

☒ Certified Mail - Return
Receipt Requested
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
IID	8920004290
Lease	
CA	
Unit	
PA	COC47637A

Bureau of Land Management Office				Operator			
LITTLE SNAKE FO				POC-I LLC			
Address 455 EMERSON ST. CRAIG CO 81625				Address 1888 SHERMAN STREET SUITE 760 DENVER CO 80203			
Telephone 970.826.5000				Attention			
Inspector WALLIS				Attn Addr			
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
ILES DOME	A	SWNW 23	4N	92W	6PM	MOFFAT	CO
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
05/07/2013	10:00	12/01/2013		43CFR3162.5-1

Remarks:

The Iles Dome tank battery has experienced substantial corrosion and leakage of oil over it's history - note photos. This office has determined that the situation is analogous to two other producing fields in the area. Both have produced long-term from the Dakota formation, as has Iles dome. The Dakota typically produces substantial, even massive, amounts of formation water along with oil and traces of H2S. As such, corrosion is a significant long-term problem - again note photos. One of the analogous fields had essentially an identical tank battery and experienced a catastrophic tank failure and a +/- 2000 barrel oil spill. Needless to say, publicity was adverse and cleanup costs were substantial.

(Remarks continued on following page(s).)

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title	Signature	Date
Company Comments		

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), 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 liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer	Date	Time
<i>[Signature]</i>	5/7/13	1000

FOR OFFICE USE ONLY

Number	Date	Type of Inspection
3		SP

BLM Remarks, continued

The operator of the second analogous field was more proactive and replaced his entire tank battery upon seeing signs of significant corrosion. Noteworthy at that facility is a state-of-the-art gun barrel that is apparently dramatically more effective at separating warm formation water and oil. We consider it likely that similar facilities at Iles Dome could eliminate the need for the large settling ponds present there now.

The conclusion is that the Iles Dome tank battery is an environmental problem as is, and an environmental disaster waiting to happen. This written order is that by 12/1/2013, the tank battery at Iles dome be dismantled and oil contaminated soil underneath be excavated and either reclaimed or disposed of in a landfill. Soil sample analysis for residual oil must be provided to this office. Replacement facilities will be at the operators discretion, subject to approval by this office.

POC-I LLC

IN CASE OF EMERGENCY 1-877-276-3556
1-307-237-7854

ILES DOME UNIT

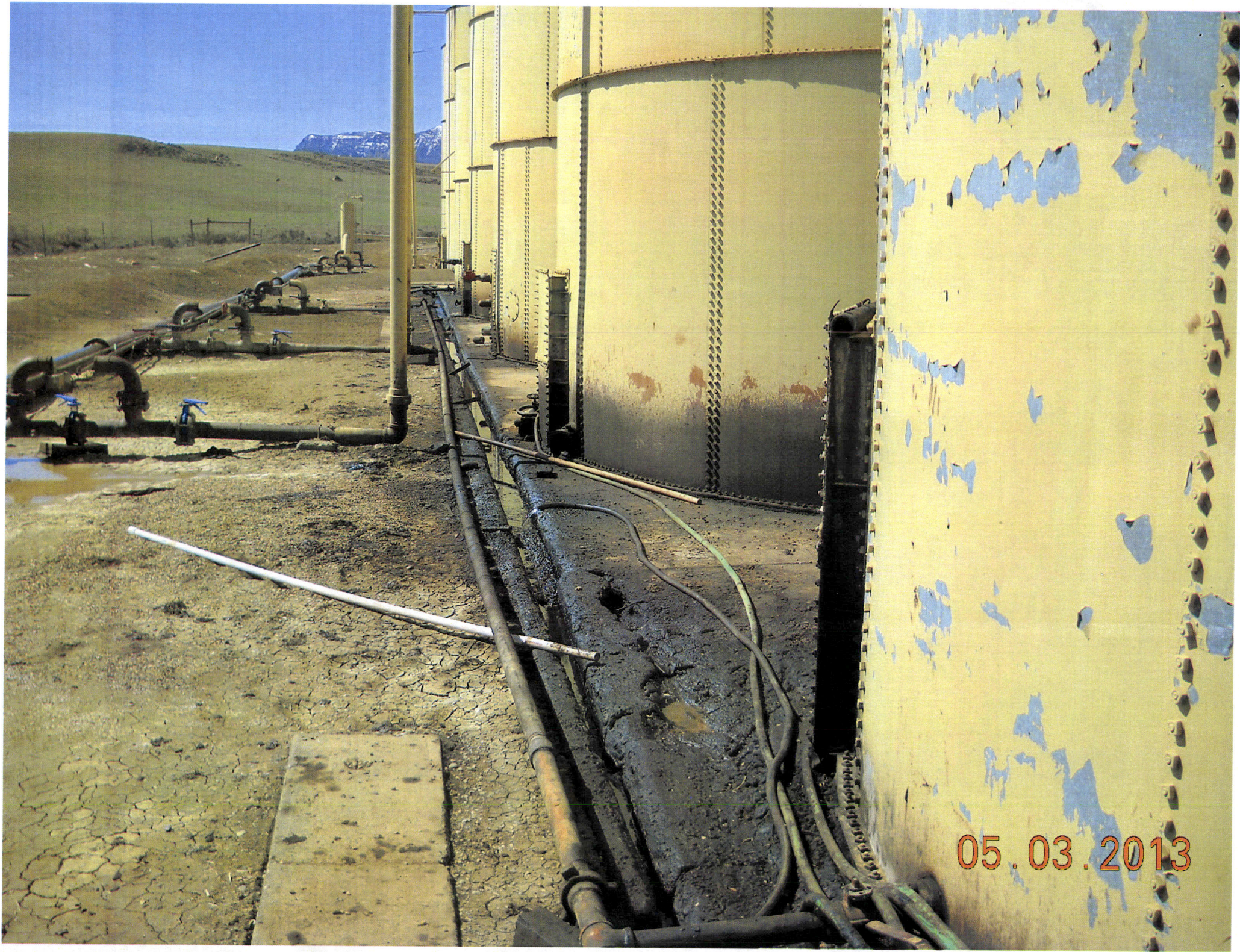
Secs. 22, 23, 27, T4N-R92W
Moffat County, Colorado
Unit Agreement #8920004290

NO
SMOKING

05.03.2013

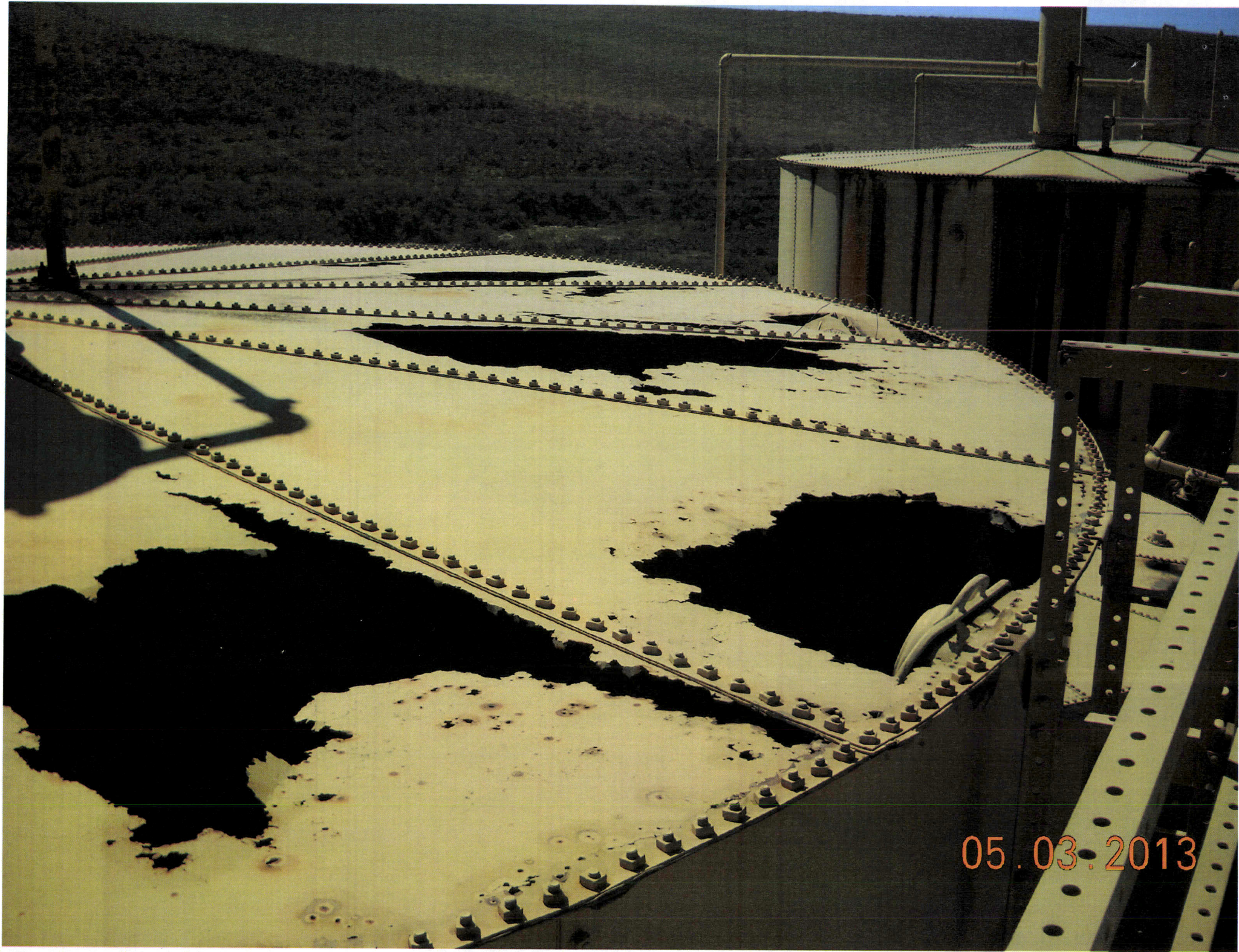


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