

FORM
NOAV
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
09/06/2005
1175538

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 10048
Name of Operator: MERITAGE ENERGY PARTNERS
Address: 1600 BROADWAY STE 1360
City: DENVER State: CO Zip: 80202
Company Representative: GERALD LUCERO



Date Notice Issued:
09/07/2005

Well Name: DUBOIS Well Number: 5 Facility Number: 257040
Location (QtrQtr, Sec, Twp, Rng, Meridian): NENW 7 9N 52W 6 County: LOGAN
API Number: 05 075 09326 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: 09/01/2005 Approximate Time of Violation:
Description of Alleged Violation:
A SPILL AT THE DUBOIS TANK BATTERY OCCURRED ON 8/21/05 AND WAS VERBALLY REPORTED TO COGCC FIELD INSPECTOR KEVIN LIVELY ON 8/22/05. THE CRUDE OIL TANKS REPORTEDLY OVERFLOWED AND FILLED THE BERMS WITH OIL. AS PER RULE 906.b.(1), A FORM 19 - SPILL/RELEASE REPORT WAS REQUIRED TO BE SUBMITTED WITHIN 10 DAYS OR BY 8/31/05. NO FORM 19 HAS BEEN SUBMITTED TO DATE. ADDITIONALLY, A FIELD INSPECTION WAS CONDUCTED ON 9/1/05 BY COGCC ENVIRONMENTAL STAFF. IT APPEARED THAT THE SPILL HAD BREACHED THE BERM AND HAD FLOWED INTO THE ADJACENT FIELD TO THE SOUTHWEST. IMPACTED SOILS IN THIS AREA HAD APPARENTLY BEEN SCRAPED UP. FREE OIL WAS OBSERVED BENEATH THE CATTLE GUARD ON THE LEASE ACCESS ROAD. THE BREACHED BERM HAD BEEN REPAIRED. CLEAN ROAD BASE MATERIAL HAD BEEN SPREAD WITHIN THE BERM THEREBY CONCEALING THE OIL SATURATED SOIL RESULTING FROM THE SPILL.

Act, Order, Regulation, Permit Conditions Cited:
Rules 324A.a., 906.a., 906.b., 906.d., 907.a.(1),

Abatement or Corrective Action Required to be Performed by Operator:*
SUBMIT A FORM 19 - SPILL/RELEASE REPORT FOR THE INCIDENT OF 8/21/05. ADDITIONALLY, SUBMIT A FORM 27 - SITE INVESTIGATION AND REMEDIATION WORKPLAN FOR THE CLEANUP OF THE SPILL. IT IS ASSUMED THAT IMPACTED SOILS PREVIOUSLY SCRAPED UP WERE TAKEN TO THE LANDFARM AT THE SINDT TANK BATTERY IN SECTION 31-T10N-R52W. ANY ADDITIONAL IMPACTED SOILS FROM THIS SPILL SHALL BE REMEDIATED ONSITE AT THE DUBOIS LEASE OR TRANSPORTED OFFSITE TO AN AUTHORIZED LANDFILL. THE FORM 27 SHALL INCLUDE THE EXCAVATION OF ALL OILY SOILS WITHIN THE BERM AND CONFIRMATION SOIL SAMPLING.

Abatement or Corrective Action to be Completed by (date): 09/15/2005
* 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.

BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 603, 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, 807
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 306, 310B, 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: Randall H. Ferguson Date: 09/06/2005 Time: _____
Resolution Approved by: _____ Date: _____

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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Sent To
 Gerald Lucero / Meritax Energy
 Street, Apt. No.,
 or PO Box No. 1600 Broadway, Ste 1360
 City, State, ZIP+4
 Denver, Co 80202-4913

PS Form 3800, June 2002 See Reverse for Instructions

7002 3150 0000 9264 3262

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS *GLO AT DOTTED LINE

SENDER: CO 292E 4926 0000 05TE 2002 ON DELIVERY

<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p><i>M. Denise Johnson</i></p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p style="text-align: right;">9.8.05</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Mr. Gerald Lucero Meritax Energy Partners 1600 Broadway, Ste 1360 Denver, Co 80202-4913</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label) 7002 3150 0000 9264 3262</p>	

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540