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STATE OF COLORADO OIL & GAS CONSERVATION COMMISSION

1120 Lincoln Street, Suite 801
Denver, CO 80203
303-894-2100 fax: 303-894-2109

*** NOTICE OF ALLEGED VIOLATION ***

Operator Name & Mailing Address / Company Representative:

B.G. CANNON OIL
P.O. BOX 333
HAYDEN, COLORADO 81639

Date Notice Issued:

8-27-96

Well/Site/Facility: STATE #3	Legal Description (1/4 1/4, Section, Township, Range, P.M.): SEW, SEC 18, 6N, 86W, 6TH PM	County: ROUTT
Lease Number:	API Number: 107-5080	
COGCC Representative: JAMES ADKINS	Phone Number: (970) 858-7521	Date of Alleged Violation: 8-22-96
		Approx Time of Violation: 1:00 PM

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

Describe Alleged Violation: There is several inches of thick oil on the upper pit. The separator dump line is leaking water. Miscellaneous debris and equipment on location. oil stained soil around wellhead.

Act, Order, Regulation, Permit Conditions Cited: Rules 323, 603.g., 902.e., 904.c.(1)

Abatement or Corrective Action to be Completed by: Remove oil from pit by 9-1-96, clean up location by 8-1-97

Abatement or Corrective Action Required to be Performed by Operator *: Remove all junk, debris, surplus equipment, contaminated soil etc. from location by 8-1-97. Remove all oil from the pit and the contaminated soil by 9-1-96.

* 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 the above address

Print Company Representative Name & Title:	Signature:	Date:
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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 5 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 \$1000.00 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, 802, 803, 804

BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 302, 308, 309, 310, 316A, 317, 321, 322, 328, 329, 330, 331, 332, 401

BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607, 902, 903, 904, 905, 906, 907, 908, 909

BASE FINE \$1000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 304, 305, 306, 316B, 317A, 318, 319, 320, 323, 324, 325, 326, 327, 333, 404, 602, 603, 604, 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:	Time:
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FOR OFFICE USE ONLY

Resolution Approved by: 	Date: 9-1-97	Resolution Action:
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