



State of Colorado
Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax (303) 894-2102



FOR OGCC USE ONLY

4/30/2011

200308970

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 20275
Name of Operator: CORAL PRODUCTION CORP
Address: 1600 STOUT ST STE 1500 MR JAMES R WEBER
City: DENVER State: CO Zip: 80202
Company Representative: JAMES CHONKA

Date Notice Issued:

5/2/2011

Well Name: CHRISTIANSEN Well Number: B-5 Facility Number: 209686
Location (Qtr/Sec, Twp, Rng, Meridian): NENW 27 3S 50W 6 County: WASHINGTON
API Number: 05 121 10711 00 Lease Number:

COGCC Representative: AXELSON JOHN Phone Number: 303 637-7178

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

Date of Alleged Violation: 4/18/2011 Approximate Time of Violation: 12:00PM

Description of Alleged Violation:

During a routine inspection performed on 4/28/11, Colby Horton of COGCC observed a large quantity of oil on the lease roads leading to the Christianson B Tank Battery and Young 33-27350 Tank Battery in Section 27, T-3-S, R-50-W, Washington County. On 4/29/11 John Axelsson and Colby Horton of COGCC performed a follow up inspection at the Christianson B Tank Battery. At the time of the inspection, a subcontractor of Coral Production Corp (Coral) was dragging the oil into the lease roads with a backhoe. He indicated that he was landfarming the material. During the inspection the oil was documented at the turn around in front of the tank battery, north approximately 715-feet to an intersection. From the intersection the oil was spread west 600-feet to the Christianson 1 pumping unit. From the intersection the oil was spread east 650-feet to the Christianson B3 pumping unit. In addition, oil had been spread on a lease road to the north for approximately 1-mile ending at the Young 33-27350 Tank Battery. John Axelsson contacted Sam Spears, contract pumper for Coral, on the same day of the inspection. Sam said that Coral had directed him to dump the fluids and solids generated from cleanout of the production tanks onto the lease roads. He did not know the volume of material, but estimated there were 20 to 30 barrels of fluids. H

Act, Order, Regulation, Permit Conditions Cited:

Rule 210.b.; Rule 210.d.; Rule 324A.a.; Rule 603.j.; Rule 604.d.; Rule 604.a.(4); Rule 902.a.; Rule 902.d.; Rule 902.g.; Rule 904; Rule 906; Rule 907.c.(2)E; Rule 907.e.; Rule 907.f.

Abatement or Corrective Action Required to be Performed by Operator:

Submit a Form 19 Spill/Release Report to document the release resulting from intentional dumping of tank bottoms on the lease roads. Immediately remove all impacted material on the lease roads resulting from the dumping. Dispose all oily waste in accordance with COGCC Rule 907.e. Document the total volume of the oily waste removed and disposal information. Collect a sufficient number of confirmation soil samples from the removal areas to verify that all remaining material meets Table 910-1 standards. Submit disposal Documentation and confirmation soil sample results on a Form 27. In addition to removal of the oily waste from the lease roads, remove and properly dispose site-wide oily waste from the tank battery, pumping unit and water pit complex. Include documentation of site wide oily waste removal and confirmation sample results on the same Form 27. Provide signs with all required information in accordance with Rule 210.b. Label tanks including all information required by Rule 210.d. Remove all junk, trash, debris, unused and

Abatement or Corrective Action to be Completed by (date):

7/31/2011

* Proper and timely abatement does not necessarily include 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 the above address:

Company Representative Name: Title: VP
Signature: James P. Chonka Date: 4/2/13
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 take 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 603

The Director may propose a penalty as listed in the table below for each violation. The 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 nonrenewable rights, or a significant adverse impact on public health, safety, or welfare. If the 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 nonrenewable rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved contamination or pollution; or the part of the violator involved intentional false reporting or concealment; 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 proactively responded to the violation; cooperated with the Commission or other agencies with response to the violation; could not reasonably control, or be reasonably held 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 should assessed.

The Commission or other agencies with respect to the violation, could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The

BASE FINE \$100 PER DAY PER VIOLATION
BASE FINE \$200 PER DAY PER VIOLATION
BASE FINE \$500 PER DAY PER VIOLATION
BASE FINE \$1,000 PER DAY PER VIOLATION

In accordance with Rule 603.c.(2), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: Date: 4/30/2011 Time: 3:20PM
Resolution Approved by: Date: 4/2/13