

FORM
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Rev 6/99

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
12/03/2003
1187959

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 31257
Name of Operator: FRITZLER RESOURCES INC
Address: P O BOX 114
City: FORT MORGAN State: CO Zip: 80701
Company Representative: GENE FRITZLER

Date Notice Issued:
12/10/2003

Well Name: SIMPSON A Well Number: 4 Facility Number: 200505
Location (QtrQtr, Sec, Twp, Rng, Meridian): SENE 12 1S 58W 6 County: ADAMS
API Number: 05 001 05542 00 Lease Number:

COGCC Representative: FERGUSON RANDALL Phone Number: 303 894-2100

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

Date of Alleged Violation: 09/25/2002 Approximate Time of Violation:
Description of Alleged Violation:
PRODUCED WATER IMPACTED SOILS ASSOCIATED WITH THE FORMER EARTHEN PITS AT THE SUBJECT SITE WERE OBSERVED DURING A FIELD INSPECTION ON 9/25/02. LAB RESULTS OF A REPRESENTATIVE SOIL SAMPLE INDICATED SODIUM ADSORPTION RATIO (SAR), ELECTRICAL CONDUCTIVITY (EC), AND PH ABOVE THE COGCC ALLOWABLE CONCENTRATIONS AND LEVELS FOR INORGANICS IN SOILS. THE PITS WERE REPORTEDLY CLOSED BY OKMAR OIL COMPANY PRIOR TO 1979. ACCORDING TO DOCUMENTS SUBMITTED BY BEREN CORP., FRITZLER RESOURCES IS THE RESPONSIBLE PARTY FOR THE REMEDIATION OF THE FORMER PITS UNDER THE TERMS OF THE ASSIGNMENT OF THE SIMPSON A LEASE. NUMEROUS ATTEMPTS BY COGCC ENVIRONMENTAL STAFF WERE MADE BY TELEPHONE TO DISCUSS REMEDIATION REQUIREMENTS. NO RESPONSE TO THE TELEPHONE VOICE-MAILS OR A FORM 27 - SITE INVESTIGATION AND REMEDIATION WORKPLAN HAVE BEEN RECEIVED AS OF 12/9/03.

Act, Order, Regulation, Permit Conditions Cited:
Rules 324.A.a., 907.a.(1), 910.a.

Abatement or Corrective Action Required to be Performed by Operator:*
SUBMIT A FORM 27 - SITE INVESTIGATION AND REMEDIATION WORKPLAN FOR THE REMEDIATION AND RECLAMATION OF THE PRODUCED WATER IMPACTED SOILS. ADDITIONALLY, PROVIDE AN EXPLANATION WHY FRITZLER RESOURCES DID NOT RESPOND TO THE COGCC IN A TIMELY MANNER REGARDING THIS MATTER.

Abatement or Corrective Action to be Completed by (date): 01/15/2004
* 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 maximum 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. 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.

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 805, 806A, 806B, 807
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 308, 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: 12/10/2003 Time: _____
Resolution Approved by: RANDALL FERGUSON Date: 06/06/2005
FORM 27 SUBMITTED ON 4/1/04 AND CONDITIONALLY APPROVED ON 4/20/04. PLEASE REFER TO REMEDIATION #1801 FOR ADDITIONAL INFORMATION.