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RECEIVED

Diversified Operating Corporation
15000 West 6th Avenue, Suite 102
Golden, Colorado 80401
Phone : 303 384-9611
Fax : 303 384-99612

NOV 21 06

COGCC

November 20, 2006

Colorado Oil & Gas Commission
Mr. Randall Ferguson
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

RE: Sooner Unit 6-21
SENW Sec 21, T8N, R58W
API 05 123 14562 00
NOAV 1175588

Dear Randall:

The attached NOAV number 117558 is still being investigated by Diversified Operating field people. The information indicates that we do not have any pit on the 6-21 location. We are still researching it based on the photographs you supplied to us. It is possible this is the Sooner North Unit battery. The oil was cleaned up and we are still investigating the pit permit. DOC believes that a pit permit is in place for the Sooner North Unit battery. If we can not confirm this we will apply for one.

Please call if you need additional information.

Sincerely,

Bill Warburton
Consulting Engineer



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
 10/25/2006
 1175588

***** NOTICE OF ALLEGED VIOLATION *****

NOV 21 06

OGCC Operator Number: 24461
 Name of Operator: DIVERSIFIED OPERATING CORPORATION
 Address: 15000 W 6TH AVE STE 102
 City: GOLDEN State: CO Zip: 80401
 Company Representative: TERRY CAMMON



OGCC
 Date Notice Issued:
10/25/2006

Well Name: SOONER UNIT Well Number: 6-21 Facility Number: 246765
 Location (QtrQtr, Sec, Twp, Rng, Meridian): SENW 21 8N 58W 6 County: WELD
 API Number: 05 123 14562 00 Lease Number:

OCT 26 2006

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: 10/04/2006 Approximate Time of Violation:
 Description of Alleged Violation:
 A FIELD INSPECTION WAS CONDUCTED AT THE TANK BATTERY AND PIT LOCATED IN THE NENW 21, T8N, R58W. A THICK LAYER OF OIL WAS OBSERVED ON THE PIT SURFACE AND OIL SATURATED SOIL WAS PRESENT IN AND AROUND THE PIT (SEE ATTACHED PHOTOGRAPHS). ADDITIONALLY, A REVIEW OF COGCC FILES INDICATED THAT THERE IS NO APPROVED PIT PERMIT FOR THE SUBJECT PIT.

Act, Order, Regulation, Permit Conditions Cited:
 Rules 324A.a., 902.d., 902.e., 903., 907.a.,

Abatement or Corrective Action Required to be Performed by Operator:
 REMOVE THE OIL FROM THE PIT AS SOON AS PRACTICABLE BUT NO LATER THAN 10/31/06. NOTIFY COGCC STAFF WHEN THIS REQUIREMENT HAS BEEN SATISFIED. SUBMIT A FORM 27 - SITE INVESTIGATION AND REMEDIATION WORKPLAN FOR THE CLEAN-UP OF THE PIT AND ADJACENT AREAS. REPRESENTATIVE SOIL SAMPLES WILL BE REQUIRED TO CONFIRM SUCCESSFUL REMOVAL OF OILY SOILS ABOVE COGCC STANDARDS. OILY SOILS MAY BE LANDFARMED ONSITE IN ACCORDANCE WITH RULE 907.e. ADDITIONALLY, SUBMIT A FORM 15 - EARTHEN PIT PERMIT APPLICATION FOR COGCC REVIEW AND APPROVAL.

Abatement or Corrective Action to be Completed by (date): 11/15/2006
 * 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