Telephone: JIM CHONKA
 Name of Operator: CORAL PRODUCTION CORP. No: (303) 623-3573
 Address: 1600 STOUT ST., SUITE 1500 Fax: (303) 623-2870
 City: DENVER State: CO Zip: 80202

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: [Signature]
Title: VICE PRESIDENT Date: 1/21/04

OGCC Approved: [Signature] 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

RECEIVED MAY 05 2011 OGCC

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 JAN 22 2004 OIL & GAS COMMISSION

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

FORM SUBMITTED FOR:

[] Pit Report [x] Pit Permit

Oper OGCC

Attachment Checklist table with rows: 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

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

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: [x] Production [] Drilling [] Special Purpose Pit Type: [] Lines [x] Unlined Surface Discharge Permit: [] Yes [x] 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 [x] No Attach data used for determination. Distance (in feet) to nearest surface water: >2MI 10500 ground water: >100 190 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 [] CRP Non-Crop Land: [x] 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. 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 [x] No Is pit netted? [] Yes [x] 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: [Signature] Title: VICE PRESIDENT Date: 1/21/04

OGCC Approved: [Signature] Title: EPS Date: 1/28/04

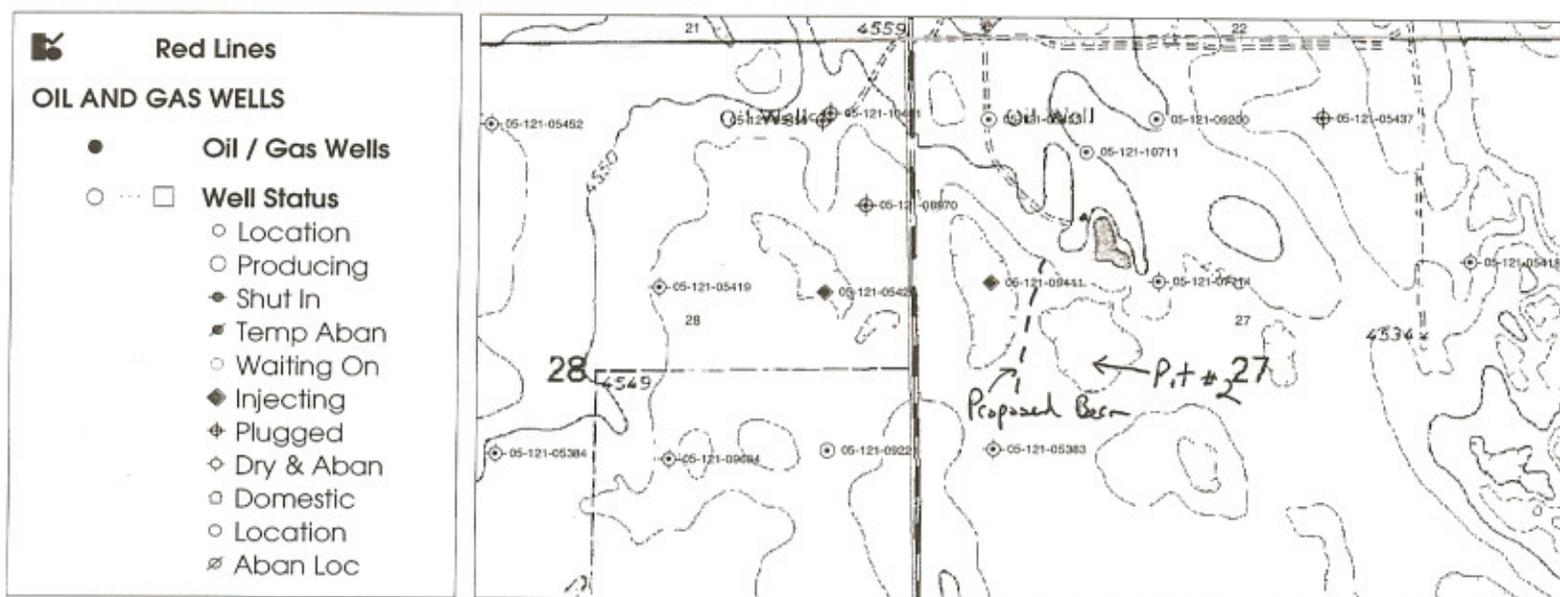
CONDITIONS OF APPROVAL, IF ANY:

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

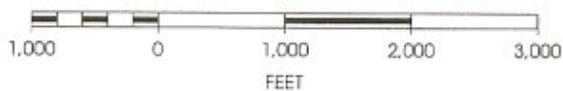
FACILITY NUMBER: 270910



COGCC GIS Online



SCALE 1 : 18,329



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

RECEIVED

JAN 17 2004

CORAL PRODUCTION CORP.

January 14, 2004

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

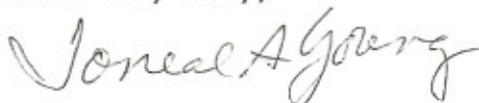
RE: Surface lands located in the NW/4 Section 27,
T-3-S, R-50-W, Washington, County, Colorado

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