



*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 10350
Name of Operator: RANCHERS EXPLORATION PARTNERS LLC
Address: 9 NORTH PARRISH ATTN: LLOYD RICHARDS
City: JOHNSTOWN State: CO Zip: 80534
Company Representative: LLOYD RICHARDS

Date Notice Issued:
07/19/2012

Well Name: Retta J Well Number: 1 Facility Number: 419639
Location (QtrQtr, Sec, Twp, Rng, Meridian): SWNW 24 6N 68W 6 County: LARIMER
API Number: 05 00 Lease Number:

COGCC Representative: ASH MARGARET Phone Number: 303 894 2100

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 07/12/2012 Approximate Time of Violation:

Description of Alleged Violation:
During a site inspection conducted July 12, 2012 COGCC staff observed erosion gullies and rills on all cut and fill slopes at this Location. Condition of Approval (COA) applied to the Location Assessment Form 2a - #419639 required that the slopes be stabilized as soon as practicable after site construction. The site was constructed prior to January 29, 2011 and slope stabilization has not occurred.

Operator was required by COA on the Form 2a to implement site-specific best management practices (BMPs) in accordance with good engineering practices. Silt fencing, straw bales and a small earthen berm placed along portions of the northern and eastern edge of pad were inadequate to control stormwater runoff at this location. BMPs had not been maintained. Staff observed non-oil and gas related trash and debris in the cut slopes, on the pad and along the lease road. Weeds were identified along the lease road and cut and fill slopes.

Act, Order, Regulation, Permit Conditions Cited:
522.a.(3), 603.j., 1002.f.(2).C

Abatement or Corrective Action Required to be Performed by Operator:*

1. Ranchers shall contact Margaret Ash within four days to discuss compliance schedule. Contact information: 303-894-2100 ext 5110, 303-548-6298, margaret.ash@state.co.us.

2. Ranchers shall collect surface trash and debris at location and dispose of following CDPHE Solid Waste disposal regulations by August 10, 2012

3. Ranchers shall implement stormwater Best Management Practices (BMP) following good engineering practices to control stormwater runoff and to stabilize all cut and fill slopes and the lease by August 17, 2012

Abatement or Corrective Action to be Completed by (date): 08/17/2012

* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: Title:
Signature: Date:
Company Comments:

*** THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED ***

WARNING
Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the Notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below, not to exceed a minimum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.

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BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804
BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 302, 306, 309, 310, 316A, 321, 322, 328, 329, 330, 331, 332, 401
BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 306, 316B, 317, 317A, 318, 319, 320, 323, 324, 325, 326, 327, 333, 404, 602, 603, 604, 703, 704, 705, 706, 707, 708, 709, 711, 802, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103

In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: Date: 07/19/2012 Time:
Resolution Approved by: Date: