

State of Colorado
Oil and Gas Conservation Commission

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

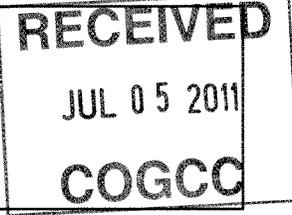


FOR OGCC USE ONLY

01/14/2010
2011
200293705

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 53255
Name of Operator: MARALEX RESOURCES, INC
Address: P O BOX 338
City: IGNACIO State: CO Zip: 81137
Company Representative: JIM GRAVES



Date Notice Issued:
01/28/2011

Well Name: FEDERAL Well Number: 26-3 Facility Number: 210457
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSW 26 7S 91W 6 County: GARFIELD
API Number: 05 045 06213 00 Lease Number: 12468

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: 11/01/2010 Approximate Time of Violation:
Description of Alleged Violation:
MARALEX RESOURCES, INC. ("OPERATOR") DID NOT PERFORM THE FOLLOWING DURING THE PERIOD FROM 11/1/2009 THROUGH 10/31/2010: 1) TEST WELL FOR PRESSURE AND FLOW AND 2) SUBMIT ANNUAL BRADENHEAD PRESSURE AND FLOW MEASUREMENT RESULTS.

Act, Order, Regulation, Permit Conditions Cited:
COGCC ORDER NO. 1-107

Abatement or Corrective Action Required to be Performed by Operator:*
PERFORM BRADENHEAD PRESSURE AND FLOW TEST AND REPORT RESULTS TO COGCC NO LATER THAN 6/30/2010. TESTING AND REPORTING REQUIREMENTS ARE SUMMARIZED IN THE JULY 8, 2010 BRADENHEAD TEST AREA NOTICE TO OPERATORS (COPY ATTACHED). AN ADDITIONAL BRADENHEAD PRESSURE/FLOW TEST WILL BE REQUIRED FOR THIS WELL IN SUMMER 2011, TO BE REPORTED AS SPECIFIED IN THE NOTICE TO OPERATORS BY 11/1/2011.
Abatement or Corrective Action to be Completed by (date): 06/30/2011
* 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: ADRIIS NEY Title: PRODUCTION TECH
Signature: [Signature] Date: 6/30/2011
Company Comments:

Bradentead test was performed by Jim Graves, Ops manager, on 6/23/2011. Results have been submitted to David Andrews on 6/30/2011 along with COGCC Form 17.

*** 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, 405, 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: [Signature] Date: 01/28/2011 Time: 4:00PM
Resolution Approved by: [Signature] Date: 8/3/2011
COGCC RECEIVED PRESSURE DATA AND FORM 17 ON 6/30/2011.

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 <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p><input checked="" type="checkbox"/> <i>See C. Herrera</i></p>	
<p>1. Article Addressed to:</p> <p style="text-align: center;">MARALEX RESOURCES INC ATTN: JIM GRAVES PO BOX 338 IGNACIO, CO 81137</p>	<p>B. Received by (Printed Name)</p> <p><i>See C. Herrera</i></p>	<p>C. Date of Delivery</p> <p><i>1-31-11</i></p>
<p>2. Article Number (Transfer from service label)</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> <hr/> <p>3. Service Type</p> <p><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>PS Form 3811, February 2004</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> <p style="text-align: center;">7010 1870 0002 7959 6260</p>	<p>Domestic Return Receipt 102595-02-M-1540</p>



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

August 3, 2011

Mr. Jim Graves
Maralex Resources, Inc.
P.O. Box 338
Ignacio, Colorado 81137

RE: Rifle-Boulton #1
API Number: 05-045-06127
NWNW 23, T7S, R91W, 6th PM
Garfield County, Colorado

Rifle Walton #25-2
API Number: 05-045-06290
SENW 25, T7S, R91W, 6th PM
Garfield County, Colorado

Federal #26-3
API Number: 05-045-06213
NWSW 26, T7S, R91W, 6th PM
Garfield County, Colorado

Dear Mr. Graves:

Colorado Oil and Gas Conservation Commission (COGCC) Staff issued Notices of Alleged Violation (NOAV's) for the above-referenced wells on January 28, 2011. Maralex Resources, Inc. complied with all abatement and corrective action requirements and submitted a written response in a timely manner. The attached NOAV's have been resolved, and no further enforcement action will be taken by COGCC regarding these NOAV's.

Sincerely,

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

Enclosure