

State of Colorado
Oil and Gas Conservation Commission

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



FOR OGCC USE ONLY

3/13/2013

200376494

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 46290
Name of Operator: K P KAUFFMAN COMPANY INC
Address: 1675 BROADWAY, STE 2800 ATTN: KENT GILBERT
City: DENVER State: CO Zip: 80202
Company Representative: KENT GILBERT

Date Notice Issued:

3/13/2013

Well Name: MONFORT Well Number: 2-30 Facility Number: 244436
Location (QtrQtr, Sec, Twp, Rng, Meridian): NENW 16 4N 66W 6 County: WELD
API Number: 05 123 12230 00 Lease Number: 62296

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: 2/28/2013

Approximate Time of Violation: 9:00AM

Description of Alleged Violation:

In June 2012, COGCC Field Inspect John Montoya observed a metal culvert pipe adjacent to a buried concrete vault receiving produced water and condensate. The culvert pipe was open ended resulting in release to the environment in an area with shallow groundwater. No pit permit is on file for location. Mr. Montoya requested that KPK discontinue use of culvert pipe and submit Form 27 to document removal. COGCC never received Form 27. COGCC inspected location again on 2/28/13 (Document #667500154). Culvert pipe had been removed from location, open excavation remained. Concrete vault was leaking from a hole into the open excavation. Soil from excavation was stockpiled on site with no stormwater controls and no protection surrounding open excavation.

Act, Order, Regulation, Permit Conditions Cited:

Rule 324.A.a.; Rule 902.a.; Rule 902.g.; Rule 903.a.(1); Rule 905.b.; Rule 906.d.; Rule 907.a.; Rule 907.c.; Rule 907.e.; Rule 909; Rule 910

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

Perform a site assessment in accordance with Rules 909 & 910 to determine if soil and groundwater were impacted from use of the open ended culvert. Submit Form 27 with results of Site assessment. Immediately repair leaking vault or replace. Include vault integrity test with Form 27 if it is repaired and put back into service. Properly maintain stockpiled waste, install stormwater controls, and safeguard open excavation from unintended entry. Stockpiled material shall be sampled to verify compliance with Table 910-1 prior to any reuse. KPK shall report any other locations to COGCC where unpermitted open ended culverts or pits were used to dispose of produced fluids. A Form 27 shall be required to verify no related impacts at each location.

Abatement or Corrective Action to be Completed by (date): 3/31/2013

* 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: Kent L. Gilbert Title: Vice President
Signature: Kent L. Gilbert Date: 3/22/13
Company Comments:

Work Completed as required by COGCC
Attached Documentation to Supplement Form 27
Previously Filed

*** 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, but in no case shall a penalty be proposed in excess of \$10,000.00 per day per violation. When proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.

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BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804

BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 302, 308, 309, 310, 316A, 321, 322, 328, 329, 330, 331, 332, 401

BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607

BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 201, 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: 3/13/2013

Time: 11:20AM

Resolution Approved by:

Date:

5/16/13