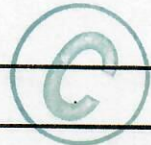


STATE OF COLORADO
OIL & GAS CONSERVATION COMMISSION

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:

ALLEN OIL & GAS LLC / CLAUDE ALLEN

C/O MIKE BUCCINO

P.O. BOX 883255

STEAMBOAT SPRINGS, CO 80488

Date Notice Issued:

JUNE 25, 1999

Well/Site/Facility:

BRADLEY #3

Lease Number:

Legal Description (1/4 1/4, Section, Township, Range, P.M.):

NE NW Section 18, T6N, R86W, 6th pm

County:

ROUTT

API Number:

05-107-05092

COGCC Representative:

Randall Ferguson

Phone Number:

(303)894-2100 x118

Date of Alleged Violation:

APRIL 6, 1999

Apprx Time of Violation:

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

Describe Alleged Violation:

During a site inspection, oil was present on water in an unlined earthen pit located

west of the Bradley #3 wellhead. The pit is not permitted and is located in the floodplain of the Yampa River, a sensitive area. The pit is situated approximately 150 feet from the Yampa River and is roughly 20 feet by 25 feet by 3 feet deep in dimension.

Act, Order, Regulation, Permit Conditions Cited:

Rules 901.f. and 902.d.

Abatement or Corrective Action to be Completed by:

July 9, 1999

Abatement or Corrective Action Required to be Performed by Operator *:

Oil must be removed from the pit as soon as

practicable after receipt of this Notice of Alleged Violation but no later than July 9, 1999. The unlined earthen pit is in a sensitive area and must therefore be closed and remediated. Pit closures require a pre-approved Form 27 - Site Investigation and Remediation Workplan in accordance with Rule 905.a. Submit a Form 27 for COGCC review by July 9, 1999. Lined pits or impermeable vessels are generally acceptable in sensitive area. Should you choose to place a liner in the pit, it will be necessary to submit a Form 15 - Pit Construction Permit application for COGCC review and approval.

* 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

Print 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 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 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 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, 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 605, 606A, 606B, 607

BASE FINE \$1000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 306, 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:

Randall H. Ferguson

Date:

6/25/99

Time:

2:00 PM

FOR OFFICE USE ONLY

Resolution Approved by:

Date:

Resolution Action: