



*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 69175
Name of Operator: PETROLEUM DEVELOPMENT CORPORATION
Address: 1775 SHERMAN STREET - STE 3000 ATTN: SCOTT REASON
City: DENVER State: CO Zip: 80203
Company Representative: RANDALL FERGUSON

Date Notice Issued:
11/14/2011

Well Name: Well Number: Facility Number: 425114
Location (QtrQtr, Sec, Twp, Rng, Meridian): NE 31 7N 63W 6 County: WELD
API Number: 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: 11/9/2011 Approximate Time of Violation: 10:00AM
Description of Alleged Violation:
Based on adjacent landowner complaint (#200327803) regarding E&P waste management, COGCC staff John Axelson performed inspection on 11/9/11. Pounded liquids were observed in the southeast corner of the land application area and in an area to the south/southwest of the Zahourek 31, 32, 41, 42-31 Tank Battery. A small quantity of free phase hydrocarbon was observed on the standing liquids in the southeast corner. The depth of the fluids ranged from 1-inch to 6-inches. Two areas of oily waste from discharged fluids were observed on the east side of the tank battery. Stockpiles of cuttings that had not been spread or incorporated were staged on the north side of the access road at the entrance. Stormwater controls were in place but two areas where fluids had migrated beyond the stormwater ditch were observed. The material in those locations did not migrate off site. E&P waste was being tracked onto County Road 63. The road was discolored from the entrance south approximately 1/8-mile.

Act, Order, Regulation, Permit Conditions Cited:
Rule 324.A.a; Rule 907.a.(1); Rule 907.d.(3)B; Rule 907.e.; 1002.f.(2)F

Abatement or Corrective Action Required to be Performed by Operator:*
Prevent any additional tracking of E&P waste onto County Road 63. Remove any bentonitic material from road and restore road after removal is complete. Recover any free phase hydrocarbons from standing liquids. Any future application of liquids shall be done in a manner to prevent ponding and erosion. Any future application of solids and liquids shall be done in strict accordance with Rule 907.d.(3)B.ii. When site conditions allow, incorporate all drilling fluids and associated cuttings into native soil. Areas of oil stained soil on east side of tank battery shall be cleaned up and properly treated or disposed in accordance with Rule 907.e. Provide record of all waste applied at site in accordance with Rule 907.b.(2) in a readily reviewable format. Provide a copy of baseline sampling results performed prior to waste application including percolation test results. Provide post application sampling results to verify compliance with Table 910-1. If no post application samples have been collected to date, submit a Form 27 proposing sample locations and analysis.
Abatement or Corrective Action to be Completed by (date): 12/31/2011
* 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 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.
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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: 11/14/2011 Time: 2:00PM
Resolution Approved by: _____ Date: _____

NOAV #200328171

Petroleum Development Corporation

Spaur Beneficial Reuse Area – Facility ID 425114

NE31, T-7-N, R-63-W, Weld County

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Abatement or Corrective Action to be Completed by (date): 12/31/2011