



BURLESON LLP
ATTORNEYS & ADVISORS

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February 28, 2012

Diana Burn
Engineering Supervisor
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80202

John Axelson
Environmental Protection Specialist
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80202

Re: COGCC staff's requests to Beren Corp. to line skim pits

Dear Diana and John:

As you know, I have been retained by Beren Corporation ("Beren") (Operator No. 7800) to represent it in enforcement matters which are presently being pursued by the Colorado Oil & Gas Conservation Commission ("COGCC" or "Commission") staff. The purpose of this letter is to inform you that Beren takes these matters quite seriously and will take the necessary steps to successfully abate or correct any legally cited rule violations; however, it would like the COGCC staff to reconsider its position requesting Beren to line or replace pre-existing skim pits presently being utilized at operations in Washington County. The COGCC staff lacks the authority to compel operators to either line or replace all pre-existing skim pits at their operations based on the rationale set forth below.

Cook #1-X Well

Recently, COGCC staff issued Notice of Alleged Violation ("NOAV") #200337810 to Beren for its operations at the Cook #1-X Well which described various rule violations. Beren would like to provide the following update as to its progress in correcting those concerns:

1. In December 2011, Beren excavated 18 cubic yards of oily dirt within the Cook tank battery and hauled it to a suitable disposal facility in Keenesburg. See Exhibit A.
2. Acting on information that the COGCC staff may take exception with the excavation work done in December 2011, Beren incurred the additional expense of re-excavating dirt within the Cook tank battery a second time on January 23-24, 2012. See Exhibit B, which includes invoices for 10 hours of excavating at the Cook tank battery.

3. The heater treater shed at the Cook battery was removed and oily dirt from the inside of the shed was excavated on November 29, 2011. See Exhibit C.
4. Dirt excavated from the Cook battery has been stockpiled on plastic sheeting. See Exhibit D; invoice for sheeting. Beren will transport this material to the same disposal facility in Keenesburg referenced in Item 1 (recent snows have delayed the hauling of this material; Beren will send copies of disposal invoices to the COGCC staff when completed).
5. Beren will hire a consultant recommended by John Axelson to conduct soil sampling and submit the necessary forms to document the completion of work in relation to the spill within the berm at the Cook battery.
6. Beren repaired the heater treater and performed other cleanup work at the Cook battery. See Exhibit E, for description of that work.
7. Beren has placed, or is in the process of placing, placards on tanks at the Cook battery.
8. Beren is in the process of ordering road signs for the Cook lease.
9. COGCC staff requested Beren provide a topo map showing the location of the Cook tank battery, which is adjacent to the skim pit at the location (the pit is shown in green on the map). This map supplements the Form 19, Spill Report, filed under Document No. 2221914. See Exhibit F.
10. COGCC staff requested Beren provide supplemental information to the Form 19, Spill Report, filed under Document No. 2221914, in relation to the reported spill. The dimensions of the bermed area holding the heater treater are approximately 25 feet by 40 feet, however, the areal extent of the spill would only be part of the area within the berm not covered by treater and tanks. Beren estimates the total area covered by the spill to be approximately 400 ft². Refer to Exhibit G; photo taken by John Axelson at the Cook battery on January 19, 2012.
11. Beren has also produced an aerial photo showing the location of the Cook #1-X Well, tank battery and associated pits. See Exhibit H.

Said NOAV provides that Beren abate or correct a perceived violation of Rule 904.a.(4) by submitting a Form 27, Remediation Workplan, to close the skim pit, and subsequently re-open the pit as lined by permit, or replace with alternative skimming equipment. The stated corrective action set forth by the COGCC staff pertaining to the pre-existing skim pit at the Cook #1-X Well is misplaced. Rule 904. (*Pit Lining Requirements and Specifications*) of the Final Amended Rules (2009) provides in pertinent part (emphasis added):

- a. **Pits that were constructed** before May 1, 2009 on federal land, or **before April 1, 2009** on other land, **shall comply with rules in effect at the time of their construction**. The following pits shall be lined if they are constructed on or after May 1, 2009 on federal land, or on or after April 1, 2009 on other land:

* * *

(4) Skim pits.

The skim pit used by the Cook #1-X Well was constructed and placed in operation in 1952. In researching COGCC rules in effect at that time, the rules required operators to take necessary precautions to avoid polluting streams and underground water, and *did not require skim pits to be lined*. Refer to 300-Series of the COGCC Rules, effective January 9, 1952, attached hereto and marked Exhibit I. Further, Beren asserts that its interpretation of the then-rules is consistent with that of the COGCC staff when staff issued the following reports at the Cook #1-X Well (these reports are attached hereto for reference as Exhibit J):

- Unsatisfactory field inspection; March 9, 1995. Report notes that the skim pit needs repair work; no mention of lining pit.
- Unsatisfactory field inspection; September 22, 1995. Field inspector cites “902f Inadequate skim pit cover”; no mention of lining pit.
- Notice of alleged violation; September 22, 1995 – no mention of requirement to line pit. Beren successfully corrected alleged violations by installing a lease sign and repairing the skim pit cover.
- Satisfactory field inspection; October 31, 1995. This inspection report makes no mention of lining the skim pit.

On January 20, 2012, COGCC staff emailed Beren to provide its perceived authority for requiring operators to line, permit or upgrade *all* skim pits. Refer to Exhibit K; email from John Axelson, COGCC Environmental Protection Specialist for northeast Colorado, to Dana Wreath, Vice President for Beren. Mr. Axelson’s email argues prior to 2009 all skim pits were required to be lined, and if the pit was first constructed in the 1950’s and operated to present day the pit should have been lined when the first pit lining requirements came into effect. He cites then-Rule 904.a.(4), which requires all skim pits to be lined. Refer to Order No. 1R-82 (attached hereto as Exhibit L), which contains the 900-Series of the COGCC Rules, as amended on November 25, 1997. COGCC staff’s position with regards to certain pre-existing skim pits is not supported by, and is not consistent with, the then- and present Commission rules.

When the 900-Series of the amended rules from 1997 are analyzed, it is apparent that Rule 904.a.(4) was to be applied prospectively to newly constructed skim pits. This interpretation is reinforced by Rule 911. of the then-rules which provides in pertinent part:

- a. **Applicability.** This rules applies to the management [and] operation . . . of . . . unlined skim pits put into service prior to July 1, 1995. [For] skim pits constructed after July 1, 1995, operators shall comply with the requirements contained in Rules 901. through 910.

Accordingly, then-Rule 911. governed the unlined skim pit used by the Cook #1-X Well (and all other unlined skim pits put into service before July 1, 1995), and the skim pit was specifically excluded from Rules 901. through 910. (to include Rule 904.) While the rule applies to the operation of unlined skim pits put into service prior to July 1, 1995, the breadth of this rule does not require all skim pits to be lined or replaced. Under the rule, unlined production pits (to include certain skim pits) located in *sensitive areas* may be subject to permitting requirements

which could include lining of the pit. In the case of the unlined skim pit being operated by Beren at the Cook #1-X Well location, the pit has been properly inventoried and is not located in a sensitive area (refer to Pit Information Card for Facility ID #109580, attached hereto and marked Exhibit M, which provides that as of September 23, 1999, the pit is *not* located in a sensitive area). Further, the staff does not have data in its possession which indicates an impact or threat of impact to ground or surface water which would merit an additional sensitive area determination.

Beren was ordered by COGCC staff to shut down operations at the Cook #1-X Well until it lined the skim pit. Though it vociferously disagrees with the directive, Beren has shut down operations at the well until staff can reconsider its field order. For those reasons set forth above (*i.e.*, the affirmative steps taken by Beren to correct and abate the alleged violations contained in NOAV #200337810, and staff's unsupportable position concerning the lining of the skim pit), Beren requests that staff lift its field order to allow Beren to place the Cook #1-X Well back on production to preserve its leasehold.

Mr. Axelson's email of January 20, 2012, indicates that the COGCC staff is presently working with many operators in Colorado to line, permit, upgrade, or close all skim pits. See Exhibit K. While certain operators may chose to line, permit, upgrade, or close their skim pits, the staff lacks the regulatory authority to require such changes as it is not supported by the rules.

Wright #1 Well

On September 22, 2009, COGCC staff issued NOAV #1769665 to Beren for its operations at the Wright #1 Well, which described various rule violations. Beren would like to provide the following update as to its progress in correcting those concerns:

1. Beren has excavated oily dirt within the Wright tank battery area. See Exhibit N; invoicing for 15 hours of excavating at the Wright tank battery.
2. Dirt excavated from the Wright battery has been stockpiled on plastic sheeting. See Exhibit O; invoice for sheeting. Beren will transport this material to the same disposal facility in Keenesburg which will accept material from the Cook battery (as previously mentioned, recent snows have delayed the hauling of this material and Beren will send copies of disposal invoices to the COGCC staff when completed).
3. Beren has placed, or is in the process of placing, placards on tanks at the Wright battery.
4. The financial assurance requirements cited in the NOAV were corrected in 2010 and are no longer at issue.
5. Beren plans to add dirt to the dike surrounding the skim pit to raise freeboard, and to increase the height of the net above the existing fluid level.

Other area leases

Beren continues to excavate oily dirt on other leases in the area based on concerns raised in other inspections performed by the COGCC staff, with the hope and expectation that this work will bring those locations into compliance. See Exhibit P; excavation invoices for area leases.

Beren has placed, or in the process of placing, placards on all tanks within its area of operations. Further, Beren is in the process of ordering road signs for those leases it operates in the area.

Lastly, the fluid levels for all pits being operated by Beren in the area currently show at least 2 feet of freeboard.

Conclusion

In conclusion, Beren looks forward to continuing its working relationship with the COGCC staff under its present and past regulatory schemes; however, it requests staff reconsider its position that Beren is required to line those skim pits being used in operations at the Cook #1-X Well and other locations in Washington County.

Beren hereby requests that the COGCC staff lift its field order shutting down operations at the Cook #1-X Well no later than Wednesday, March 7, 2012, to allow the well to be returned to production.

Very truly yours,

Robert A. Willis

Baney Well Service, Inc.
P.O. Box 686
Sterling, CO 80751
970-522-2533
FEIN 84-0673895

Exhibit A

Invoice

| | |
|------------|-----------|
| Date | Invoice # |
| 12/19/2011 | 3140 |

| |
|---|
| Bill To |
| Brexco/Beren Corp./Bexedco Inc. 2020 N. Bramblewood Wichita, KS 67206 |

| | | |
|-------------|-------------|----------------|
| P.O. Number | Terms | Lease/Job Name |
| | 30 days net | Cook |

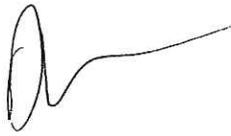
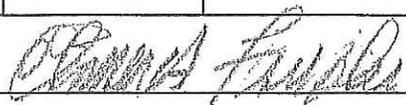
| Item | Quantity | Description | Rate | Amount |
|--|----------|---|--------------|------------|
| 10 Trk. & Trlr. Hr. | 3 | 12/19/11 Moved loader to location and back to Sterling. | 110.00 | 330.00 |
| 624 JD Loader | 1 | 12/19/11 Loaded oily dirt into bellydump. | 125.00 | 125.00 |
| 60 Truck/Belly Du... | 7 | 12/19/11 Delivered dirt to Keenesburg landfill. | 110.00 | 770.00 |
|  | | | | |
|  | | | Total | \$1,225.00 |

Exhibit B

Anton Excavating Inc.

Invoice

25901 HWY. 36
 BOX 47
 ANTON, CO 80801
 FEDERAL ID # 84-1158343

| | |
|-----------|-----------|
| Date | Invoice # |
| 1/23/2012 | 3740 |

Ship To

PHONE 970-383-2345

BERON CORP
 2020 N Rambelwood
 WICHITA, KANSAS
 67206

FEB 09 2012

ELMER FRITZLER
 44 SUNSET LANE
 FORT MORGAN, COLO. 80701

| P.O. Number | DUE UPON RECEIPT | Due Date | Rep | Account # | Ship Date | Project |
|--------------------------|---------------------------|---|------|-----------|--------------------------------|-------------------|
| | TERMS:NET 30 DAYS,18% PER | 2/22/2012 | TONY | | 2/2/2012 | Cook Tank Battery |
| Quantity | Item | Description | | U/M | Rate | Amount |
| 10 | 580-SM-2 | Cook Tank Battery Dug oily dirt out around tanks 1/23-24/2012 | | | 90.00 | 900.00 |
| 4 | LABOR | 580 SM-2 CASE BACKHOE WITH OPERATOR | | | 28.00 | 112.00 |
| 10 | 02 CHEV | LABOR | | | 10.00 | 100.00 |
| | | 2002 CHEV.SERVICE TRUCK | | | | |
| THANK YOU, TONY AND ELVA | | | | | Subtotal \$1,112.00 | |
| | | | | | Sales Tax (4.4%) \$0.00 | |
| | | | | | Total \$1,112.00 | |
| | | | | | Payments/Credits \$0.00 | |
| | | | | | Balance Due \$1,112.00 | |

Elmer Fritzler

| | |
|--------------|--------------|
| Phone # | Fax # |
| 970-383-2345 | 970-383-2347 |

Exhibit C

Invoice

Albert Teter & Son Vac Truck

31625 County Rd D
Brush, CO 80723

| Date | Invoice # |
|------------|-----------|
| 12/11/2011 | 946 |

| Bill To |
|---|
| Beren Corporation C/O Elmer Fritzler 44 Sunset Ln Fort Morgan, CO 80701-3810 |

| P.O. No. | Terms | Project |
|----------|-------|---------|
| | | |

| Quantity | Description | Rate | Amount |
|----------|---|--------|--------|
| | Job date 11/29/11 | | |
| | Cook <i>copy</i> | | |
| | Cleaned up mess inside firewall around treater, unloaded in tank. Pulled bottom on production tank , unloaded truck. | | |
| 5.5 | Vacuum Truck | 100.00 | 550.00 |

| | | |
|---|--------------|----------|
| Thank you for your business. Please remit to above address. | Total | \$550.00 |
|---|--------------|----------|

Exhibit D



DELIVERY TICKET
 P.O. DRAWER 2479
 PAMPA, TX 79066-2479
 PHONE 806/669-1103

SUBSURFACE PUMPS * OIL FIELD SUPPLIES * PRODUCTION EQUIPMENT * SALES & SERVICE

SOLD TO:
 BEREN CORPORATION
 2020 N. BRAMBLEWOOD
 WICHITA, KS 67206
 50136

D.T. Number: FM020322
 Date: 01/20/2012
 Ship Date: 01/20/2012
 Store: 500
 Customer PO: ELMER
 Lease: COOK
 Well No.:
 AFE No.:
 Destination: CO
 Ship Via: DEL
 Batch ID: FTMRGN NEW ORD
 Salesman: 500-KAYLA T

3 *999999999999 24 X 100 6MIL BLACK PLASTIC \$141.16 \$423.48
 TERMS: NET 30 THANK YOU.

RECEIVED BY

| | |
|----------|----------|
| Subtotal | \$423.48 |
| Tax | \$12.28 |
| Discount | \$0.00 |
| Shipping | \$0.00 |
| Total | \$435.76 |

Exhibit E

Invoice

Teter & Son Oilfield Service, Inc.
29481 Highway 6 P.O. Box 37
Brush, CO 80723
(970) 842-2390

JAN 10 3 2012

| | |
|------------|-----------|
| Date | Invoice # |
| 12/27/2011 | 13493 |

| |
|---|
| Bill To |
| Beren Corporation 2020 N. Bramblewood Wichita, KS 67208 |

| | | |
|----------|-------|---------|
| P.O. No. | Terms | Project |
| | | |

| Quantity | Description | Rate | Amount |
|----------|------------------------------------|-------|--------|
| | Job date 12/10/2011 | | |
| | Cook Tank battery | | |
| | Repair hole in treater clean site. | | |
| 4 | Foreman Mark | 36.75 | 147.00 |
| 4 | Roustabout Leroy | 34.50 | 138.00 |
| 4 | Crew Truck w/Tools | 35.50 | 142.00 |
| 4 | Backhoe/Loader | 82.00 | 328.00 |

Please pay from this invoice THANK YOU

Total \$755.00

- Zoom
- Selection Results
- Intersect
- Add Point
- Redline
- Copy
- Lat/Long
- Help

Exhibit F

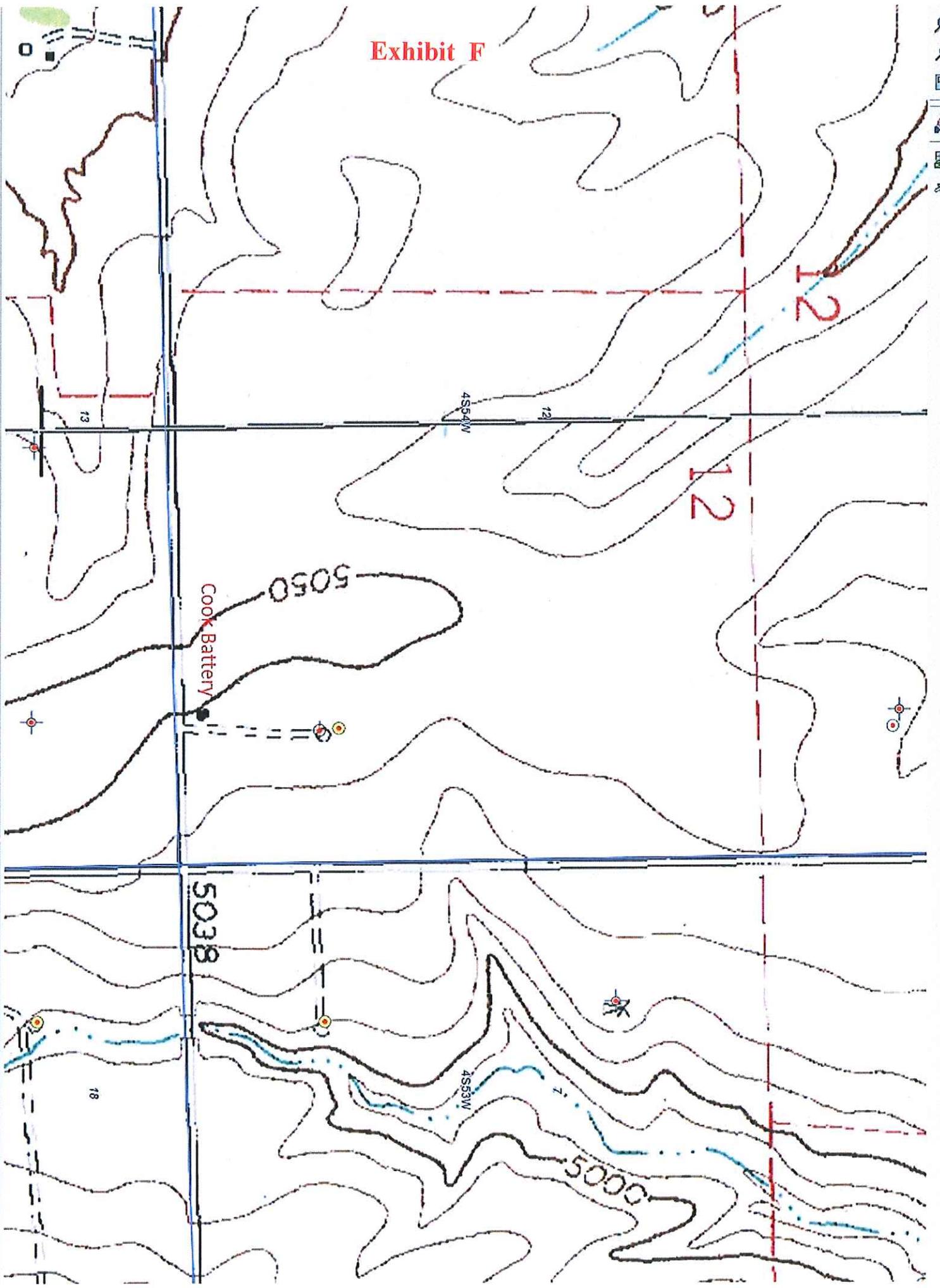
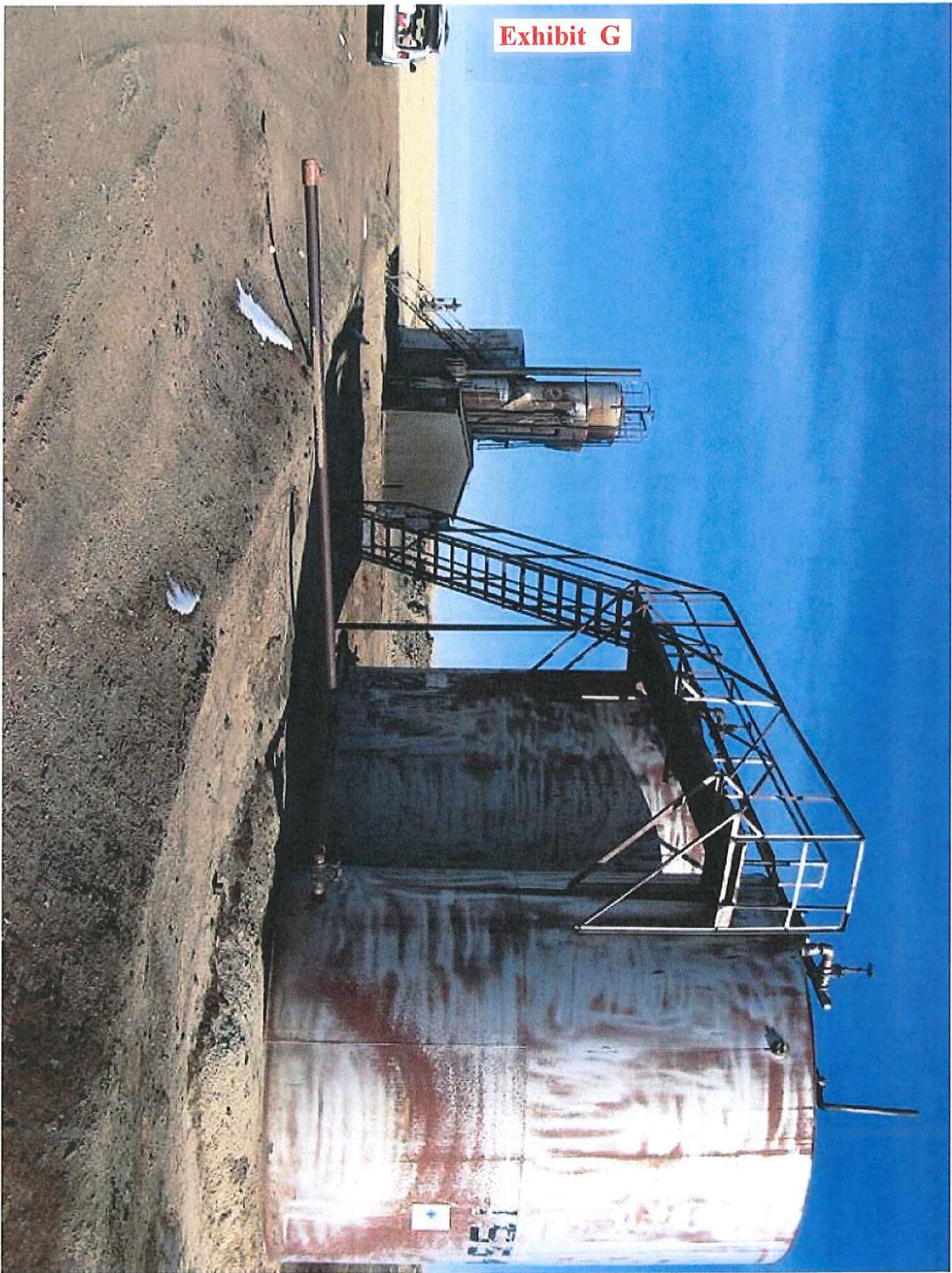


Exhibit G



Oil stained dirt at production tank battery. Signs & labels inadequate.

Exhibit H

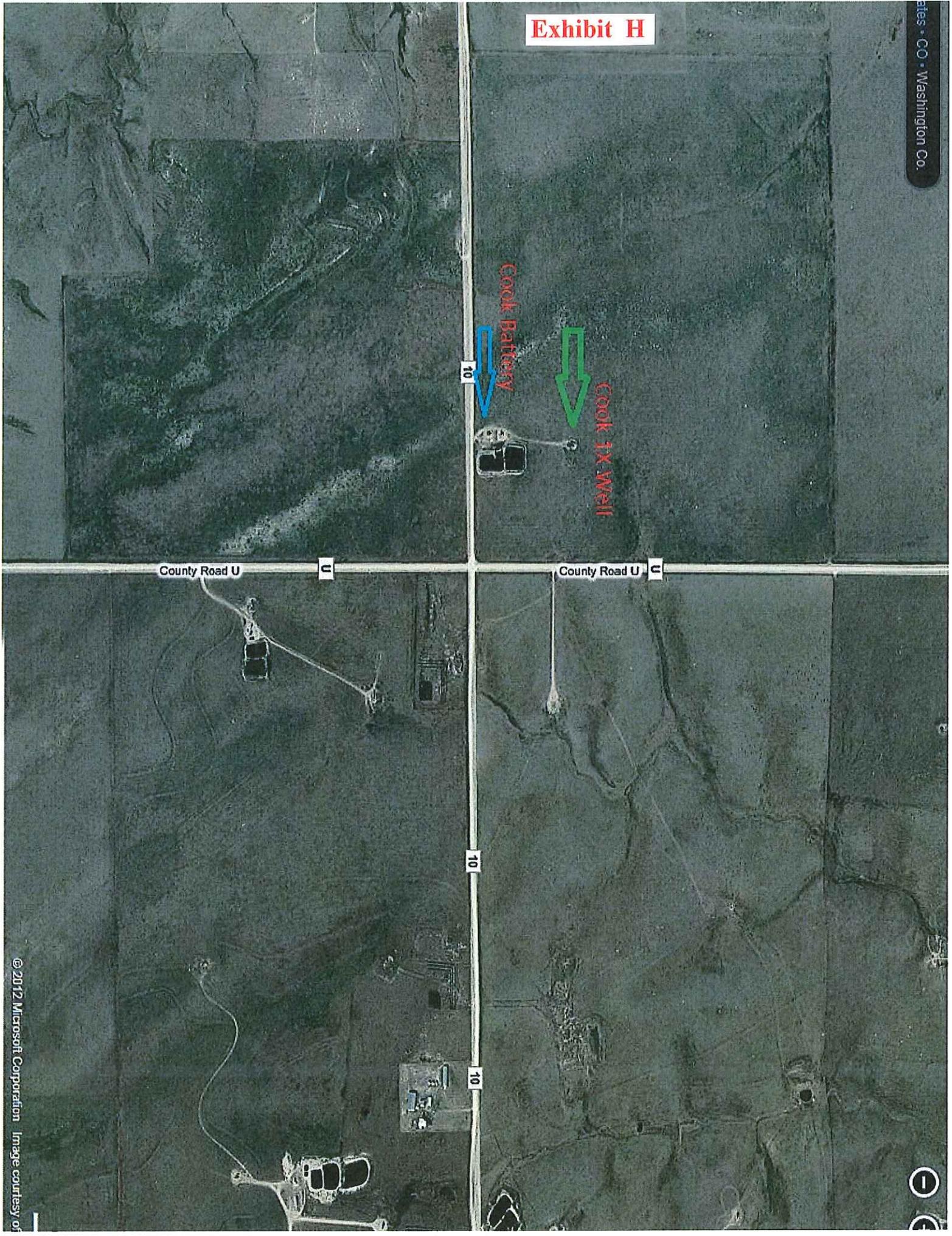


Exhibit I

**THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO**



**RULES AND REGULATIONS
AND
RULES OF PRACTICE AND PROCEDURE**

EFFECTIVE JANUARY 9, 1952

**By Order of
THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO**

Warwick M. Downing, Chairman
H. C. Bretschneider, Vice-Chairman
Russell H. Volk, Vice-Chairman
E. M. Van Tuyl
John E. Cronin, State Oil Inspector

Commissioners

A. J. JERSIN
Deputy Director

ANNABEL HOGSETT
Secretary

D. V. ROGERS
Petroleum Engineer

**BEFORE THE OIL AND GAS CONSERVATION
COMMISSION OF THE STATE OF COLORADO**

IN THE MATTER OF GENERAL RULES AND
REGULATIONS WITH RESPECT TO THE CON-
SERVATION OF OIL AND GAS IN THE STATE
OF COLORADO, AND RULES OF PROCEDURE
PERTAINING THERETO.

CAUSE NO. 1
ORDER NO. 1-1

REPORT OF THE COMMISSION

This cause came on for hearing on November 29, 1951, at 10:00 o'clock a.m., 704 State Capitol Annex, Denver, Colorado, pursuant to order of the Commission setting the cause for hearing and notice published as required by law; at which time the Director and an Assistant Attorney General of Colorado, and various operators and others interested in the production of oil and gas in the State of Colorado appeared; whereupon testimony was presented. Hearing on this matter was continued to January 7, 1952, and further continued to January 9, 1952.

The Commission, upon further consideration of the testimony and record made at the hearings, and being well and sufficiently advised in the premises, grants the application to the following extent and therefore finds as follows, to-wit:

FINDINGS

1. That notice by publication of the filing of the application herein, the time and place of the hearing thereon, and the purpose of said hearing, has been regularly given in all respects as required by law, and the Commission has jurisdiction of the subject matter embraced in said application and of the parties interested therein, and jurisdiction to issue and promulgate the hereinafter prescribed order.

2. That in preparation for the hearing in this cause and the order promulgated herein, careful study had been given the subject matter of this cause; that views and opinions of cross sections of the oil and gas industry in the State of Colorado have been explored; that the Commission finds that the matter has been thoroughly considered by those affected and interested in the production of oil and gas and the conservation thereof in the State of Colorado.

3. That under the statutes of the State of Colorado, it is the duty of the Commission to adopt general rules and regulations under which the oil and gas industry shall operate, and the following rules and regulations meet the requirements of said statutes; it is the opinion of the Commission that such rules are fair and just and are the best possible rules and regulations that can be

adopted at this time, and will not work undue hardship on any operator.

4. That representatives of various operators in the State testified at the hearings from the standpoint of preventing waste, insuring the greatest recovery of oil and gas, and in the interest of the conservation of oil and gas, the rules and regulations hereinafter set out are proper and are sufficient for this Commission to administer the Colorado Oil and Gas Conservation Act of 1951.

5. That under the statutes of the State of Colorado, the Commission must prescribe rules of practice and procedure to govern proceedings in the administration of the Colorado Oil and Gas Conservation Act.

6. That for the convenience of operators, the rules and regulations set out in this order are defined as follows: Definitions, commencing with 101; General Rules, commencing with 201; Drilling, Development, Producing and Abandonment, commencing with 301; Unit Operations and Secondary Recovery Projects, commencing with 401; followed by Rules of Practice and Procedure, commencing with 501.

7. That in order to conserve oil and gas and to secure the greatest ultimate recovery of oil and gas from the various pools in the State of Colorado, it is necessary that the rules and regulations hereinafter set out be adopted.

ORDER

IT IS THEREFORE ORDERED by the Oil and Gas Conservation Commission of the State of Colorado that the following general rules and regulations for production and conservation of oil and gas in the State of Colorado, and the rules of practice and procedure pertaining thereto be, and the same are, hereby adopted:

RULES AND REGULATIONS, AND RULES OF PRACTICE AND PROCEDURE, OF THE OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF COLORADO

INTRODUCTION

The Rules and Regulations, and the Rules of Practice and Procedure, of the Oil and Gas Conservation Commission of the State of Colorado hereinafter set forth are made pursuant to and by virtue of the Colorado Oil and Gas Conservation Act of 1951, being Chapter 230, pp. 651-662, Session Laws of Colorado, 1951, which Act is hereby expressly incorporated herein by reference and made a part of these Rules and Regulations, and Rules of Practice and Procedure.

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APPENDIX

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RULES AND REGULATIONS

DEFINITIONS

The definitions set forth in Section 3 of the Colorado Oil and Gas Conservation Act of 1951 are hereby expressly adopted for the sole purpose of proper interpretations of the Commission's rules and regulations, and rules of practice and procedure.

- 101 COMMISSION shall mean The Oil and Gas Conservation Commission of the State of Colorado.
- 102 DIRECTOR shall mean Director of The Oil and Gas Conservation Commission of the State of Colorado.
- 103 AUTHORIZED DEPUTY, a representative of the Director as authorized by the Commission.
- 104 BARREL shall mean 42 (US) gallons at 60° F. at atmospheric pressure.
- 105 CUBIC FOOT of gas for reporting purposes shall be the volume of gas contained in one cubic foot of space at a standard pressure of 10 ounces above an atmospheric pressure of 14.40 pounds per square inch, regardless of the atmospheric pressure at the point of measurement, and the standard of temperature shall be 60° F.
- 106 DAY shall mean a period of twenty-four (24) consecutive hours.
- 107 LOG or WELL LOG shall mean a systematic detailed record of formations encountered in the drilling of a well.
- 108 ACT shall mean Colorado Oil and Gas Conservation Act of 1951, Chapter 230, Pages 651-662, inclusive, Session Laws of Colorado, 1951.
- 109 The words POOL, PERSON, OWNER, PRODUCER, OIL, GAS, AND COMMON SOURCE OF SUPPLY are defined by the Colorado Oil and Gas Conservation Act.
- 110 OIL WELL shall mean a well the principal production of which, at the mouth of the well, is oil, as defined by the Colorado Oil and Gas Conservation Act.
- 111 GAS WELL shall mean a well the principal production of which, at the mouth of the well, is gas, as defined by the Colorado Oil and Gas Conservation Act.
- 112 WELL, when used alone in these rules and regulations, shall refer only to an oil or gas well, or to a hole drilled for the purpose of producing oil or gas. It shall not include seismic, core or other exploratory holes drilled for the purpose of obtaining geologic information.
- 113 DESIGNATED AGENT, when used herein, shall mean the designated representative of any oil or gas lessee or operator, appointed in accordance with Rule 205 hereof.
- 114 The definition of the word WASTE set forth in Sections 4 and 5 of the Act, is hereby adopted in these rules and regulations.
- 115 PRODUCED AND MARKETED. These words as used in Section 18 of the Act, shall mean, when oil shall have left the lease tank battery or when natural gas shall have passed the metering point, and entered into the stream of commerce as its first step toward the ultimate consumer.
- 116 All other words used herein shall be given their usual, customary and accepted meaning, and all words of a technical nature, or peculiar to the oil and gas industry, shall be given that meaning which is generally accepted in said oil and gas industry.

GENERAL RULES

201 EFFECTIVE SCOPE OF RULES AND REGULATIONS

All rules and regulations of a general nature herein promulgated to prevent waste and to conserve oil and gas in the State of Colorado shall be effective throughout the State of Colorado and be in force in all pools except as may be amended, modified, altered or enlarged generally or in specific individual pools by orders hereafter issued by the Commission.

202 OFFICE AND DUTIES OF DIRECTOR

The office of Director of the Commission is hereby created. It shall be the duty of the Director to aid the Commission in the administration of the Colorado Oil and Gas Conservation Act and under the direction of the Commission aid in the enforcement of all of the rules and regulations of the Commission relating to oil and gas.

203 OFFICE AND DUTIES OF SECRETARY

The office of Secretary to the Commission is hereby created. The duties of the Secretary shall be as prescribed in the Act, in the Rules of Practice and Procedure before the Commission, and as may be from time to time prescribed by the Commission.

204 GENERAL FUNCTIONS OF DIRECTOR

The Director and his authorized deputies shall also have the right at all reasonable times to go upon and inspect any oil and gas properties and wells for the purpose of making any investigation or tests to ascertain whether the provisions of the Colorado Oil and Gas Conservation Act or these rules or any individual pool rules are being complied with and shall report any violation thereof to the Commission.

205 DESIGNATION OF AGENT

Within thirty (30) days from the adoption of these rules and regulations each owner, as defined in the Act, who is then conducting oil and gas operations in the State of Colorado shall file a "Designation of Agent" with the Director in a manner and form approved by the Commission. Thereafter any owner who subsequently commences operations for oil or gas and who has not previously filed a "Designation of Agent," shall do so prior to the commencement of operations. All changes of address of the agent and any termination of the agent's authority shall be immediately reported in writing and, in the latter case, the designation of a new agent or agents shall be immediately made.

206 ACCESS TO RECORDS

The Director and his authorized deputies shall have access to all well records wherever located. All owners, drilling contractors, drillers, service companies, or other persons engaged

in drilling or servicing wells, shall permit the Director, or authorized deputy, at his or their risk, in the absence of negligence on the part of the owner, to come upon any lease, property or well operated or controlled by them, and to inspect the record and operation of such wells and to have access at all times to any and all record of wells; provided, that information so obtained shall be kept confidential and shall be reported only to the Commission or its authorized agents.

207 REPORTS AND NOTICES

The Commission shall prescribe the manner and form in which records of all operations, reports and notices shall be made and which reports and notices shall be filed with the Commission or Director as herein provided.

208 GAS-OIL RATIOS

The Commission shall from time to time, after notice and hearing, establish upper limits on gas-oil ratios for wells producing oil and gas from a common source of supply.

209 TESTS AND SURVEYS

When deemed necessary or advisable, the Commission is authorized to require that tests or surveys be made to determine the presence of waste of oil, gas, water or reservoir energy; the quantity of oil, gas or water; the amount and direction of deviation of any well from the vertical; formation, casing, tubing or other pressures.

210 DAMAGE TO MINERAL DEPOSITS

The Commission shall require correction, in a manner to be prescribed or approved by it, of any condition which is causing or is likely to cause damage to any formation containing oil, gas or water, or which is wasteful of oil or gas; and require the proper plugging and abandonment of any well or wells no longer used or useful in accordance with such reasonable plan as may be prescribed by it.

211 PROTECTION OF COAL SEAMS AND WATER-BEARING FORMATIONS

In the conduct of oil and gas operations each owner shall exercise due care in the protection of coal seams and water-bearing formations as required by the applicable statutes of the State of Colorado.

Special precautions shall be taken in drilling and abandoning wells to guard against any loss of artesian water from the stratum in which it occurs and the contamination of fresh water by objectionable water, oil or gas. Before any oil or gas well is completed as a producer, all oil, gas and water strata above and below the producing horizon shall be sealed or separated in order to prevent the intermingling of their contents.

212 DISPOSITION OF WATER WELLS

In the case of a well which produces water only, which may be beneficial to an individual or to a community, the owner shall have the right to dispose of the well to responsible parties and, in this event, so long as he leaves sufficient casing in the well to exclude the water from other strata, the owner shall be relieved of the obligation to plug the well.

213 UNIT OPERATIONS

The Commission, in order to prevent waste, may approve any plan or agreement or any amendment thereto for unitized operations of any pool or any part thereof submitted by any owner or owners in any pool or any part thereof in accordance with Section 12 of the Act.

214 NAMING OF POOLS

All oil and gas pools discovered in the State subsequent to the adoption of these rules and regulations shall be named by the Director.

215 FORMS UPON REQUEST

Forms required by the Commission will be furnished upon request.

DRILLING, DEVELOPMENT, PRODUCING AND ABANDONMENT

301 NOTICES—GENERAL

Any written notice of intention to do work or to change plans previously approved must be filed with the Director in triplicate, unless otherwise directed, and must reach the Director and receive his approval before the work is begun or such approval may be given orally and, if so given, shall thereafter be confirmed by the Director in writing.

In case of emergency, or a situation where operations might be unduly delayed, any written notice required by these rules and regulations to be given the Director may be given orally or by wire and if approval is obtained, the transaction shall be confirmed in writing, as a matter of record.

302 NOTICE OF INTENTION TO DRILL A WELL FOR OIL OR GAS

Before any person shall spud-in and begin the actual drilling of any well, such person shall file with the Director notice of such intent on a form prescribed by the Commission and secure the Director's approval before proceeding with such operations.

This notice must give the location in feet and direction from the nearest lines of established public survey; the approximate altitude of the ground above sea level and how obtained;

and the geologic name of the surface formation. Information to be included in such notice shall be the type of tools to be used, estimated depth to which the well will be drilled and the objective formation, the proposed surface casing program, including size and weight thereof, and the amount of cement to be used.

If, prior to the drilling of a well, a change of location is desired, an amended notice of intention to drill shall be filed with the Director.

303 NOTICE OF INTENTION TO CHANGE PLANS

Where conditions necessitate any material change in the plans of proposed work already approved, complete details of the changes must be submitted and approval thereof obtained before the work is undertaken.

304 NOTICE OF DATE FOR CASING AND WATER SHUT-OFF TESTS

Notice must be given to the Director in advance of the time when the owner expects to make casing and water shut-off tests and the method of such tests. An unsatisfactory test must be immediately reported and the condition repaired in accordance with acceptable oil field practices. Results of tests when satisfactory shall be reported on first subsequent report filed after such test.

305 NOTICE OF INTENTION TO DEEPEN OR PERFORM REMEDIAL WORK

Before deepening or performing remedial work to a well, a detailed written statement of the plan of work must be filed and approval obtained before the work is started. In work that affects only rods, pumps or tubing or other routine work such as, but not limited to, cleaning out to previous total depth, no report is necessary.

306 SUBSEQUENT REPORT OF DEEPENING OR REMEDIAL WORK

Within thirty (30) days after completion of deepening or remedial work, a detailed report of work done and results obtained shall be filed. Such reports shall show the amount of production of oil, gas and water for five (5) days, both before and after the work is done, and shall include a complete statement of the work accomplished and methods employed, including all dates.

307 NOTICE OF INTENTION TO USE EXPLOSIVES OR CHEMICALS

Before using explosives or chemicals in any well for increasing production of oil or gas, notice of intention shall be filed and approval obtained before the work is done. When such notice of intention forms a part of the notice of intention to drill, redrill, repair or abandon a well, the Director shall accept such notice in lieu of a separate notice of intention to use explosives

or chemicals. The notice of intention to use explosives or chemicals must be accompanied by the complete log of the well to date, providing the complete log has not previously been filed, and must state the object of the work to be done, the amount and nature of the material to be used, its exact location and distribution in the well by depths, the method of localizing its effects, and the name of the company that is to do the work. The notice shall also contain an accurate statement of the dates and production of oil, gas and water from the well for the last preceding five (5) days.

308 SUBSEQUENT REPORT OF USE OF EXPLOSIVES OR CHEMICALS

After using explosives or chemicals to increase oil or gas production, a subsequent report must be filed. This report shall be filed separately within thirty (30) days after the work is done unless such report is included in the log as a part of a report of other subsequent work done or as a part of an abandonment report, any one of which shall have been previously filed. The subsequent report of use of explosives or chemicals shall include a statement of the amount and the nature of the materials used, its exact location and distribution in the well by depths and the method to localize its effects. The report shall also contain an accurate statement of the dates and production of oil, gas and water for the last five (5) producing days preceding the use of explosives or chemicals, and a similar statement of production after the work is done.

309 NOTICE OF INTENTION TO PULL, PERFORATE OR OTHERWISE ALTER CASING

If any casing is to be pulled, perforated for the purpose of recompletion or otherwise altered, notice of intention must be filed and approval obtained before the work is started. Such notice must give full details of the contemplated work, stating fully what changes are intended and what results are anticipated. A notice of intention to perforate the casing shall state the conditions of the well that make such work desirable; whether it is to be ripped or shot, the depth, number, and size of shots, the dates to be shot, and who is to do the shooting. If casing is to be ripped, the depths and number of rips shall be stated. The production of oil, gas and water should be reported after completion of work.

310 SUBSEQUENT REPORT OF PULLING, PERFORATING OR OTHERWISE ALTERING CASING

If any casing has been pulled, perforated or otherwise altered, the results of the work shall be reported within thirty (30) days after the completion of such work, stating actually what was done and the results obtained, including any change in production. The report of perforating casing also shall include the number, depth and size of shots, the date shot, and who did the shooting. If ripped, the depths and number of rips shall be stated.

The production of oil, gas and water obtained by the work shall be shown.

311 NOTICE OF INTENTION TO ABANDON WELL

Before beginning abandonment work on any well, whether drilling well, oil or gas well, or so-called dry hole, notice of intention to abandon shall be filed with the Director and approval obtained as to the method of abandonment and must be accompanied by a complete log, in duplicate, of the well to date, providing the complete log has not been filed previously, and must give a detailed statement of the proposed work, including such information as kind, location and length of plugs (by depths), and plans for mudding, cementing, shooting, testing, and removing casing, as well as any other pertinent information.

If an agreement is reached between the owner and landowner and the Director is so notified and all other provisions of law are complied with, then the owner may condition any well for a water well in lieu of plugging and abandonment.

312 SUBSEQUENT REPORT OF ABANDONMENT

If a well is plugged or abandoned, a subsequent record of work done must be filed with the Director. This report shall be filed separately within thirty (30) days after the work is done. The report shall give a detailed account of the manner in which the abandonment or plugging work was carried out, including the nature and quantities of materials used in plugging and the location and extent (by depths) of the plugs of different materials; records of any tests or measurements made and of the amount, size and location (by depths) of casing left in the well; and a detailed statement of the volume of mud fluid used and the pressure attained in mudding. If an attempt was made to part any casing, a complete report of the method used and the results obtained must be included.

No substance of any nature or description other than that normally used in well operations shall be placed in any well at any time before or during plugging operations.

313 WELL DESIGNATIONS

The owner shall mark each and every derrick or well in a conspicuous place with his name, name of farm, number of the well and legal description of the well and shall take all necessary means and precautions to preserve these markings.

314 MARKERS FOR ABANDONED WELLS

All abandoned wells may be marked with a permanent monument on which shall be shown the number and location of the well or in the alternative, a plug or seal shall be placed at the surface of the ground or the bottom of the cellar in the hole in such manner as not to interfere with soil cultivation or other surface use. The monument, if erected, shall consist of a piece of

pipe not less than four (4) inches in diameter and not less than ten (10) feet in length, of which four (4) feet shall be above the ground level, the remainder being securely imbedded in cement. The top of the pipe must be permanently sealed.

315 WELL RECORDS AND REPORTS

The owner shall keep on the leased premises, or at his headquarters in the field, or otherwise conveniently available to the Director, accurate and complete records of the drilling, re-drilling, deepening, repairing, plugging or abandoning of all wells, and of all other well operations, and of all alterations to casing. These records shall show all the formations penetrated, the content and quality of oil, gas or water in each formation tested, and the kind, weight and size and landed depth of casing used in drilling each well on the leased premises, and any other information obtained in the course of well operation.

316 FORM OGCC 1: SUNDRY NOTICES AND REPORTS OF WELLS

This form shall be used to report all work proposed and work completed on wells and shall be filed in duplicate on fee and patented lands and in triplicate on State and school lands.

317 FORM OGCC 2: FILING OF WELL LOGS

Except in the case of wildcat or exploratory wells, within thirty (30) days after the completion of any well and within thirty (30) days after the completion of any further operations on it, if such operations involve drilling deeper or drilling or re-drilling any formation, owner shall transmit to the Director three (3) copies of the well log on fee and patented lands and four (4) copies on State and school lands, on a form prescribed by the Commission.

In the case of an exploratory or wildcat well, three (3) copies of the log thereof shall be filed with the Director within six (6) months after completion of such well or at such earlier date at which the log is released to the industry.

318 FORM OGCC 3: MILL LEVY RETURN AND MONTHLY REPORT OF FIELD OPERATIONS

This form shall be filed for each calendar month beginning with the month in which drilling operations are initiated and must be filed by the 20th day of the succeeding month. This report shall disclose the quantity of oil and natural gas produced and marketed and shall provide the basis for calculating the mill levy. The original shall be forwarded, accompanied by the remittance, to the Department of Revenue, Capitol Annex Building, Denver 2, Colorado. A copy shall also be forwarded to the Director.

319 GENERAL DRILLING RULES

Unless altered, modified or changed, for a particular pool or pools, upon hearing before the Commission, the following shall apply to the drilling of all wells.

(a) When drilling wildcat territory or in any field where high pressures are likely to exist, the owner shall take all necessary precautions for keeping the well under control at all times and shall provide at the time the well is started proper high pressure fittings and equipment; under such conditions the conductor string of casing must be cemented throughout its length, unless other procedure is authorized or prescribed by the Director, and all strings of casing must be securely anchored.

(b) In areas where pressure and formations are unknown, sufficient surface casing shall be run to reach a depth below all known or reasonably estimated utilizable domestic fresh water levels and to prevent blowouts or uncontrolled flows and shall be of sufficient size to permit the use of an intermediate string or strings of casing. Surface casing shall be set in or through an impervious formation and shall be cemented by the plug or displacement or other approved method with sufficient cement to fill the annulus to the top of the hole, all in accordance with reasonable requirements of the Director.

(c) In wells drilled in areas where subsurface conditions have been established by drilling experience, surface casing, size at the owner's option, shall be set and cemented to the surface by the pump and plug or displacement or other approved method at a depth sufficient to protect all domestic fresh water and to insure against blowouts or uncontrolled flows.

(d) Cement shall be allowed to set a minimum of twenty-four (24) hours under pressure before drilling the plug. The term "under pressure" as used herein will be complied with if one float valve is used or if pressure is otherwise held.

(e) In all proven areas, the use of blow-out equipment shall be in accordance with the established practice in the area.

(f) In unproven areas, all drilling wells (wildcat wells) shall be equipped with a master-gate or its equivalent, an adequate blow-out preventor, together with choke and kill line or lines of the proper size and working pressure. The entire control equipment shall be in good working condition at all times.

(g) If and when it becomes necessary to run a production string, such production string shall be cemented by the pump and plug method and shall be properly tested by the pressure method before cement plugs are drilled.

(h) Before commencing to drill proper and adequate slush pits shall be constructed for the reception and confinement of mud and cuttings and to facilitate the drilling operation. Special precautions shall be taken to prevent contamination of streams and potable water.

(i) Natural gas which may be encountered in a substantial quantity in any section of a cable tool-drilled hole above the ultimate objective shall be shut off with reasonable diligence either by mudding or by casing, or other approved method, and confined to its original source to the satisfaction of the Director. Any gas

escaping from the well during drilling operations shall be, so far as practicable, conducted to a safe distance from the well site.

(j) Casing program adopted for cable tool drilled wells must be so planned as to protect any potential oil or gas bearing horizons penetrated during drilling from infiltration of injurious waters from other sources, and to prevent the migration of oil or gas from one horizon to another.

320 VERTICAL DRILLING

Unless otherwise ordered by the Commission upon hearing, all wells shall be so drilled that the horizontal distance between the bottom of the hole and the location at the top of the hole shall be at all times at a practical minimum.

321 DIRECTIONAL DRILLING

Before beginning controlled directional drilling, other than whipstocking due to hole conditions; when the intent is to direct the bottom of the hole away from the vertical, notice of intention to do so shall be filed with the Director and approval obtained. Such notice shall state clearly the depth, exact surface location of the well bore, proposed direction of deviation, and proposed horizontal distance between the bottom of the hole and surface location. If approval is obtained, the owner shall file with the Commission, within thirty (30) days after the completion of the work, an accurate and complete copy of the survey made.

322 WATER SHUT-OFFS, FORMATION TESTS

By approved reasonable methods, the owner shall shut off and exclude all alien water from any oil or gas bearing stratum to the satisfaction of the Director, and to determine the effectiveness of such operations, the owner shall make a casing and water shut-off test before suspending drilling operations or drilling into the oil or gas sand and completing the well.

323 PROTECTION OF UPPER PRODUCTIVE STRATA

If a well is deepened for the purpose of producing oil and gas from a lower stratum, such deepening to and completion in the lower stratum shall be conducted in such a manner as to protect all upper productive strata.

324 OPEN FLOWS AND CONTROL OF "WILD" WELLS

The owner shall take reasonable precautions to prevent any oil, gas or water well from blowing open or "wild," and shall take immediate steps and exercise due diligence to bring under control any such well or burning oil or gas well.

325 POLLUTION AND SURFACE DAMAGE

Owner shall take all reasonable precautions to avoid polluting streams and underground water. If useless liquid products of wells cannot be treated or destroyed or if the volume of

such products is too great for disposal by usual methods without damage, the Director must be consulted and the useless liquids disposed of by some method approved by him.

326 ACCIDENTS AND FIRES

The owner shall take all reasonable precautions to prevent accidents and fires, shall notify the Director within twenty-four (24) hours of all accidents (other than personal injuries and deaths) or fires of major consequence, and shall submit a full report within fifteen (15) days. The owner shall take reasonable steps to prevent and shall remove accumulation of oil or other materials deemed to be fire hazards from the vicinity of well locations and lease tanks.

327 MULTIPLE ZONE COMPLETIONS

The initial multiple zone completion of a well in a given field may be permitted by submitting an application therefor to the Commission and securing its order of approval thereof pursuant to an appropriate hearing. Thereafter, similar multiple zone completions may be approved by the Director upon application therefor. The application shall be accompanied by an exhibit showing the location of all wells on adjacent premises and all offset wells on adjoining lands and shall set forth all material facts involved and the manner and method of completion proposed. Such an application shall also be accompanied by an affidavit showing that notice of intention to file such application has been given to the owners of all tracts located within a radius of one (1) mile of the well in which the multiple zone completion is to be attempted.

328 PRODUCTION FROM DIFFERENT PRODUCING FORMATIONS FROM ONE WELL BORE

The production of oil and gas, or either of them, from more than one productive formation from one well without segregation of such production as to separate formation is hereby prohibited unless otherwise authorized or permitted by order of the Commission pursuant to appropriate hearing. Application for such authority or permission shall be accompanied by an affidavit showing that notice of intention to file such application has been given to the owners of record of all tracts located within a radius of one (1) mile of the well in which it is proposed to produce from different producing formations from one well bore. The Director may require such tests as he deems necessary to determine the effectiveness of the segregation of the different productive formations.

329 USE OF GAS FOR ARTIFICIAL GAS LIFTING

Gas may be used for artificial gas lifting of oil where all such gas returned to the surface with the oil is used without waste. Where the returned gas is not to be so used, the use of gas for artificial gas lifting of oil is prohibited unless otherwise specifically ordered and authorized by the Commission upon hearing.

330 BONDING REQUIREMENT

The Commission, except as hereinafter provided, shall require from the owner a good and sufficient bond in the sum of not less than \$2500.00, payable to the State of Colorado, conditioned that the well upon abandonment shall be plugged in accordance with the rules and regulations of the Commission and that the well will be operated and repaired in accordance with the rules and regulations of the Commission. Said bond shall remain in force and effect until the plugging of said well is approved by the Director or a new bond is filed by a successor in interest or the bond is released by the Director. It is provided, however, that any owner in lieu of such bond may file with the Director a good and sufficient blanket bond in the principal sum of not less than \$10,000.00 covering all wells drilling or to be drilled in the State of Colorado by the principal in said bond, and upon acceptance and approval by the Director of such blanket bond said bond shall be considered as compliance with the foregoing provisions requiring an individual well bond. The Director may waive the requirement of a bond where in his opinion the owner or operator is financially responsible.

331 LOCATION OF WELLS

All wells drilled for oil or gas to a common source of supply in excess of 2,500 feet in depth shall be located not less than 330 feet from any property line, or lease line, and shall be located not less than 600 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply unless otherwise specifically permitted by order of the Commission upon hearing; provided and except that in drilling to a known common source of supply that is less than a depth of 2,500 feet below the surface, the well shall be located not less than 200 feet from any property line, or lease line, and not less than 300 feet from any other producible oil or gas well, or drilling well, in said source of supply, unless otherwise specifically permitted by order of the Commission; provided, however, that the completed depth of the discovery well shall be recognized as the depth of the pool for spacing purposes; provided further that this rule shall not be applicable where the owners proposing to drill a well file with the Commission a waiver, or consent, in writing, signed by the lease owner toward whom the well location is proposed to be moved, agreeing that said well may be located at the point at which the owner proposes to drill the well; provided further that this rule shall not apply to authorized secondary recovery projects; provided further that this rule shall not apply to fracture or crevice production found in shale; provided further that in a unit operation approved by Federal or State authorities, the rules herein set forth shall not apply.

No well drilled for oil or gas shall be located within 200 feet of a shaft or entrance to a coal mine not definitely abandoned or sealed, nor shall such well be located within 100 feet of any mine

shaft house, mine boiler house, mine engine house, or mine fan; and the location of any proposed well must insure that when drilled it will be at least fifteen feet from any mine haulage or airway.

332 MEASUREMENT OF OIL

The volume of production of oil shall be computed in terms of barrels of clean oil on the basis of meter measurements or tank measurements of oil-level differences, made and recorded to the nearest quarter inch of 100-percent-capacity tables, subject to the following corrections:

- (a) Correction for Impurities.—The percentage of impurities (water, sand, and other foreign substances, not constituting a natural component part of the oil) shall be determined to the satisfaction of the Director, and the observed gross volume of oil shall be corrected to exclude the entire volume of such impurities.
- (b) Temperature Correction.—The observed volume of oil corrected for impurities shall be further corrected to the standard volume at 60° F. in accordance with Table 2 of circular C-410 of the National Bureau of Standards (March 4, 1936) or any revisions thereof and any supplements thereto or any close approximation thereof approved by the Director.
- (c) Gravity Determination.—The gravity of oil at 60° F. shall be determined in accordance with Table 1 of Circular C-410 of the National Bureau of Standards (March 4, 1936) or any revisions thereof and any supplements thereto or any close approximation thereof approved by the Director.

333 MEASUREMENT OF GAS

Gas of all kinds shall be measured by meter (preferably of the orifice-meter type) unless otherwise agreed to by the Director. For computing volume of gas, the standard of pressure shall be 10 ounces above an atmospheric pressure of 14.4 pounds to the square inch, regardless of the atmospheric pressure at the point of measurement, and the standard of temperature shall be 60° F. All measurements of gas shall be adjusted by computation to these standards, regardless of pressures and temperatures at which the gas was actually measured, unless otherwise authorized by the Director.

334 OPEN PIT STORAGE OF OIL

The owner shall not, except during an emergency or except by special permission of the Director, permit oil to be temporarily stored or retained in earthen reservoirs or in any other receptacle in which there may be undue waste of oil.

335 UNDERGROUND DISPOSAL OF WATER

The underground disposal of salt water, brackish water, or other water, unfit for domestic, live stock, irrigation, or other general uses, is permitted only upon order of the Commission.

Disposal wells shall be cased and the casing cemented in such manner that damage will not be caused to oil, gas, fresh water, or other sources.

336 PROCEDURE FOR DISPOSAL OF WATER

The application to dispose of salt water, brackish water, or other water unfit for domestic, live stock, irrigation, or other general uses, shall be verified by applicant and filed in triplicate with the Commission containing: (a) A plat showing location of the disposal well or wells, and the location of all oil and gas wells, including abandoned and drilling wells and dry holes, and the names of lessees of record within one mile of the proposed disposal well or wells. (b) The name, description and depth of the formation into which water is to be injected. (c) The log of the disposal well or wells, or a description of the typical stratigraphic level of the disposal formation in the disposal well or wells. (d) A description of the casing in the disposal well or wells, or the proposed casing program, and the proposed method for testing casing before use of the disposal well or wells. (e) A statement specifying the source of water to be injected. (f) The estimated minimum and maximum amount of water to be injected daily. (g) The names and addresses of those notified by applicant, as required in item (j) of this rule. (h) Applications may be made to include the use of more than one disposal well on the same lease or on more than one lease. (i) The designated operator of a unitized or co-operative project shall execute the application; provided, however, that such application shall be approved, or not objected to by other participants. (j) In addition to the notice required by law, notice of the application shall be given by the applicant by registered mail or by delivering a copy of the application to each lessee of record within one mile of the proposed disposal well. Such notice shall be mailed to or filed with the Commission, and applicant shall certify that notice by registered mail or by delivery to each lessee within one mile of the proposed disposal well has been accomplished. (k) In the event no lessee within one mile of the disposal well or the Commission itself files written objection or complaint to the application within fifteen (15) days of the date of application, then the application shall be granted, but if a lessee within one mile of the disposal well or the Commission itself files written objection within fifteen (15) days of the date of application, then a hearing shall be held within not less than fifteen (15) days after notice of such hearing is duly given.

337 PLUGGING OF SEISMIC, CORE AND OTHER EXPLORATORY HOLES

It shall be the duty of any person, operator or contractor drilling a seismic, core, or other exploratory hole, regardless of diameter, to plug said hole in a manner sufficient to properly protect all fresh water bearing and possible or probable oil-or-gas-bearing formations.

338 LIABILITY

The owner of any well drilled for oil or gas, or any seismic, core, or other exploratory holes, whether cased or uncased, shall be liable and responsible for the plugging thereof in accordance with the rules and regulations of the Commission.

339 VACUUM NOT TO BE USED EXCEPT ON APPLICATION TO COMMISSION

The installation of vacuum pumps or other devices for the purpose of imposing a vacuum at the wellhead on any well or on any gas or oil bearing reservoir is permitted upon approval by the Commission after notice to adjacent lease owners and hearing. An accurate record of vacuum in the manner prescribed by the Commission shall be kept by the owner, which information shall be available to the Commission. Continued use of vacuum theretofore authorized is permitted unless specifically ordered discontinued by the Commission upon hearing.

340 SLUSH PITS

Slush pits shall be left in such a condition as not to constitute a hazard.

341 CO-OPERATION WITH OTHER AGENCIES

The Commission shall co-operate with the Conservation Division of the Department of the Interior, and with The Colorado Board of Land Commissioners, and the Interstate Oil Compact Commission, and invites the co-operation of those agencies and all other organizations concerned with the conservation of oil and gas resources.

UNIT OPERATIONS AND SECONDARY RECOVERY PROJECTS

401 APPLICATIONS

Applications for water flooding, repressuring or pressure-maintenance operations, cycling or recycling operations, including the extraction and separation of liquid hydrocarbons from natural gas in connection therewith, or for carrying on any other method of unit or co-operative development or operation of a field or a part of either, may be filed by any one or more of the parties involved, or the operator of said project, with the Commission. Such application shall contain the following: (a) Plat showing the area involved, together with the well or wells, including drilling wells, dry and abandoned wells located thereon, all properly designated. If the plan of operation is for water flooding, gas or air injection, such plat shall show the names and addresses of lease owners within one (1) mile of the intake well or wells. (b) A full description of the particular operation for which approval is required. (c) An executed copy of the proposed agreement. (d) If

water flooding, gas or air injection is proposed, the application shall show (1) the formations from which wells are producing or have produced, (2) the name, description and depth of the formations to be affected, (3) the log of the intake well or wells, or such information with respect thereto as is available, (4) description of the intake well's casing, or the proposed casing program, and the proposed method for testing casing before use of the input wells, (5) statement as to whether gas, air or water is to be used for injection, its source, and the estimated amounts to be injected daily, and (6) the names and addresses of the operator or operators of the project.

402 NOTICE AND DATE OF HEARING

Upon the filing of any application, the Commission shall issue notice thereof, as provided by the Colorado Oil and Gas Conservation Act and these regulations. Said application shall be set for public hearing at such time as the Commission may fix.

403 ADDITIONAL NOTICE

If water flooding, gas or air injection is proposed by said application, in addition to the notice required by the Colorado Oil and Gas Conservation Act, notice of such application shall be given by the applicant by mailing or delivering a copy of the application to each owner of record of drilling or producing wells or leases of record within one mile of the proposed intake well or wells. Such notice shall be mailed or delivered on or before the date the application is filed. An affidavit shall be attached to the application showing the parties on whom the notice has been served and their addresses.

404 CASING AND CEMENTING OF INJECTION WELLS

Wells used for injection of gas, air or water into the producing formation shall be cased with safe and adequate casing or tubing so as to prevent leakage, and shall be so set or cemented that damage will not be caused to oil, gas or fresh water resources.

405 NOTICE OF COMMENCEMENT AND DISCONTINUANCE OF INJECTION OPERATIONS

The following provisions shall apply to all injection projects whether or not they are approved by the Commission: (a) Immediately upon the commencement of injection operations, the operator shall notify the Commission of the injection date. (b) Within ten (10) days after the discontinuance of injection operations the operator shall notify the Commission of the date of such discontinuance and the reasons therefor. (c) Before any intake well shall be plugged, notice shall be served on the Commission by the owner of said well, and the same procedure shall be followed in the plugging of such well as provided for the plugging of oil and gas wells.

The operator of an injection project shall keep accurate records showing oil produced, injected volumes, and injection pressure.

RULES OF PRACTICE AND PROCEDURE

501. The office of the Commission is located at 1162½ Elati Street, Denver, Colorado, and is open 8:30 a.m. to 5:00 p.m. Monday through Friday. The telephone number is AC. 2-7753. The hearing room of the Commission is situated at 704 State Capitol Annex, Denver, Colorado, unless otherwise designated.

502. These rules shall be known and designated as "Rules of Practice and Procedure before The Oil and Gas Conservation Commission of the State of Colorado," in all proceedings relating to the conservation of oil and gas in the State of Colorado, and to the administration of the Colorado Oil and Gas Conservation Act.

503. The Commission may, on its own motion, institute a proceeding to prevent violation of the Colorado Oil and Gas Conservation Act, or of any order, rule, or regulation of the Commission relating to conservation of oil and gas, by the entry of its order to show cause directed to any person or persons charged with violating the same.

504. The Commission may also, on its own motion, initiate proceedings upon any question relating to conservation of oil and gas in the State of Colorado, or to the administration of the Colorado Oil and Gas Conservation Act, by entry of its order instituting such proceedings.

505. All other proceedings, except those initiated by the Commission on its own motion, shall be commenced by filing eight copies with the Commission of a verified typewritten or printed petition.

506. When a proceeding is instituted, as herein described above in Rules 3, 4, or 5, the Secretary of the Commission shall assign it a number and enter the proceeding with the date of its filing, or the date of the entry of the Commission order instituting such proceeding, on a separate page of a docket provided for such purpose. All pleadings offered, subsequent to the institution of a proceeding, shall be offered in duplicate and shall bear the docket number assigned to said proceeding and be noted with the date of filing upon the docket page of said proceeding, or a continuation thereof.

507. The Secretary may at any time require the party filing, or offering for filing, a pleading to furnish such additional copies of the same as may be deemed necessary.

508. The Commission entering its order to show cause, or entering its order to initiate a proceeding, and a party other than

the Commission instituting a proceeding, shall be known as the Plaintiff.

509. A party against whom a proceeding is instituted by action of the Commission shall be known as Respondent.

510. A party against whom a petition is filed by one other than the Commission shall be known as Defendant.

511. A party not originally joined as Plaintiff or Defendant or Respondent and who is subsequently made a party by order of the Commission shall be known as Intervener.

512. Before any rule, regulation, or order, or amendment thereof shall be made by the Commission, there shall be held a public hearing upon at least ten (10) days notice at such time and place as may be prescribed by the Commission and any interested person shall be entitled to be heard, except that when an emergency requiring immediate action is found by the Commission to exist, the Commission may issue an emergency order without notice of hearing, which shall be effective upon promulgation, but shall remain effective for no more than fifteen (15) days.

513. When a proceeding has been instituted, either by the Commission on its own motion or by the filing of a petition, the Commission shall cause notice of the hearing before the Commission to be given by personal service, or by one publication in a newspaper of general circulation in the City and County of Denver, Denver, Colorado, and in a newspaper of general circulation in the County where the land affected, or some part thereof, is situated. Said notice shall issue in the name of the State of Colorado, shall be signed by the Commission, or the Secretary of the Commission, and shall specify the style and number of the proceeding, the time and place of the hearing, and shall briefly state the purpose of the proceeding.

514. Should the Commission elect to give notice by personal service as provided in Rule 513 above, such service may be made by any officer appointed to serve summons, or by any agent of the Commission, in the same manner and extent as is provided by law for the service of summons in such actions in the District Court in this State. Proof of Service by such agent shall be by his affidavit and Proof of Service by any officer shall be in the form required by law with respect to service of summons in civil actions.

515. In all cases where (1) there is an application for the entry of a pooling order, or (2) there is an application for an exception from an established well spacing pattern, or (3) a complaint is made by the Commission or any party that any provision of the Colorado Oil and Gas Conservation Act, or any rule, regulation, or order of the Commission is being violated, notice of the hearing to be held on such application or complaint shall be served on the interested parties, as hereinafter defined, in the same man-

ner as is provided in the Rules of Civil Procedure for the service of process in civil actions in the District Courts in this State.

For the purpose of pooling orders, the term "interested parties" shall mean those persons who own any interest in the tracts to be pooled.

In cases of exceptions from an established well spacing pattern, the term "interested parties" shall mean the owners, as defined in the Act, in contiguous or cornering tracts of the size established in the existing spacing pattern.

In the case of a complaint made by the Commission or any party that any provision of the Colorado Oil and Gas Conservation Act, or any rule, regulation, or order of the Commission is being violated, the party or parties complained against shall be deemed the interested party or parties.

516. When any proceeding has been instituted by petition or by the Commission on its own motion, in addition to the service or publication of the notice of hearing as required by the Colorado Oil and Gas Conservation Act, the Secretary shall mail to each defendant or respondent and all persons who have requested notification of such proceeding, as provided in Rule 517, a written notice of the hearing to be held thereon, and the Secretary shall mail to all parties a copy of each pleading filed by any party subsequent to the institution of any proceeding.

517. Any person desiring notification by mail from the Secretary of the hearings before the Commission shall request same in writing by filing with the Secretary his name and address and designating the area or areas in which interested and as to which he desires to receive such notices.

518. Any hearing before the Commission may be continued to a specified time and place, the time not to exceed one hundred eighty (180) days, without the necessity of further notice in addition to the original notice of hearing.

519. Hearings before the Commission shall be conducted without rigid formality. A transcript of testimony shall be taken and preserved as a part of the permanent record of the Commission. Any person testifying in response to a subpoena issued by the Commission, and any person testifying in support of an application or a petition, or a complaint, or a motion, or in opposition thereto, shall be required to do so under oath or affirmation.

520. Three members of the Commission constitute a quorum for the transaction of business and for the holding of hearings.

521. Full opportunity shall be afforded all interested parties at a hearing to present evidence and to cross-examine witnesses. In general, the rules of evidence applicable before a trial court without a jury shall be applicable, providing that such rules may be relaxed, where, by so doing, the ends of justice will be better

served. No order shall be made which is not supported by some competent legal evidence.

522. The Commission may, through the Secretary, issue subpoenas requiring attendance of witnesses and the production of books, papers, and other instruments to the same extent and in the same manner and in accordance with the procedure provided in the Colorado Rules of Civil Procedure which authorizes issuance of subpoenas by Clerks of the District Courts.

523. Depositions may be taken by parties to a proceeding and used before the Commission in the same manner and under the same conditions prescribed in the Colorado Rules of Civil Procedure relating to the taking and using of depositions in the Courts of this State.

524. The Commission adopts the rules of practice and procedure contained in the Colorado Rules of Civil Procedure insofar as the same may be applicable and not inconsistent with the rules herein set forth.

525. The Commission shall enter its order within thirty (30) days after the hearing. Any person affected by any order of the Commission shall have the right at any time to apply to the Commission to repeal, amend, modify, or supplement the same.

526. These rules shall be liberally construed to secure just, speedy, and inexpensive determination of all issues presented to the Commission.

DONE AND PERFORMED by the Oil and Gas Conservation Commission of the State of Colorado, at its offices in Denver, Colorado, this 9th day of January, 1952.

THE OIL AND GAS CONSERVATION
COMMISSION OF THE STATE OF COLORADO

Warwick M. Downing, Chairman

Russell H. Volk, Commissioner

H. C. Bretschneider, Commissioner

Clark F. Barb, Commissioner

John E. Cronin, State Oil Inspector,
Commissioner

Exhibit J

C

121 9791 C



**GAS CONSERVATION COMMISSION
FIELD INSPECTION FORM**

| | |
|---|---|
| <input checked="" type="checkbox"/> NOTICE OF UNSATISFACTORY INSPECTION <input type="checkbox"/> NOTICE OF SATISFACTORY INSPECTION | 1120 Lincoln Street, Suite 801 Denver, CO 80203 (303)894-2100 |
| API No. 05- <u>121 - 9791</u> | LEASE NAME: <u>Cool 1-X</u> |
| LOCATION: <u>SESE 12-45-54</u> | OPERATOR: <u>Berenerogy</u> |
| DATE: <u>3-9-95</u> | INSPECTOR: <u>E.B. Buckley</u> |
| Insp. Type: <u>PR</u> | Insp. Status: <u>PR</u> |
| PA: Y <input type="checkbox"/> N <input type="checkbox"/> | Pass/Fail: P <input type="checkbox"/> F <input checked="" type="checkbox"/> Viol.: Y <input checked="" type="checkbox"/> N <input type="checkbox"/> NOV: Y <input type="checkbox"/> N <input checked="" type="checkbox"/> |

| INSPECTION ITEM | COMMENTS | INPUT |
|---------------------------|--|-------|
| Well ID Signs | <u>None</u> | |
| Pits (Reserve/Production) | <u>Skid pit needs repair work pull oil out of pit.</u> | |
| Fences | <u>None</u> | |
| Tank Battery Equipment | <u>2-300, VHT, skid tank</u> | |
| Fire Walls/Berms/Dikes | <u>Fair</u> | |
| General Housekeeping | <u>Needs in berm and pits</u> | |
| Spills (Oil/Water) | <u>Small oil spill near tanks</u> | |
| Bradenhead | <u>perm?</u> | |
| Drilling Well/Workover | | |
| Surface Rehabilitation | | |
| Miscellaneous | <u>Remove junk pump unit</u> | |

RECEIVED

MAR 29 1995

COLO. OIL & GAS CONS. COMM

CORRECTIVE ACTION REQUIRED: Install well sign. Remove oil from pits, remove junk equipment from lease.

ate Corrective Action Required By: 370-95 Date Remedied:

report is a Notice of Inspection. The Commission requires that you correct any deficiencies shown on this report in a timely manner. Failure to comply may result in enforcement action by the Commission.



RECEIPT CERTIFIED
P 296 746 057

**& GAS CONSERVATION COMMISSION
FIELD INSPECTION REPORT**

| | | |
|---|-----------------------|--|
| <input checked="" type="checkbox"/> NOTICE OF UNSATISFACTORY INSPECTION | (C) | 120 Lincoln Street, Suite 801 Denver, CO 80203 (303)894-2100 |
| <input type="checkbox"/> NOTICE OF SATISFACTORY INSPECTION | | |
| API No. 05- 121 - 09791 | LEASE NAME: COOK I-X | |
| LOCATION: SESE Sec 12 4S 54W | OPERATOR: BEPENERGY | |
| DATE: SEPT 22, 1995 1803 | INSPECTOR: Loren Avis | |
| Insp. Type: PR | Insp. Status: PR | PA: Y N Pass/Fail: P (F) Viol. (N) NOV (Y) N |

| INSPECTION ITEM | COMMENTS | INPUT |
|---|--------------------------------|-------|
| Well ID Signs (Rule 210) | NEED SIGN! (3rd one w/o sign) | ✓ |
| Pits (Reserve/Production) (Rule 902, 903, 904) | 902f Inadequate skim pit cover | ✓ |
| Fences (Rule 604.C.(3), 1003.A) | | |
| Tank Battery Equipment (Rule 604) | | |
| Fire Walls/Berms/Dikes (Rule 604) | | |
| General Housekeeping (Rule 603.G) | | |
| Spills (Oil/Water) (Rule 908) | | |
| Bradenhead (Rule 207) | | |
| Drilling Well/Workover (Rule 315) | | |
| Surface Rehabilitation (Rule 317) | | |
| Miscellaneous | No jar for site mail | ✓ |

CORRECTIVE ACTION REQUIRED: GET ID SIGN.
Repair/Replace cover to skim pit

Date Corrective Action Required By: OCT 2, 1995 Date Remedied:

This report is a Notice of Inspection. The Commission requires that you correct any deficiencies shown on this report in a timely manner. Failure to comply may result in enforcement action by the Commission.



Operator Name & Mailing Address / Company Representative:
 Bevenenergy Corp.
 1801 California St, Ste 101
 Denver, Co 80401

Date Notice Issued:
 Sept. 22, 1995

| | | |
|--------------------------------------|---|--------------------------------------|
| Well/Site/Facility: Cook 1-X | Legal Description (1/4 1/4, Section, Township, Range, P.M.): SESE 12-45-54W | County: Washington |
| LEASE NUMBER: | API NUMBER: 0512109791 | |
| COGCC Representative: Loren Artis | Phone Number: 894 2100 X110 | Date of Violation: Sept. 22, 1995 |
| | Phone Number: | Approx. Time of Violation: |

THE FOLLOWING VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE ON THE DATE FOR THE SITE LISTED ABOVE

Describe Violation:
 No lease sign
 Inadequate skin pit cover

Act, Order, Regulation Violated: 210, 902 F

Abatement or Corrective Action to be Completed by: Oct. 2, 1995

Abatement or Corrective Action Required to be Performed by Operator: Install lease sign, repair skin pit cover

TO BE COMPLETED BY OPERATOR: When Violation is corrected, sign this notice and return to the above address

| | | |
|--|----------------------------------|------------------|
| Print Company Representative Name & Title: Bruce M. Patterson Dist. Pet. Engr. | Signature: Bruce M. Patterson | Date: 10-2-95 |
| Company Comments: Signs ordered & chicken wire installed over skin pit cover see attached contractor field ticket | | |

This Notice constitutes a separate notice of violation for each violation listed

WARNING

Incidents of Noncompliance correction and reporting time frames begin upon receipt of the Notice or 5 days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Colorado Oil and Gas Conservation Commission at the address shown above. If you fail to take corrective action within the prescribed time, the Commission may issue a Cease and Desist Order. All self-corrected corrections must be postmarked no later than the next business day after the prescribed time for correction. Failure to abate this violation in the prescribed time may result in a hearing before the COGCC and an assessment of penalties and fines. An operator may request a Commission hearing by filing a written application. Requesting a hearing does not stay obligations or imposition of penalties for this time period.

34-60-121(1) C.R.S. 1973, provides for imposition of civil penalties of up to \$1,000 for each violation and for each day that such violation continues, unless the penalty for such violation is otherwise specifically provided for and made exclusive of this article. Failure to perform required corrective action may result in suspension, revocation or modification of an operator's permit, 34-60-121(6) C.R.S.

34-60-121(7) C.R.S. 1994, provides for the Commission to issue an order to appear for hearing to an operator who is responsible for a pattern of violation of any rule, regulation, order or permit, issued by the Commission. If the Commission finds that a knowing and willful pattern of violation exists, it may issue an order which shall prohibit the issuance of any new permits to such operator.

34-60-121(2) C.R.S. 1994, provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate or misleading reports, notices, affidavits, records, data or other written information required by this part shall be guilty of a misdemeanor and may be punished by a fine of not more than \$5,000, or by imprisonment for not more than six months, or both.

| | | |
|---|------------------|-------|
| Signature of COGCC Representative: Jan [Signature] | Date: 9/27/95 | Time: |
|---|------------------|-------|

**COLORADO OIL & GAS CONSERVATION COMMISSION
FIELD INSPECTION REPORT**

| | |
|---|---|
| <input type="checkbox"/> NOTICE OF UNSATISFACTORY INSPECTION | 1120 Lincoln Street, Suite 801 Denver, CO 80203 (303)894-2100 |
| <input checked="" type="checkbox"/> NOTICE OF SATISFACTORY INSPECTION | |
| API No. 05- <u>121 - 09791</u> | LEASE NAME: <u>COOK 1-X</u> |
| LOCATION: <u>SESE12-4S-54W</u> | OPERATOR: <u>Berenergy</u> |
| DATE: <u>10-31-95</u> | INSPECTOR: <u>L. Avis</u> |
| Insp. Type: <u>PR</u> Insp. Status: <u>PR</u> PA: Y N | Pass/Fail: <u>P</u> F Viol.: Y <u>N</u> NOV: Y N |

| INSPECTION ITEM | COMMENTS | INPUT |
|---|---|-------|
| Well ID Signs (Rule 210) | | |
| Pits (Reserve/Production) (Rule 902, 903, 904) | | |
| Fences (Rule 604.C.(3), 1003.A) | | |
| Tank Battery Equipment (Rule 604) | | |
| Fire Walls/Berms/Dikes (Rule 604) | | |
| General Housekeeping (Rule 603.G) | | |
| Spills (Oil/Water) (Rule 908) | | |
| Bradenhead (Rule 207) | | |
| Drilling Well/Workover (Rule 315) | | |
| Surface Rehabilitation (Rule 317) | | |
| Miscellaneous | <i>Remove weeds from berms and tank enclosure</i> | |

CORRECTIVE ACTION REQUIRED:

Date Corrective Action Required By:

Date Remedied:

This report is a Notice of Inspection. The Commission requires that you correct any deficiencies shown on this report in a timely manner. Failure to comply may result in enforcement action by the Commission.

Exhibit K

Robert Willis

Subject: FW: Skim Pit Lining Requirements
Attachments: 904.a.Redline 04-2009.pdf

From: Axelson, John [<mailto:John.Axelson@state.co.us>]
Sent: Friday, January 20, 2012 11:43 AM
To: Dana Wreath
Cc: Baldwin, Debbie; Lindblom, Steven
Subject: Skim Pit Lining Requirements

Dana,

The basis for the request to properly line skim pits is COGCC Rule 904.a.(4). During the most recent rule changes, the language "..... pits shall comply with the rules in effect at the time of their construction," came into effect. The previous version of the rule prior to April 2009 read as follows:

904. PIT LINING REQUIREMENTS AND SPECIFICATIONS

- a. Pit lining requirements. The following pits shall be lined:
 - (1) Drilling pits designed for use with fluids containing hydrocarbon concentrations exceeding 20,000 ppm TPH or chloride concentrations at total well depth exceeding 15,000 ppm in sensitive areas or 50,000 ppm outside sensitive areas.
 - (2) Production pits in sensitive areas.
 - (3) Special purpose pits, except emergency pits constructed during initial response to spills/releases, or flare pits where there is no risk of condensate accumulation.
 - (4) Skim pits.

For reference - a copy of the red-line rule 904.a. is attached that shows the new language in red as of 2009 and the old language struck out or in black where it was unchanged.

Prior to 2009, all skim pits were required to be lined. If the pit was first constructed in the 1950's and operated to present day, it should have been lined when the first pit lining requirements came into effect.

As I mentioned, COGCC is working with many operators in Colorado to not only line skim pits, but to get pits properly permitted, upgraded or closed when applicable.

If you would like, you can also discuss this with Debbie Baldwin (303-894-2100 ext. 5111), the environmental manager or Steve Lindblom (303-894-2100 ext. 5114), the supervisor for eastern Colorado.

Thank you,

John Axelson, P.G.
Environmental Protection Specialist, Northeast Region
Colorado Oil & Gas Conservation Commission
Phone: 303-637-7178
Cell: 303-877-9964
Fax: 303-637-7179



Exhibit L

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

| | | |
|----------------------------------|---|-----------------|
| IN THE MATTER OF CHANGES TO THE |) | CAUSE NO. 1R |
| RULES AND REGULATIONS OF THE OIL |) | |
| AND GAS CONSERVATION COMMISSION |) | ORDER NO. 1R-82 |
| OF THE STATE OF COLORADO |) | |

REPORT OF THE COMMISSION

Pursuant to a hearing before the Oil and Gas Conservation Commission on November 24 1997, in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado, after giving Notice of Hearing, as required by law, the Oil and Gas Conservation Commission revised its Rules and Regulations to add and amend certain Rules in the 100 Series, 300 Series, 500 Series and 900 Series. Said Rules should henceforth read as attached Exhibit A.

Attached, as Exhibit B, is a statement giving the basis and purpose of the revisions and additions, and such statements are incorporated herein by reference.

DONE AND PERFORMED by the Oil and Gas Conservation Commission of the State of Colorado this 25th day of November, 1997.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
November 25, 1997

EXHIBIT A

100 SERIES (DEFINITIONS)

BATTERY shall mean the point of collection (tanks) and disbursement (tank, meter, lease automated custody transfer (LACT) unit) of oil or gas from producing well(s).

LAND APPLICATION shall mean the disposal method by which E&P waste is spread upon or sometimes mixed into soils.

LAND TREATMENT shall mean the treatment method by which E&P waste is applied to soils and treated to result in a reduction of hydrocarbon concentration by biodegradation and other natural attenuation processes. Land treatment may be enhanced by tilling, disking, aerating, composting and the addition of nutrients or microbes.

PRODUCTION PITS shall mean those pits used after drilling operations and initial completion of a well, including natural gas gathering, processing and storage facility pits, multi-well pits and:

SKIMMING/SETTLING PITS used to provide retention time for settling of solids and separation of residual oil.

PRODUCED WATER PITS used to temporarily store produced water prior to injection for enhanced recovery or disposal, off-site transport, or surface-water discharge.

PERCOLATION PITS used to dispose of produced water by percolation and evaporation through the bottom and/or sides of the pits into surrounding soils.

EVAPORATION PITS used to contain produced waters which evaporate into the atmosphere by natural thermal forces.

RELEASE shall mean any unauthorized discharge of E&P waste to the environment over time.

SPILL shall mean any unauthorized sudden discharge of E&P waste to the environment.

SPECIAL PURPOSE PITS shall mean those pits used in oil and gas operations, including natural gas gathering, processing and storage facility pits, multi-well pits, and:

BLOWDOWN PITS used to collect material resulting from, including but not limited to, the emptying or depressurizing of wells, vessels, or gas gathering systems.

FLARE PITS used exclusively for flaring gas.

EMERGENCY PITS used to contain liquids on a temporary basis due to process upset conditions.

BASIC SEDIMENT/TANK BOTTOM PITS used to temporarily store or treat the extraneous materials in crude oil which may settle to the bottoms of tanks or production vessels and which may contain residual oil.

WORKOVER PITS used to contain liquids during the performance of remedial operations on a producing well in an effort to increase production.

PLUGGING PITS used for containment of fluids encountered during the plugging process.

300 SERIES DRILLING, DEVELOPMENT, PRODUCING AND ABANDONMENT

335. COGCC Form 15. PIT CONSTRUCTION REPORT/PERMIT

A Pit Construction Report/Permit, Form 15, shall be submitted for approval by the Director in accordance with Rule 903.

336. COGCC Form 18. COMPLAINT FORM

Any party who wishes to file a complaint regarding oil and gas operations is encouraged to submit a Form 18. The Director shall investigate any complaint and determine what, if any, action shall be taken in accordance with Rule 522.

337. COGCC Form 19. SPILL/RELEASE REPORT

All spills and releases of E&P waste exceeding five (5) barrels shall be reported on a Spill/Release Report, Form 19. Form 19 shall be filed with the Director pursuant to the reporting requirements in Rule 906.

338. COGCC Form 24. SOIL ANALYSIS REPORT

Soil Analysis Report, Form 24, shall be submitted where soil composition data is required, in accordance with Rule 910.

339. COGCC Form 25. WATER ANALYSIS REPORT

Water Analysis Report, Form 25, shall be submitted where water quality data is required, in accordance with Rule 910.

340. COGCC Form 27. SITE INVESTIGATION AND REMEDIATION WORKPLAN

Site Investigation and Remediation Workplan, Form 27, shall be submitted when required in accordance with Rule 909.

500 SERIES RULES OF PRACTICE AND PROCEDURE

523. PROCEDURE FOR ASSESSING FINES

c. **Base fine schedule.** The following table sets forth the base fine for violation of the rules listed.

| RULE NUMBER | BASE FINE |
|-------------|-----------|
| 901 | \$1000 |
| 902 | \$1000 |
| 903 | \$1000 |
| 904 | \$1000 |
| 905 | \$1000 |
| 906 | \$1000 |
| 907 | \$1000 |
| 908 | \$1000 |
| 909 | \$1000 |
| 910 | \$1000 |
| 911 | \$1000 |
| 912 | \$1000 |

900 SERIES - E&P WASTE MANAGEMENT

901. INTRODUCTION

- a. **General.** The rules and regulations of this series establish the permitting, construction, operating and closure requirements for pits, methods of E&P waste management, procedures for spill/release response and reporting, and sampling and analysis for remediation activities. The 900 Series rules are applicable only to E&P waste, as defined in §34-60-103(4.5), C.R.S., or other solid waste where the Colorado Department Of Public Health And Environment ("CDPHE") has allowed remediation and oversight by the Commission.
- b. **COGCC reporting forms.** The reporting required by the rules and regulations of this series shall be made on forms provided by the Director. Alternate forms may be used where equivalent information is supplied and the format has been approved by the Director.
- c. **Additional requirements.** Whenever the Director has reasonable cause to believe that an operator, in the conduct of any oil or gas operation, is performing any act or practice which threatens to cause or causes a violation of Table 910-1 and with consideration of water quality standards or classifications established by the Water Quality Control Commission ("WQCC") for waters of the state, the Director may impose additional requirements, including but not limited to, sensitive area determination, sampling and analysis, remediation, monitoring, permitting and the establishment of points of compliance. Any action taken pursuant to this Rule shall comply with the provisions of Rules 324A. through D. and the 500 Series rules.
- d. **Alternative compliance methods.** Operators may propose for prior approval by the Director alternative methods for determining the extent of contamination, sampling and analysis, or alternative cleanup goals using points of compliance or risk-based approaches.
- e. **Sensitive area determination.** Operators shall make a sensitive area determination using the Sensitive Area Determination Decision Tree, Figure 901-1 to evaluate the potential for impact to ground water and submit data evaluated and analysis used in the determination to the Director for the following operations or remediation activities:
- (1) Construction of drilling pits designed for use with fluids containing hydrocarbon concentrations exceeding 20,000 parts per million ("ppm") total petroleum hydrocarbon ("TPH") or chloride concentrations at total well depth exceeding 15,000 ppm.
 - (2) Construction of production and special purpose pits;
 - (3) Construction of centralized E&P waste management facilities;
 - (4) Management and remediation of spills/releases exceeding twenty (20) barrels net loss of E&P waste; or
 - (5) When the operator or Director has data that indicate an impact or threat of impact to ground water.

f. **Sensitive area operations.** Operations in sensitive areas shall incorporate adequate measures and controls to prevent significant adverse environmental impacts and ensure compliance with the allowable concentrations and levels in Table 910-1, with consideration to WQCC standards and classifications. Unlined production and special purpose pits in sensitive areas are generally not approved.

902. PITS - GENERAL AND SPECIAL RULES

- a. Pits used for exploration and production of oil and gas shall be constructed and operated to protect the waters of the state from significant adverse environmental impacts from E&P waste, except as permitted by applicable laws and regulations.
- b. Topsoil and subsoil removed in the construction of the pit shall be segregated and stockpiled in a manner described in Rule 1002, and used for reclamation of the site.
- c. Pits shall be constructed and operated to provide for a minimum of two (2) feet of freeboard between the top of the pit wall and the fluid level of the pit.
- d. Any accumulation of oil in a pit shall be removed within twenty-four (24) hours of discovery. This requirement is not applicable to properly permitted and properly fenced or netted skim pits.
- e. Where necessary to protect public health, safety and welfare or to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public, operators shall install appropriate netting or fencing.
- f. **Multi-well pits.** Production and special purpose pits used for treatment or disposal of E&P waste generated from more than one well may be permitted in accordance with Rule 903, as a multi-well pit, subject to Director approval.
- g. Unlined drilling pits shall not be constructed on fill material.
- h. Produced water shall be treated in accordance with Rule 907, before being placed in a production pit.

903. PIT PERMITTING/REPORTING REQUIREMENTS

- a. Drilling pits, production pits, and special purpose pits shall be permitted or reported as follows:
 - (1) Pit Construction Report/Permit, Form 15, shall be submitted for prior Director approval for the following:
 - A. Drilling pits designed for use with fluids containing hydrocarbon concentrations exceeding 20,000 ppm TPH or chloride concentrations at total well depth exceeding 15,000 ppm in sensitive areas or 50,000 ppm outside sensitive areas.
 - B. Production pits and unlined special purpose pits in sensitive areas.
 - C. Unlined production pits and special purpose pits outside sensitive areas, excluding those pits permitted in accordance with Rule 903.a.(2).B.
 - (2) Pit Construction Report/Permit, Form 15, shall be submitted within thirty (30) days after construction for the following:

- A. Lined production pits outside sensitive areas.
- B. Unlined production pits outside sensitive areas receiving produced water at an average daily rate of five (5) or less barrels per day calculated on a monthly basis for each month of operation.
- C. Lined special purpose pits.
- D. Flare pits where there is no risk of condensate accumulation.

(3) Pit Construction Report/Permit, Form 15, shall not be required for drilling pits using water-based bentonitic drilling fluids with concentrations of TPH and chloride below those referenced in Rule 903.a.(1).A.

- b. The Pit Construction Report/Permit, Form 15, shall be completed in accordance with the instructions in Appendix I. Failure to complete the form in full may result in delay of approval or return of form.
- c. The Director shall endeavor to review any properly completed Pit Construction Report/Permit, Form 15, within thirty (30) days after receipt. In order to allow adequate time for pit permit approval, operators should submit required Form 15 pit construction permit requests for approval with an Application for Permit to Drill, Form 2. The Director may condition permit approval upon compliance with additional terms, provisions or requirements necessary to protect the waters of the state, public health, or the environment.

904. PIT LINING REQUIREMENTS AND SPECIFICATIONS

- a. Pit lining requirements. The following pits shall be lined:
 - (1) Drilling pits designed for use with fluids containing hydrocarbon concentrations exceeding 20,000 ppm TPH or chloride concentrations at total well depth exceeding 15,000 ppm in sensitive areas or 50,000 ppm outside sensitive areas.
 - (2) Production pits in sensitive areas.
 - (3) Special purpose pits, except emergency pits constructed during initial response to spills/releases, or flare pits where there is no risk of condensate accumulation.
 - (4) Skim pits.
- b. The following specifications shall apply to pits that are required to be lined:
 - (1) Materials used in lining pits shall be impervious, weather resistant and resistant to deterioration when in contact with hydrocarbons, aqueous acids, alkali, fungi or other substances in the produced water.

(2) Soil liners shall have a minimum thickness of six (6) inches after compaction, shall cover the entire bottom and interior sides of the pit, and shall be constructed so that the hydraulic conductivity of the liner shall not exceed 1.0×10^{-6} cm/sec. Bentonite liners shall be constructed to provide equivalent protection. Operators shall perform post-construction tests either in a laboratory or in the field. All test results shall be filed with the Director.

(3) Synthetic or fabricated liners shall have a minimum thickness of twelve (12) mills and shall be resistant to deterioration by ultraviolet light, weathering, chemicals, punctures and tearing, and designed for the life of the well. The foundation for the liner shall be constructed to prevent punctures from soils or other materials beneath the liner. The synthetic or fabricated liner shall cover the bottom and interior sides of the pit with the edges secured with at least a twelve (12) inch deep anchor trench around the pit perimeter.

(4) In Sensitive Areas, the Director may require a leak detection system for the pit or other equivalent protective measures, including but not limited to, increased record-keeping requirements, monitoring systems and underlying gravel fill sumps and lateral systems. In making such determination, the Director shall consider the surface and subsurface geology, the use and quality of potentially-affected ground water, the quality of the produced water, and the hydraulic conductivity of the surrounding soils and the type of liner.

905. CLOSURE OF PITS, AND BURIED OR PARTIALLY BURIED PRODUCED WATER VESSELS.

a. Unlined production and special purpose pits, except emergency pits constructed during initial response to spills/releases, shall be closed in accordance with an approved Site Investigation and Remediation Workplan, Form 27. The workplan shall be submitted for prior Director approval and shall include a description of the proposed investigation and remediation activities in accordance with Rule 909.

b. Lined pits and buried or partially buried produced water vessels:

(1) Operators shall ensure that soils and ground water meet the allowable concentrations of Table 910-1.

(2) Pit evacuation. Prior to backfilling and site reclamation, E&P waste shall be treated or disposed in accordance with Rule 907.

(3) Liners shall be disposed as follows:

A. Synthetic liner disposal. On irrigated crop land, liner material shall be removed and disposed in accordance with applicable solid waste rules. On non-irrigated crop land and on non-crop land, liner material may be left in place with surface owner approval.

B. Constructed soil liners. Constructed soil liner material may be removed for treatment or disposal, or, where left in place, the material shall be ripped and mixed with native soils in a manner to alleviate compaction and prevent an impermeable barrier to infiltration and ground water flow.

c. **Discovery of a spill/release during closure.** When a spill/release is discovered during closure operations operators shall report the spill/release on the Spill/Release Report, Form 19, in accordance with Rule 906. Leaking pits and buried or partially buried produced water vessels shall be closed and remediated in accordance with Rules 909, and 910.

d. **Emergency pits.** Emergency pits constructed during initial response to contain and mitigate spills/releases shall not be subject to lining requirements. These pits shall be closed and remediated in accordance with Rule 906.

e. **Unlined drilling pits.** Unlined drilling pits shall be closed and reclaimed in accordance with the 1000 Series rules.

906. SPILLS AND RELEASES

a. **General.** Spills/releases of E&P waste, including produced fluids shall be controlled and contained immediately upon discovery. Impacts resulting from spills/releases shall be investigated and cleaned up as soon as practicable. The Director may require additional activities to prevent or mitigate threatened or actual significant adverse environmental impacts on any air, water, soil or biological resource, or to the extent necessary to ensure compliance with the allowable concentrations and levels in Table 910-1, with consideration to WQCC ground water standards and classifications.

b. **Reporting.**

(1) Spills/releases of E&P waste or produced fluid exceeding five (5) barrels, including those contained within unlined berms, shall be reported on COGCC Spill/Release Report Form, 19. Such report shall include information relating to initial mitigation, site investigation and remediation, and shall be submitted to the Director within ten (10) days of discovery of the spill/release.

(2) In addition, spills/releases which exceed twenty (20) barrels of an E&P waste shall be verbally reported to the Director within twenty-four (24) hours of discovery.

(3) In addition, spill/releases of any size which impact or threaten to impact any waters of the state, residence or occupied structure, livestock or public byway, shall be verbally reported to the Director as soon as practicable after discovery.

c. **Surface owner notification and consultation.** The operator shall make good faith efforts to notify and consult with the surface owner prior to commencing operations to remediate E&P waste from a spill/release in an area not being utilized for oil and gas operations.

d. **Remediation of spills/releases.**

(1) **Remediation workplan.** When threatened or actual significant adverse environmental impacts on any air, water, soil or biological resource from a spill/release exists or when necessary to ensure compliance with the allowable concentrations and levels in Table 910-1, with consideration to WQCC ground water standards and classifications, the Director may require operators to submit a Site Investigation and Remediation Workplan, Form 27.

(2) **Remediation requirements.** Spills/releases shall be remediated to meet the allowable concentrations in Table 910-1. Spills/releases exceeding twenty (20) barrels net loss of E&P waste shall be remediated in accordance with Rules 909, and 910.

e. **Spill/release prevention.**

(1) **Secondary containment.** Secondary containment shall be constructed or installed around tanks containing crude oil, condensate or produced water with greater than 10,000 milligrams per liter (mg/l) total dissolved solids (TDS). Operators are also subject to crude oil tank and containment requirements under Rules 603, and 604. This requirement shall not apply to water tanks with a capacity of one hundred (100) barrels or less.

(2) **Spill/release evaluation.** Operators shall determine the cause of a spill/release, and to the extent practicable, shall implement measures to prevent spills/releases due to similar causes in the future. For reportable spills, operators shall submit this information to the Director on the Spill/Release Report, Form 19 within thirty (30) days after discovery of the spill/release.

907. MANAGEMENT OF E&P WASTE

a. **General requirements.**

(1) **Operator obligations.** Operators shall ensure that E&P waste is properly stored, handled, transported, treated, recycled or disposed to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources or to the extent necessary to ensure compliance with the allowable concentrations and levels in Table 910-1, with consideration to WQCC ground water standards and classifications.

(2) E&P waste management activities shall be conducted, and facilities constructed and operated, to protect the waters of the state from significant adverse environmental impacts from E&P waste, except as permitted by applicable laws and regulations.

(3) **Reuse and recycling.** To encourage and promote waste minimization, operators may propose plans for managing E&P waste through beneficial use, reuse and recycling by submitting a written management plan to the Director for approval. Such plans shall describe the proposed use of the waste, method of waste treatment, product quality assurance, and shall include a copy of any certification or authorization that may be required by other laws.

b. **Waste transportation.**

(1) E&P waste, when transported off-site within Colorado for treatment or disposal, shall be transported to facilities authorized by the Director or waste disposal facilities approved to receive E&P waste by the CDPHE.

(2) **Waste generator requirements.** Generators of E&P waste shall maintain, for not less than three (3) years, copies of each invoice, bill or ticket and such other records as necessary to document the following information from a transporter or disposal site, describing the disposal of E&P waste from each location:

- A. The date of the transport;
- B. The identity of the waste generator;
- C. The identity of the waste transporter;
- D. The location of the waste pickup site;

- E. The type and volume of waste; and
- F. The name and location of the treatment or disposal site.

Such records shall be made available for inspection by the Director during normal business hours and copies thereof shall be furnished to the Director upon request.

c. **Produced water.**

(1) **Treatment of produced water.** Produced water shall be treated prior to placement in a production pit to prevent crude oil and condensate from entering the pit.

(2) **Produced water disposal.** Produced water may be disposed as follows:

- A. Injection into a Class II well, permitted in accordance with Rule 325.;
- B. Evaporation/percolation in a properly permitted lined or unlined pit;
- C. Disposal at permitted commercial facilities; or

D. Disposal by roadspreading on lease roads outside sensitive areas for produced waters with less than 5,000 mg/l TDS when authorized by the surface owner. Roadspreading shall not result in pooling or runoff of produced waters and the adjacent soils shall meet the allowable concentrations in Table 910-1.

(3) **Produced water reuse and recycling.** Produced water may be reused for enhanced recovery, drilling, and other uses in a manner consistent with existing water rights and in consideration of water quality standards and classifications established by the WQCC for waters of the state, or any point of compliance established by the Director pursuant to Rule 324D.

d. **Drilling fluids.**

(1) **Drilling pit fluid recycling.** Drilling pit contents may be recycled to another drilling pit consistent with Rule 903.

(2) **Drilling fluids treatment and disposal.** Drilling fluids may be treated or disposed as follows:

- A. Injection into a Class II well permitted in accordance with Rule 325;
- B. Disposal at a commercial solid waste disposal facility; or
- C. Land treatment or land application at a centralized E&P waste management facility permitted in accordance with Rule 908.

(3) **Additional authorized disposal of water-based bentonitic drilling fluids.** Water-based bentonitic drilling fluids may be disposed as follows:

- A. Drying and burial in drilling pits on non-crop land; or
- B. Land application as follows:

i. **Applicability.** Acceptable methods of land application include, but are not limited to, production facility construction and maintenance, lease and farm road maintenance, or lining of stock ponds and irrigation ditches.

ii. **Land application requirements.** The average thickness of water-based bentonitic drilling fluid waste applied shall be no more than three (3) inches prior to incorporation. The waste shall be applied to prevent ponding or erosion and shall be incorporated as a beneficial amendment into the native soils as soon as practicable. The resulting concentrations shall not exceed those in Table 910-1.

iii. **Surface owner approval.** Operators shall obtain written authorization from the surface owner prior to land application of water-based bentonitic drilling fluids.

iv. **Operator obligations.** Operators with control and authority over the wells from which the water-based bentonitic drilling fluid wastes are obtained retain responsibility for the land application operation, and shall diligently cooperate with the Director in responding to complaints regarding land application of water-based bentonitic drilling fluids.

v. **Approval.** Prior Director approval is not required for reuse of water-based bentonitic drilling fluids for land application as a soil amendment or lining material.

e. **Oily waste.** Oily waste includes those materials containing crude oil, condensate or other hydrocarbon-containing E&P waste, such as soil, frac sand, drilling fluids, workover fluids, pit sludge, tank bottoms, pipeline pigging wastes, and natural gas gathering, processing and storage wastes.

(1) Oily waste may be treated or disposed as follows:

- A. Disposal at a commercial solid waste disposal facility;
- B. Land treatment onsite or with prior written surface owner approval, offsite land treatment; or
- C. Land treatment at a centralized E&P waste management facility permitted in accordance with Rule 908.

(2) Land treatment requirements:

- A. Free oil shall be removed from the oily waste prior to land treatment.
- B. Oily waste shall be spread evenly to prevent pooling, ponding or runoff.
- C. Contamination of ground water or surface water shall be prevented.
- D. Biodegradation shall be enhanced by disking, tilling, aerating, addition of nutrients, microbes, water or other amendments, as appropriate.
- E. Land-treated oily waste incorporated in place shall not exceed the allowable concentrations in Table 910-1.

F. When a threatened or significant adverse environmental impact from onsite land treatment exists, the Director may require operators to submit a Site Investigation And Remediation Workplan, Form 27. Treatment shall thereafter be completed in accordance with the workplan and Rules 909. and 910.

G. When land treatment occurs in an area not being utilized for oil and gas operations, operators shall obtain prior written surface owner approval.

908. CENTRALIZED E&P WASTE MANAGEMENT FACILITIES

a. *Applicability.* Operators may establish non-commercial, centralized E&P waste management facilities for the treatment, disposal, recycling or beneficial reuse of E&P waste. This rule applies only to non-commercial facilities, which means the operator does not represent itself as providing E&P waste management services to third parties, except as part of a unitized area or joint operating agreement or in response to an emergency. Centralized facilities may include components such as land treatment or land application sites, pits and recycling equipment.

b. *Permit requirements.* An application for permit including the following information shall be submitted to the Director for prior approval along with a filing and service fee established by the Commission (Appendix III):

- (1) The name, address, phone and fax number of the operator, and a designated contact person.
- (2) The name, address and phone number of the surface owner of the site, if not the operator, and the written authorization of such surface owner.
- (3) The legal description of the site.
- (4) A general topographic, geologic and hydrologic description of the site, including immediately adjacent land uses, a topographic map of a scale no less than 1:24,000 showing the location, and the average annual precipitation and evaporation rates at the site.
- (5) Centralized facility siting requirements.

A. A site plan showing drainage patterns and any diversion or containment structures, and facilities such as roads, fencing, tanks, pits, buildings, and other construction details.

B. Scaled drawings of entire sections containing the proposed facility. The field measured distances from the nearer north or south and nearer east or west section lines shall be measured at ninety (90) degrees from said section lines to facility boundaries and referenced on the drawing. A survey shall be provided including a complete description of established monuments or collateral evidence found and all aliquot corners.

C. Appropriate measures to limit access to the centralized facility by wildlife, domestic animals, and members of the general public shall be implemented.

D. Centralized facilities shall have a fire lane of at least ten (10) feet in width around the active treatment areas and within the perimeter fence. In addition, a buffer zone of at least ten (10) feet shall be maintained within the perimeter fire lane.

E. Surface water diversion structures, including, but not limited to, berms and ditches, shall be constructed to accommodate a one hundred (100) year, twenty four (24) hour event.

(6) **Waste profile.** For each type of waste, the amounts to be received and managed by the facility shall be estimated on a monthly average basis. For each waste type to be treated, a characteristic waste profile shall be completed.

(7) **Facility design and engineering.** Facility design and engineering data, including plans and elevations, design basis, calculations, and process description.

(8) **Operating plan.** An operating plan, including, but not limited to, a detailed description of the method of treatment, loading rates, application of nutrients and soil amendments, dust and moisture control, sampling, inspection and maintenance, emergency response, record-keeping, site security, hours of operation, and final disposition of waste. Where treated waste will be beneficially reused, a description of reuse and method of product quality assurance shall be included.

(9) **Ground water monitoring.**

A. The Director may require ground water monitoring for the purpose of preventing and mitigating threatened or actual significant adverse environmental impact or to ensure compliance with the allowable concentrations and levels in Table 910-1, with consideration to WQCC standards and classifications by establishing points of compliance.

B. Where monitoring is required, the direction of flow, ground water gradient and quality of water shall be established by the installation of a minimum of three (3) monitor wells, including an up-gradient well and two (2) down-gradient wells that will serve as points of compliance, or other methods authorized by the Director.

c. **Permit approval.** The Director shall endeavor to approve or deny the properly completed permit within thirty (30) days after receipt and may condition permit approval as necessary to prevent any threatened or actual significant adverse environmental impact on air, water, soil or biological resources or to the extent necessary to ensure compliance with the allowable concentrations and levels in Table 910-1, with consideration to WQCC ground water standards and classifications.

d. **Financial assurance.** The operator of a land treatment facility shall submit for the Director's approval such financial assurance as required by Rule 704.

e. **Facility modifications.** Throughout the life of the facility the operator shall submit proposed modifications to the facility design, operating plan, permit data, or permit conditions to the Director for prior approval.

f. **Annual permit review.** To ensure compliance with permit conditions and the 900 Series rules, the facility permit shall be subject to an annual review by the Director.

g. **Closure.** A preliminary plan for closure shall be submitted with the centralized facility permit. A Site Investigation and Remediation Workplan, Form 27 shall be submitted sixty (60) days prior to closure for approval by the Director. The workplan shall describe the final closure plan.

h. Operators may be subject to local requirements for zoning and construction of facilities and shall provide copies of notifications to local governments or other agencies to the Director.

909. SITE INVESTIGATION, REMEDIATION AND CLOSURE

a. **Applicability.** This section applies to the closure and remediation of pits other than drilling pits constructed pursuant to Rule 903.a.(3). Investigation, reporting and remediation of spills/releases; permitted waste management facilities including treatment facilities; plugged and abandoned wellsites; sites impacted by E&P waste management practices; or other sites as designated by the Director.

b. **General site investigation and remediation requirements.**

(1) **Sensitive Area Determination.** Operators shall complete a sensitive area determination in accordance with Rule 901.e.

(2) **Sampling and analyses.** Samples and analysis of soil and ground water shall be conducted in accordance with Rule 910. to determine the horizontal and vertical extent of any contamination in excess of the allowable concentrations in Table 910-1.

(3) **Management of E&P waste.** E&P waste shall be managed in accordance with Rule 907.

(4) **Pit evacuation.** Prior to backfilling and site reclamation, E&P waste shall be treated or disposed in accordance with Rule 907. and the 1000 Series rules.

(5) **Remediation.** Remediation shall be performed in a manner to mitigate, remove or reduce contamination that exceeds the allowable concentrations in Table 910-1 in order to ensure protection of public health, safety and welfare, and to prevent and mitigate significant adverse environmental impacts. Soil that does not meet allowable concentrations in Table 910-1 shall be remediated. Ground water that does not meet allowable concentrations in Table 910-1 shall be remediated in accordance with a Site Investigation and Remediation Workplan, Form 27.

(6) **Reclamation.** Remediation sites shall be reclaimed in accordance with the 1000 Series rules for reclamation.

c. **Site Investigation And Remediation Workplan, Form 27.** Operators shall prepare and submit for prior Director approval a Site Investigation and Remediation Workplan, Form 27 for the following operations and remediation activities:

(1) Unlined pit closure when required by Rule 905.

(2) Remediation of spills/releases in accordance with Rule 906.

(3) Land treatment of oily waste in accordance with Rule 907.e.(2).F.

(4) Closure of centralized E&P waste management facilities in accordance with Rule 908.g.

(5) Remediation of impacted ground water in accordance with Rule 910.b.(4).

d. **Multiple sites.** Remediation of multiple sites may be submitted on a single workplan with prior Director approval.

e. **Closure.**

(1) Remediation and reclamation shall be complete upon compliance with the allowable concentrations in Table 910-1, or upon compliance with an approved workplan.

(2) **Notification of completion.** Within thirty (30) days after conclusion of site remediation and reclamation activities operators shall provide the following notification of completion:

A. Operators conducting remediation operations in accordance with Rule 909.b. shall submit to the Director a Site Investigation and Remediation Workplan, Form 27, containing information sufficient to demonstrate compliance with these rules.

B. Operators conducting remediation under an approved workplan shall submit to the Director, by adding or attaching to the original workplan, information sufficient to demonstrate compliance with the workplan.

f. **Release of financial assurance.** Financial assurance required by Rule 706. may be held by the Director until the required remediation of ground water impacts is completed in accordance with the approved workplan, or until cleanup goals are met.

910. ALLOWABLE CONCENTRATIONS AND SAMPLING FOR SOIL AND GROUND WATER

a. **Soil and groundwater allowable concentrations.** The allowable concentrations for soil and ground water are in Table 910-1. Ground water standards and analytical methods are derived from the ground water standards and classifications established by WQCC.

b. **Sampling and analysis.**

(1) **Existing workplans.** Sampling and analysis for sites subject to an approved workplan shall be conducted in accordance with the workplan and the sampling and analysis requirements described in this rule.

(2) **Methods for sampling and analysis.** Sampling and analysis for site investigation or confirmation of successful remediation shall be conducted to determine the nature and extent of impact and confirm compliance with appropriate allowable concentrations.

A. **Field analysis.** Field measurements and field tests shall be conducted using appropriate equipment, calibrated and operated according to manufacturer specifications, by personnel trained and familiar with the equipment.

B. **Sample collection.** Samples shall be collected, preserved, documented, and shipped using standard environmental sampling procedures in a manner to ensure accurate representation of site conditions.

C. **Laboratory analytical methods.** Laboratories shall analyze samples using standard methods (such as EPA SW-846 or API RP-45) appropriate for detecting the target analyte. The method selected shall have detection limits less than or equal to the allowable concentrations in Table 910-1.

D. **Background sampling.** Samples of comparable, nearby, non-impacted, native soil, ground water or other medium may be required by the Director for establishing background conditions.

(3) **Soil sampling and analysis.**

A. **Applicability.** If soil contamination is suspected or known to exist as a result of spills/releases or E&P waste management, representative samples of soil shall be collected and analyzed in accordance with this rule.

B. **Sample collection.** Samples shall be collected from areas most likely to have been impacted, and the horizontal and vertical extent of contamination shall be determined. The number and location of samples shall be appropriate to the impact.

C. **Sample analysis.** Soil samples shall be analyzed for contaminants listed in Table 910-1 as appropriate to assess the impact or confirm remediation.

D. **Reporting.** Soil Analysis Report, Form 24 shall be used when the Director requires results of soil analyses.

E. **Soil impacted by produced water.** For impacts to soil due to produced water, samples from comparable, nearby non-impacted, native soil shall be collected and analyzed for purposes of establishing background soil conditions including pH and electrical conductivity (EC). Where EC of the impacted soil exceeds the allowable level in Table 910-1, the sodium adsorption ratio (SAR) shall also be determined.

F. **Soil impacted by hydrocarbons.** For impacts to soil due to hydrocarbons, samples shall be analyzed for TPH.

(4) **Ground water sampling and analysis.**

A. **Applicability.** Operators shall collect and analyze representative samples of ground water in accordance with these rules under the following circumstances:

(i) Where ground water contamination is suspected or known to exceed the allowable concentrations in Table 910-1;

(ii) Where impacted soils are in contact with ground water; or

(iii) Where impacts to soils extend down to the high water table.

B. **Sample collection.** Samples shall be collected from areas most likely to have been impacted, downgradient or in the middle of excavated areas. The number and location of samples shall be appropriate to determine the horizontal and vertical extent of the impact. If the concentrations in Table 910-1 are exceeded, the direction of flow and a ground water gradient shall be established, unless the extent of the contamination and migration can otherwise be adequately determined.

C. **Sample analysis.** Ground water samples shall be analyzed for benzene, toluene, ethylbenzene, xylene, and API RP-45 constituents, or other parameters appropriate for evaluating the impact.

D. **Reporting.** Water Analysis Report, Form 25 shall be used when the Director requires results of water analyses.

E. **Impacted ground water.** Where ground water contaminants exceed the allowable concentrations listed in Table 910-1, operators shall notify the Director, and submit to the Director for prior approval a Site Investigation and Remediation Workplan, Form 27, for the investigation, remediation, or monitoring of ground water to meet the required allowable concentrations.

911.PIT, BURIED OR PARTIALLY BURIED PRODUCED WATER VESSEL, BLOWDOWN PIT, AND BASIC SEDIMENT/TANK BOTTOM PIT MANAGEMENT REQUIREMENTS PRIOR TO DECEMBER 30, 1997.

a. **Applicability.** This rule applies to the management, operation, closure and remediation of drilling, production and special purpose pits, buried or partially buried produced water vessels, blowdown pits, and basic sediment/tank bottom pits put into service prior to December 30, 1997 and unlined skim pits put into service prior to July 1, 1995. For pits constructed after December 30, 1997 and skim pits constructed after July 1, 1995, operators shall comply with the requirements contained in Rules 901. through 910.

b. **Inventory.** Operators were required to submit to the Director no later than December 31, 1995, an inventory identifying production pits, buried or partially buried produced water vessels, blowdown pits, and basic sediment/tank bottom pits that existed on June 30, 1995. The inventory required operators to provide the facility name, a description of the location, type, capacity and use of pit/vessel, whether netted or fenced, lined or unlined, and where available, water quality data. Operators who have failed to submit the required inventory are in continuing violation of this rule.

c. **Sensitive area determination.**

(1) For unlined production and special purpose pits constructed prior to July 1, 1995 and not closed by December 30, 1997, operators were required to determine whether the pit was located within a sensitive area in accordance with the Sensitive Area Determination Decision Tree, Figure 901-1, (now Rule 901.e.), and submit data evaluated and analysis used in the determination to the Director on a Sundry Notice, Form 4.

(2) For steel, fiberglass, concrete, or other similar produced water vessels that were buried or partially buried and located in sensitive areas prior to December 30, 1997, operators were required to test such vessels for integrity, unless a monitoring or leak detection system was put in place.

d. The following permitting/reporting requirements applied to pits constructed prior to December 30, 1997:

(1) A Sundry Notice, Form 4, including the name, address, and phone number of the primary contact person operating the production pit for the operator, the facility name, a description of the location, type, capacity and use of pit, engineering design, installation features and water quality data, if available, was required for the following:

- A. Lined production pits and lined special purpose pits constructed after July 1, 1995.
 - B. Unlined production pits constructed prior to July 1, 1995 which are lined in accordance with Rule 905, by December 30, 1997.
- (2) An Application For Permit For Unlined Pit, Form 15 was required for the following:
- A. Unlined production pits and special purpose pits in sensitive areas constructed prior to July 1, 1995, and not closed by December 30, 1997.
 - B. Unlined production pits outside sensitive areas constructed after July 1, 1995 and not closed by December 30, 1997.
- (3) An Application For Permit For Unlined Pit, Form 15 and a variance under Rule 904.e.(1), (repealed, now Rule 502.b.) was required for unlined production pits and unlined special purpose pits in sensitive areas constructed after July 1, 1995.
- (4) A Sundry Notice, Form 4 was required for unlined production pits outside sensitive areas receiving produced water at an average daily rate of five (5) or less barrels per day calculated on a monthly basis for each month of operation constructed prior to December 30, 1997.
- e. The Director may have established points of compliance for unlined production pits and special purpose pits and for lined production pits in sensitive areas constructed after July 1, 1995.
- f. Closure requirements.
- (1) Operators of production or special purpose pits existing on July 1, 1995 which were closed before December 30, 1997, were required to submit a Sundry Notice, Form 4, within thirty (30) days of December 30, 1997. The Sundry Notice, Form 4 shall include a copy of the existing pit permit, if a permit was obtained and a description of the closure process.
 - (2) Pits closed prior to December 30, 1997 were required to be reclaimed in accordance with the 1000 Series rules. Pits closed after December 30, 1997 shall be closed in accordance with the 900 Series rules and reclaimed in accordance with the 1000 Series rules.
 - (3) Operators of steel, fiberglass, concrete or other similar produced water vessels buried or partially buried and located in sensitive areas were required to repair or replace vessels and tanks found to be leaking. Operators shall repair or replace vessels and tanks found to be leaking. Operators shall submit to the Director a Sundry Notice, Form 4, describing the integrity testing results and action taken within thirty (30) days of October 1, 1997.
 - (4) Closure of pits and steel, fiberglass, concrete or other similar produced water vessels, and associated remediation operations conducted prior to December 30, 1997 are not subject to Rules 905., 906., 907., 909. and 910.

912. VENTING OR FLARING NATURAL GAS

- a. The unnecessary or excessive venting or flaring of natural gas produced from a well is prohibited.
- b. Except for gas flared or vented during an upset condition, well maintenance, well stimulation flowback, purging operations, or a productivity test, gas from a well shall be flared or vented only after

notice has been given and approval obtained from the Director on a Sundry Notice, Form 4, stating the estimated volume and content of the gas. The notice shall indicate whether the gas contains more than one (1) ppm of hydrogen sulfide. If necessary to protect the public health, safety or welfare, the Director may require the flaring of gas.

c. Gas flared, vented or used on the lease shall be estimated based on a gas-oil ratio test or other equivalent test approved by the Director, and reported on Operator's Monthly Production Report, Form 7.

d. Prior to flaring of any gas, operators shall construct a special purpose pit in compliance with Rule 903.

e. Operators shall notify the local emergency dispatch or the local governmental designee of any natural gas flaring. Notice shall be given prior to flaring when flaring can be reasonably anticipated, or as soon as possible but in no event more than two (2) hours after the flaring occurs.

**Table 910-1
ALLOWABLE CONCENTRATIONS AND LEVELS**

| Contaminant of concern | Allowable concentrations |
|--|---------------------------------|
| Organics in Soil: EPA Method 8015 (modified) | |
| TPH-Non-Sensitive Area | 10,000 mg/kg |
| TPH-Sensitive Area | 1,000 mg/kg |
| Organics in Ground water: EPA Method 8020¹ | |
| Benzene | 5 µg/l ¹ |
| Toluene | 1,000 µg/l ¹ |
| Ethylbenzene | 680 µg/l ¹ |
| Xylene | 10,000 µg/l ¹ |
| Inorganics in Soils⁴ | |
| Electrical Conductivity (EC) | <4 mmhos/cm or 2x background |
| Sodium Adsorption Ratio (SAR) | <12 |
| pH | 6-9 |
| Inorganics in Ground water | |
| Total Dissolved Solids (TDS) | <1.25 x background ¹ |
| Chlorides | <1.25 x background ¹ |
| Sulfates | <1.25 x background ¹ |
| Total Metals in Soils: EPA Method 3050⁴ | |
| Arsenic | 41 mg/kg ² |
| Barium (LDNR True Total Barium) | 100 mg/kg ² |
| Boron (Hot Water Soluble) | 2 mg/l ² |
| Cadmium | 26 mg/kg ² |
| Chromium | 1,500 mg/kg ² |
| Copper | 750 mg/kg ² |
| Lead | 300 mg/kg ² |
| Mercury | 17 mg/kg ² |
| Molybdenum | ³ |
| Nickel | 210 mg/kg ² |
| Selenium | ³ |
| Silver | 100 mg/kg ² |
| Zinc | 1,400 mg/kg ² |

- ¹ Concentrations taken from CDPHE-WQCC
- ² Concentrations taken from API Metals Guidance: Maximum Soil Concentrations
- ³ Concentrations are dependent on site-specific conditions
- ⁴ Consideration shall be given to background levels in native soils

**Figure 901-1
SENSITIVE AREA DETERMINATION
Decision Tree**

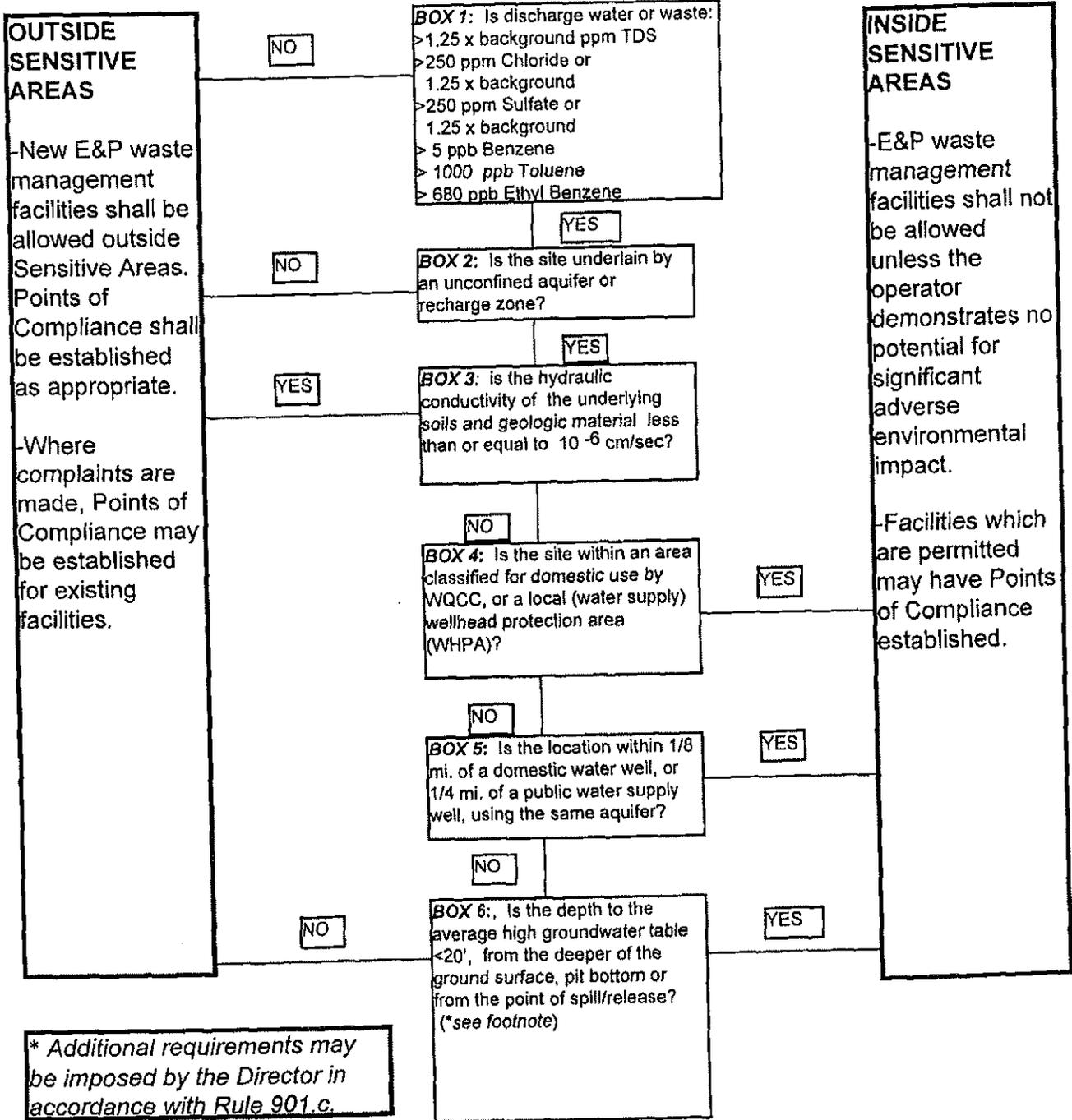


EXHIBIT B
Statement of Basis and Purpose

100 Series

§34-60-106.(11), C.R.S. gives the commission authority to promulgate rules and regulations to protect the health, safety and welfare of the general public in the drilling, completion and operation of oil and gas wells and production facilities.

Amend definitions of land application and production pits and special purpose pits to include pits at natural gas gathering, processing and storage facilities, and multi-well pits. Add definitions for battery, land treatment, release and spill.

300 Series

§34-60-106.(2)(d), C.R.S. gives the commission authority to regulate oil and gas operations so as to prevent and mitigate significant adverse environmental impacts on any air, water, soil or biological resource to the extent necessary to protect public health, safety, and welfare, in consideration of cost-effectiveness and technical feasibility. §34-60-106.(11), C.R.S. gives the commission authority to promulgate rules and regulations to protect the health, safety and welfare of the general public in the drilling, completion and operation of oil and gas wells and production facilities.

The 300 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to Drilling, Development, Producing and Abandonment. These rules contain references to the forms required to be submitted to the Commission for various types of reports.

Amend Rule 335. to conform with Pit Construction Report/Permit, Form 15 title change and rule reference.

Amend Rule 337. to remove language and change rule reference to Rule 906.

Add Rule 338. to describe Soil Analysis Report, Form 24 and rule reference as to when the form is required to be filed with the Commission.

Add Rule 339. to describe Water Analysis Report, Form 25 and rule reference as to when the form is required to be filed with the Commission.

Add Rule 340. to describe Soil Investigation and Remediation Workplan, Form 27 and rule reference as to when the form is required to be filed with the Commission.

500 Series

§34-60-121(1), C.R.S. gives the commission authority to promulgate rules to establish a penalty schedule appropriate to the nature of a violation and provide for the consideration of any aggravating or mitigating circumstances.

Amend Rule 523.c., base fine schedule, to establish a one thousand (\$1000) dollar base fine for violation of Rules 902 through 912.

EXHIBIT B
Statement of Basis and Purpose

900 Series

§34-60-102, C.R.S. gives the commission authority to regulate oil and gas operations "in a manner consistent with public health, safety, and welfare; . . ." §34-60-106.(2)(d), C.R.S. gives the commission authority to regulate oil and gas operations so as to prevent and mitigate significant adverse environmental impacts on any air, water, soil or biological resource to the extent necessary to protect public health, safety, and welfare, in consideration of cost-effectiveness and technical feasibility. §34-60-106.(11), C.R.S. gives the commission authority to promulgate rules and regulations to protect the health, safety and welfare of the general public in the drilling, completion and operation of oil and gas wells and production facilities. §34-60-124.(6)(b), C.R.S. gives the commission authority to require responsible parties to conduct investigation or monitoring activities. §25-8-202(7), C.R.S. designates the oil and gas conservation commission as an implementing agency for ground water standards and classifications under the Water Quality Control Act.

The 900 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to Exploration and Production (E&P) Waste Management.

The 900 Series of the Rules and Regulations of the Oil and Gas Conservation Commission have been revised to remove references to the Environmental Guidance Document, due to lack of enforceability and reorganized for improved understanding and implementation. Interim rules have been compiled into new Rule 911. to contain all requirements prior to December 30, 1997.

Amend Rule Nos. 901. through 908., to ensure continuity with other changes, to eliminate redundant language, and correct inconsistencies.

Add Rule No. 901.d. to allow for alternative compliance methods to be approved by the Director.

Add Rule No. 901.e., a requirement and method for determining whether areas are sensitive. The Sensitive Area Determination was strictly guidance prior to this amendment.

Add Rule No. 901.f. to require operators to take certain measures when conducting operations in Sensitive Areas.

Add Rule No. 902.f. to allow pits to accept E&P waste generated from more than one well.

Amend Rule No. 902.g. to refer to drilling pits.

Add Rule No. 902.h. to require produced water treatment prior to placement in a production pit.

Amend Rule No. 903. to include drilling, production and special purpose pits and permitting/reporting requirements.

Amend Rule No. 904. to describe which pits are required to be lined.

Amend Rule No. 905. to describe closure of pits and buried or partially buried produced water vessels, including liner disposal.

Amend Rule No. 906. to refer to the Site Investigation and Remediation Workplan, Form 27 requirement and to Table 901-1 allowable concentrations and levels for remediation.

Add Rule No. 906.e. to describe spill/release prevention.

EXHIBIT B
Statement of Basis and Purpose

Amend Rule No. 907. to allow operators to propose reuse and recycling plans, to describe allowable disposal of produced water and drilling fluids, and to describe treatment and disposal methods of oily waste.

Add Rule No. 908., Centralized Waste Management Facilities, to establish requirements for permitting and operating centralized waste management facilities.

Add Rule No. 909., Site Investigation, Remediation and Closure, to specify requirements for site investigation, remediation and closure of impacted sites or permitted facilities. Includes general remediation requirements and requirements for remediation under a workplan to be submitted for Director approval.

Add Rule No. 910., Allowable Concentrations and Sampling for Soil and Ground Water, to specify requirements for sampling and analyzing soil and ground water, primarily in association with site investigation and remediation activities. Includes a table of concentration standards for contaminants of concern.

Add Rule No. 911., Pit, Buried or Partially Buried Produced Water Vessel, Blowdown Pit, and Basic Sediment/Tank Bottom Pit Management Requirements Prior to October 1, 1997.

Move old Rule No. 909., Venting or Flaring Natural Gas to Rule No. 912. and amend to include additional circumstances in which gas may be flared or vented.

Exhibit M

COGIS - PIT Information

COOK - #109580 Information







| | | | |
|---------------------|---------------------------------|-------------------------|--------------------------------|
| Facility ID: | 109580 | Facility Name / No: | COOK / |
| Operator Name / No: | BEREN CORPORATION / 7800 | Facility Status / Date: | / (9/23/1999) |
| County Name / No: | WASHINGTON / 121 | Location: | SESE 12 4S 54W |
| Field Name / No: | BISON / 6800 | Lat / Long: | 39.711749 / -103.370722 |
| Pit Use: | | Offsite Disposal: | N/A |

Existing Site Conditions

| | | | |
|------------------------|----------|----------------|--|
| Sensitive Area: | N | Land Use: | |
| Dist. to Water Source: | | Surface Water: | |
| Dist. to Ground Water: | | Water Wells: | |

Pit Design and Construction Data

| | | | |
|---------------------------------|-----------|-----------------|------------|
| Size of PIT (feet): | | Depth: | |
| Length: | | Width: | |
| Calc. PIT Capacity (bbls/day): | | | |
| Daily Disposal Rates (bbls/day) | Evap: | Perc: | |
| PIT Type: | | Liner Material: | Thickness: |
| Treatment Method: | | | |
| Pit Covering Fence: | NO | Net: | YES |
| Comment: | | | |

Exhibit N

Anton Excavating Inc.

Invoice

25901 HWY. 36
BOX 47
ANTON, CO 80801
FEDERAL ID # 84-1158343

| | |
|-----------|-----------|
| Date | Invoice # |
| 1/30/2012 | 3738 |

Ship To

PHONE 970-383-2345

BERON CORP
2020 N RAMBEL WOOD
WICHITA, KANSAS
67206

ELMER FRITZLER
44 SUNSET LANE
FORT MORGAN, COLO. 80701

| P.O. Number | DUE UPON RECEIPT TERMS:NET 30 DAYS,18% PER | Due Date | Rep | Account # | Ship Date | Project |
|--------------------------|--|---|------|-----------|-------------------------|--------------|
| | | 2/29/2012 | TONY | | 1/30/2012 | Wright Lease |
| Quantity | Item | Description | U/M | Rate | Amount | |
| 15 | 580-SM-2 | WRIGHT LEASE 1/30,31-2/1/2012 DUG OILY DIRT OUT AROUND TANKS | | 90.00 | 1,350.00 | |
| 10 | LABOR | 580 SM-2 CASE BACKHOE WITH OPERATOR LABOR | | 28.00 | 280.00 | |
| 5 | 621 LOADER | 621 CASE LOADER WITH OPERATOR | | 85.00 | 425.00 | |
| 15 | 02 CHEV | 2002 CHEV.SERVICE TRUCK | | 10.00 | 150.00 | |
| THANK YOU, TONY AND ELVA | | | | | Subtotal | \$2,205.00 |
| | | | | | Sales Tax (4.4%) | \$0.00 |
| | | | | | Total | \$2,205.00 |
| | | | | | Payments/Credits | \$0.00 |
| | | | | | Balance Due | \$2,205.00 |

Elmer Fritzler

| | |
|--------------|--------------|
| Phone # | Fax # |
| 970-383-2345 | 970-383-2347 |

Exhibit O



DELIVERY TICKET
 P.O. DRAWER 2479
 PAMPA, TX 79066-2479
 PHONE 806/669-1103

SUBSURFACE PUMPS * OIL FIELD SUPPLIES * PRODUCTION EQUIPMENT * SALES & SERVICE

SOLD TO:
 BEREN CORPORATION
 2020 N. BRAMBLEWOOD
 WICHITA, KS 67206
 50136

D. T. Number: FM020469
 Date: 01/31/2012
 Ship Date: 01/31/2012
 Store: 500
 Customer PO: ELMER
 Lease: WRIGHT
 Well No.:
 AFE No.:
 Destination: CO
 Ship Via: DEL
 Batch ID: FTMRGN NEW ORD
 Salesman: 500-DEB H

| | | | | |
|---|---------------|----------------------------------|----------|----------|
| 2 | *999999999999 | ROLLS 24 X 100 6 MIL BLK PLASTIC | \$141.16 | \$282.32 |
|---|---------------|----------------------------------|----------|----------|

THANK YOU.

TERMS: NET 30

RECEIVED BY: _____

| | |
|--|----------|
| | \$282.32 |
| | \$8.19 |
| | \$0.00 |
| | \$0.00 |
| | \$290.51 |

Exhibit P Anton Excavating Inc.

Invoice

25901 HWY. 36
BOX 47
ANTON, CO 80801
FEDERAL ID # 84-1158343

| | |
|-----------|-----------|
| Date | Invoice # |
| 1/23/2012 | 3737 |

Ship To

PHONE 970-383-2345

Beren Corp/Berexco LLC
2020 N Rambelwood
Wichita, Kansas 67206

FEB 09 2012

Elmer Fritzier
44 Sunset Lane
Fort Morgan, Colo. 80701

| P.O. Number | DUE UPON RECIPT TERMS: NET 30 DAYS, 18% PER | Due Date | Rep | Account # | Ship Date | Project | |
|--------------------------|---|--|------|-----------|-------------------------|----------|------------|
| | | 1/23/2012 | TONY | | 1/23/2012 | Scott #6 | |
| Quantity | Item | Description | | | U/M | Rate | Amount |
| | | Scott Lease 1/23,25,27,30/2012 Dug oily dirt out around tanks and hauled clean dirt in | | | | | |
| 13 | 580-SM-2 | 580 SM-2 CASE BACKHOE WITH OPERATOR | | | | 90.00 | 1,170.00 |
| 13 | LABOR | LABOR | | | | 28.00 | 364.00 |
| 13 | 02 CHEV | 2002 CHEV. SERVICE TRUCK | | | | 10.00 | 130.00 |
| 40 | CLEAN DIRT | CLEAN DIRT | | | | 5.00 | 200.00 |
| 26 | GRAVEL BEL... | MILAGE TRUCK AND BELLY DUMP TO HAUL DIRT 2 LOADS | | | | 4.00 | 104.00 |
| THANK YOU, TONY AND ELVA | | | | | Subtotal | | \$1,968.00 |
| | | | | | Sales Tax (4.4%) | | \$0.00 |
| | | | | | Total | | \$1,968.00 |
| | | | | | Payments/Credits | | \$0.00 |
| | | | | | Balance Due | | \$1,968.00 |

Elmer Fritzier

| | |
|--------------|--------------|
| Phone # | Fax # |
| 970-383-2345 | 970-383-2347 |

Anton Excavating Inc.

Invoice

25901 HWY. 36
 BOX 47
 ANTON, CO 80801
 FEDERAL ID # 84-1158343

| | |
|----------|-----------|
| Date | Invoice # |
| 2/1/2012 | 3739 |

Ship To

PHONE 970-383-2345

Beren Corp/Berexco LLC
 2020 N Rambelwood
 Wichita, Kansas 67206

FEB 09 2012

Elmer Fritzier
 44 Sunset Lane
 Fort Morgan, Colo. 80701

| P.O. Number | DUE UPON RECEIPT | Due Date | Rep | Account # | Ship Date | Project |
|--------------------------|---------------------------|--|------|-----------------------|-----------|--------------------------------|
| | TERMS:NET 30 DAYS,18% PER | 2/1/2012 | TONY | | 2/1/2012 | Louder |
| Quantity | Item | Description | | U/M | Rate | Amount |
| 3 | 580-SM-2 | Louder Lease- Dug oily dirt out around tanks | | | 90.00 | 270.00 |
| 3 | LABOR | 580 SM-2 CASE BACKHOE WITH OPERATOR | | | 28.00 | 84.00 |
| 3 | 02 CHEV | LABOR | | | 10.00 | 30.00 |
| | | 2002 CHEV.SERVICE TRUCK | | | | |
| THANK YOU, TONY AND ELVA | | | | <i>Elmer Fritzier</i> | | Subtotal \$384.00 |
| | | | | | | Sales Tax (4.4%) \$0.00 |
| | | | | | | Total \$384.00 |
| | | | | | | Payments/Credits \$0.00 |
| | | | | | | Balance Due \$384.00 |

| | |
|--------------|--------------|
| Phone # | Fax # |
| 970-383-2345 | 970-383-2347 |