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February 13, 2009

Acting Director David Neslin  
Department Of Natural Resources  
Oil & Gas Conservation Commission  
State of Colorado  
1120 Lincoln St., Rm 801  
Denver, CO 80203

**RE: NOAV Response (COGCC Document Numbers 200203054, 200203056, 200203061, 200203058)  
Battlement Mesa 26-33B, 26-33C, 26-33D, and 26-34A Wells  
API #'s 05-045-15743; 05-045-15742; 05-045-15739; and 05-045-15744  
NESW, SESW Sec. 26 T7S R95W  
Garfield County, Colorado**

Dear Director Neslin:

This letter provides Noble's response to the above-referenced Notice of Alleged Violations (NOAVs) regarding the Battlement Mesa 26-33B, 26-33C, 26-33D, and 26-34A wells (hereinafter "Wells"). Specifically, the alleged violation was issued alleging non-compliance with the following condition of approval ("COA") appended to the approved Application for Permit to Drill (APD):

*Perform a high accuracy gyroscopic directional wellbore survey upon reaching total depth of the well. E-mail a copy of the survey along with a sundry notice, Form 4 requesting approval to [jaimedkins@state.co.us](mailto:jaimedkins@state.co.us). The directional drilling survey report shall include a map view and a vertical profile view showing wellbore trajectory and distance from the ½ mile radius from Project Rulison. The operator shall obtain approval from the COGCC prior to commencing casing perforating and other completion operations.*

In preparing our response to the NOAVs, Noble completed an internal review of available information and also met with you and other Colorado Oil and Gas Conservation Commission ("COGCC") staff on February 9. This response is organized in four parts: a general description of the wells and associated drilling and completion operations; comments on the three specific elements contained in the COA; specific responses in the four areas requested by the Commission as abatement or corrective action; and a discussion of steps that Noble will take to improve information flow on the Rulison Sampling & Analysis Plan ("SAP").

### **General Description of BM 26-33B, 26-33D, 26-34A, 26-33C Wells**

The subject wells are located on Noble's 26N multi-well pad in the Rulison Field located in the NE/4SW/4 of Section 26, T7S, R95W. This pad is located just outside the 1-mile radius for Tier 1, but all four wells have bottom hole locations in Tier 1 and are approximately  $\frac{3}{4}$  of a mile from the Project Rulison test well.

As is common when operating on multi-well pads, various phases of the drilling and completions processes are performed using a "batch" approach in which all wells on the pad are drilled prior to beginning the subsequent phases. Once all of the wells for a given pad are drilled, successive tasks are completed, such as gyroscopic wellbore surveys (when required), perforation, and completions activities for all wells. This approach is commonly employed in order to effectively address a variety of issues, including without limitation: limited pad disturbance area, minimizing pad access in accordance with the Rulison SAP, minimization of vehicle traffic in the project area, and safety of Noble and contractor personnel.

In the case of the Wells on the 26N pad, Noble drilled the surface hole of these Wells in September and October of 2008, and then drilled each wellbore in October and/or November 2008. As of the current date, *none* of the wells have been perforated or completed and *none* of the wells are in production.

Noble performed the gyroscopic surveys during the week of February 3. During our February 9 meeting, Noble submitted the Sundry Notice Form 4, the gyroscopic survey, the magnetic directional survey typically used on directional wells, and associated maps and vertical profile views to COGCC.

Therefore, all gyroscopic surveys have been timely performed on the Wells. All surveys were performed prior to "commencing casing perforating and other completion operations." Moreover, the Form 4's have been delivered including the directional survey drilling report and vertical profile views showing the wellbore trajectory and the significant distance from the  $\frac{1}{2}$  mile radius area. We believe that all of the matters listed under the "Description of Alleged Violation" in the NOAVs have been properly and timely addressed, as all items have been completed prior to any perforating, fracing or other completion activities.

### **Response to COA Elements**

#### *Perform a high-accuracy gyroscopic wellbore survey upon reaching total depth*

As discussed during the February 9 meeting, the crux of the COA in question is the timing of the gyroscopic survey. Noble's interpretation is that the primary intent of the COA is to ensure that COGCC has access to the gyroscopic survey information prior to perforating and completion activities, so that COGCC can make an informed judgment about approving those activities. Based on our conversations during the February 9 meeting, Noble believes that COGCC engineering staff is in general agreement with our interpretation of the COA. By running the gyroscopic surveys during the week of February 3 and submitting the Form 4 prior to any perforating or completion work, Noble believes it is in compliance with this element of the COA.

However, Noble recognizes the concerns of COGCC's environmental staff with regard to expediting the flow of certain information to facilitate easy tracking of Noble's compliance with the SAP. Part of identifying Noble's compliance with the SAP is identifying the bottom hole

location and whether this is a Tier I or Tier II well. In this regard, Noble believes that this was known far in advance of beginning the drilling phase. The bottom-hole locations were projected to be nearly  $\frac{3}{4}$  of a mile from the Project Rulison test well, or approximately  $\frac{1}{4}$  of a mile from the Project Rulison  $\frac{1}{2}$ -mile radius. This projected distance is well outside of the margin of drilling variance that might occur even in the most extreme cases employing current technology. As a result, the well was within Tier I as defined by the SAP. Therefore, Noble treated the well as such throughout all phases of drilling, thereby monitoring the process under the highest level of oversight prescribed in the SAP.

As we discussed during our meeting regarding the merits of gyroscopic and magnetic directional surveys, a magnetic directional survey is the standard technique used throughout the Piceance Basin and worldwide for determining drilling trajectory and depth while drilling and is accepted by COGCC as well as numerous other agencies for determining bottom hole locations with regard to drilling windows and lease boundaries. This technology provides real time data during the drilling process with regard to well location and depth to allow the driller to steer the well to its desired target, while the gyroscopic survey is commonly conducted after the completion of drilling and only verifies the location of the bottom hole location after it is too late to make adjustments. Because a magnetic directional wellbore survey was completed approximately every 90 feet throughout the drilling process from spud through total depth (TD) on the subject Wells, Noble operated with a complete real-time understanding of the Wells' locations with respect to the zones of concern.

As discussed in our meeting, it is now Noble's understanding that COGCC engineering staff considers magnetic directional surveys to be equivalent to gyroscopic wellbore surveys for all wells outside of a "buffer" (discussed as roughly 200') from an important Project Rulison boundary. If this boundary is the 1-mile Tier 1 radius, a magnetic survey would be acceptable in lieu of a gyroscopic survey as long as Tier 1 monitoring is performed on those wells with a projected bottom hole location between 5,280 and 5,480' feet from the Project Rulison well. If the boundary is the  $\frac{1}{2}$  mile radius, then a gyroscopic survey would be required in any wells with a projected bottom hole location between 2,640' and 2,840'. If there needs to be further discussion on this policy modification, we would be willing to provide additional engineering support to aid your final decision.

*Submit a Sundry Notice (COGCC Form 4), including the directional survey drilling report with map and vertical profile views showing wellbore trajectory and distance from the  $\frac{1}{2}$  mile radius from Project Rulison to the COGCC Area Engineer*

As described above, the gyroscopic wellbore survey and corresponding Sundry Notice Form 4 was delivered to David Andrews on February 9, 2009 meeting. The submittal includes the directional survey drilling report with map and vertical profile views showing the wellbore trajectory and distance from the  $\frac{1}{2}$ -mile radius. Having satisfied the condition to submit the above information, Noble believes it is not in violation of the COA.

*Obtain approval from the COGCC prior to commencing casing perforating and other completion activities*

To date, Noble has yet to perforate the casing of the subject Wells and therefore is not in violation of the COA. Noble does not intend to perforate the casing or commence completions activities prior to obtaining approval from the COGCC via the Sundry Form 4 process.

## **Responses to Abatement and Corrective Action Requests**

*The operator will inform the COGCC in writing whether or not they complied with each of the 15 Conditions of Approval for the subject permit.*

Based on an internal review of information related to the 15 COAs, Noble believes it is in compliance with each COA.

*Further, the operator will inform the COGCC in writing whether or not they complied with the requirements of the Rulison Sampling & Analysis Plan for operations within the Tier I zone of the area subject to that sampling and analysis plan.*

Based on an internal review of information related to the Rulison SAP, Noble believes it is in compliance with all SAP requirements.

*The operator will submit a written explanation for the cause of not having complied with any Conditions of Approval including the Rulison Sampling & Analysis Plan.*

As noted above, Noble has conducted the gyroscopic surveys and submitted them prior to any perforating and other completion activities, and therefore believes it is in compliance with all COAs as well as the Rulison SAP. As a result, no explanations for non-compliance are warranted.

*The operator will provide a written explanation of corrective actions implemented to ensure compliance with Conditions of Approval to COGCC permits.*

No specific corrective action is required since Noble believes it is in compliance with the COA identified in the NOAVs. In order to insure compliance however, Noble has constructed a database tracking system for adherence to the Rulison SAP, and COAs attached to all wells within the Tier I or Tier II zones are also tracked. This database, along with our regular compliance activities (e.g., review of APDs and COAs by operational personnel prior to beginning drilling on a pad), is the backbone of our Rulison SAP compliance efforts.

## **Rulison SAP Information Flow**

We believe we now have a better understanding of COGCC's concerns regarding timing of information flow and appreciate staff's perspective on the need for data periodically in advance of quarterly reporting. In the interest of full cooperation and in an attempt to streamline the flow of information, Noble is recommending that emails be submitted to Mr. Dave Andrews and Mr. Chris Canfield upon reaching TD of all wells subject to the SAP. This will be especially important with regard to any well being deemed the "pioneering" well in a given sector in order to enable COGCC to easily verify that all requirements associated with drilling, completing, and producing the respective wells have been satisfied. Further, due to the delay in submitting receiving quarterly reports of data collected within the subject area, Noble is re-evaluating the reporting process in an attempt to identify opportunities for expediting the process. However, it should be noted that URS, Noble's third-party environmental consultant for this project, reviews the data immediately upon arrival in order to immediately notify Noble and the COGCC of any issues prior to submitting quarterly reports. To date, no situations have occurred that would dictate interim notifications to COGCC.



In addition, the COGCC receives numerous data submittals in accordance with COAs requiring COGCC approval for the transport and disposal of drill cuttings and fracing and flowback fluids. The quarterly report largely provides a final repository for the data collected during the quarter and is projected to be submitted within 60 days of URS receiving all of the laboratory analytical data for that quarter. Extended turn analyses often arrive up to 45 days after the collection of the sample. Therefore, in some circumstances, quarterly reports may be submitted as many as 105 days from the end of the quarter. As it is not Noble's intention to delay access to this information by COGCC or any other interested party, please advise whether you would like Noble to submit the data in raw format after the initial data verification process has been completed by URS.

## **Conclusion**

Noble's highest priority in the Rulison area is to operate in a safe and environmentally responsible manner and to comply with all applicable rules, regulations, and other requirements. We believe our efforts in leading the development of the Rulison SAP and our current voluntary efforts in working with all stakeholders on a Comprehensive Drilling Plan (CDP) that addresses most of our Piceance operations exemplify our commitment.

For the reasons set forth above, Noble believes that it has complied with the spirit and intent of the Conditions of Approval for the subject Wells, has performed all gyroscopic surveys in a timely manner prior to any casing perforating and completion activities and has submitted appropriate Form 4's as required. It is our view that no violation of Rule 303 or 321 has occurred and Noble is in compliance with all COAs affecting the Wells.

A signed copy of the NOAV is included with this correspondence. Please do not hesitate to contact me at (303) 228-4048 if you have any questions or require additional information.

Sincerely,



Curtis Rueter, P.E.  
Environmental and Regulatory Manager  
Northern Region

Cc: Ted Brown, Noble Energy, Inc.  
Robert Leo, Noble Energy, Inc.  
Chris Del Hierro, Noble Energy, Inc.  
Michael Wozniak, Beatty & Wozniak  
Carol Harmon, Esq. COGCC  
Chris Canfield, P.G., COGCC  
David Dillon, P.E., COGCC

COGCC Representative: CANFIELD CHRIS

Phone Number: 970 625-2497

**THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED**Date of Alleged Violation: **09/17/2008**

Approximate Time of Violation:

**Description of Alleged Violation:**

The operator did not comply with the following Conditions of Approval for the subject well's COGCC Form 2: Perform a high-accuracy gyroscopic directional wellbore survey upon reaching total depth, Submit a Sundry Notice (COGCC Form 4), including the directional survey drilling report with map and vertical profile views showing wellbore trajectory and distance from the ½ mile radius from Project Rulison, to the COGCC Area Engineer, and Obtain approval from the COGCC prior to commencing casing perforating and other completion activities.

**Act, Order, Regulation, Permit Conditions Cited:**

The operator did not comply with Conditions of Approval for COGCC Form 2, Permit No. 20080903 (COGCC Document No. 01989763) issued to Noble Energy for the Battlement Mesa Unit No. 26-33B, Rule 303, Rule 321.

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

The operator will inform the COGCC in writing whether or not they complied with each of the 15 Conditions of Approval for the subject permit. Further, the operator will inform the COGCC in writing whether or not they complied with the requirements of the Rulison Sampling & Analysis Plan for operations within the Tier I Zone of the area subject to that sampling and analysis plan. The operator will submit a written explanation for the cause of not having complied with any Conditions of Approval including the Rulison Sampling & Analysis Plan. The operator will provide a written explanation of corrective actions implemented to ensure compliance with Conditions of Approval to COGCC permits. The COGCC reserves its right to require further abatement actions and/or penalties from the operator.

Abatement or Corrective Action to be Completed by (date): **02/13/2009**

\* 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: CURTIS RUETERTitle: ENV. & REG. MGR.Signature: Curtis RueterDate: 2-13-2009

Company Comments:

LETTER SUBMITTED ADDRESSING ABATEMENT / CORRECTIVE ACTIONS**\*\*\* 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 reduced or eliminated due 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 605, 606A, 606B, 607

BASE FINE \$1,000.00 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 523a(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative:

Chris CanfieldDate: 01/29/2009Time: 17:00

Resolution Approved by:

Date: \_\_\_\_\_



COGCC Representative: CANFIELD CHRIS

Phone Number: 970 625-2497

**THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED**Date of Alleged Violation: 09/24/2009

Approximate Time of Violation:

**Description of Alleged Violation:**

The operator did not comply with the following Conditions of Approval for the subject well's COGCC Form 2:  
Perform a high-accuracy gyroscopic directional wellbore survey upon reaching total depth,  
Submit a Sundry Notice (COGCC Form 4), including the directional survey drilling report with map and vertical profile views showing wellbore trajectory and distance from the ½ mile radius from Project Rulison, to the COGCC Area Engineer, and  
Obtain approval from the COGCC prior to commencing casing perforating and other completion activities.

**Act, Order, Regulation, Permit Conditions Cited:**

The operator did not comply with Conditions of Approval for COGCC Form 2, Permit No. 20080902 (COGCC Document No. 01989762) issued to Noble Energy for the Battlement Mesa Unit No. 26-33C, Rule 303, Rule 321.

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

The operator will inform the COGCC in writing whether or not they complied with each of the 15 Conditions of Approval for the subject permit. Further, the operator will inform the COGCC in writing whether or not they complied with the requirements of the Rulison Sampling & Analysis Plan for operations within the Tier I Zone of the area subject to that sampling and analysis plan. The operator will submit a written explanation for the cause of not having complied with any Conditions of Approval including the Rulison Sampling & Analysis Plan. The operator will provide a written explanation of corrective actions implemented to ensure compliance with Conditions of Approval to COGCC permits. The COGCC reserves its right to require further abatement actions and/or penalties from the operator.

Abatement or Corrective Action to be Completed by (date): 02/13/2009

\* 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:**

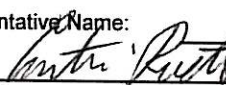
Company Representative Name:

CURTIS RUETER

Title:

ENV. & REG. MGR.

Signature:



Date:

2-13-2009

Company Comments:

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**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 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

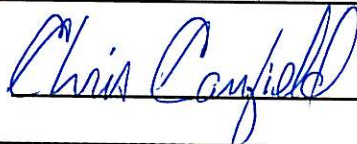
BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607

BASE FINE \$1,000.00 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 523a(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: 01/29/2009Time: 17:00

Resolution Approved by:

Date:



COGCC Representative: CANFIELD CHRIS

Phone Number: 970 625-2497

**THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED**Date of Alleged Violation: **09/17/2008**

Approximate Time of Violation:

**Description of Alleged Violation:**

The operator did not comply with the following Conditions of Approval for the subject well's COGCC Form 2:  
Perform a high-accuracy gyroscopic directional wellbore survey upon reaching total depth,  
Submit a Sundry Notice (COGCC Form 4), including the directional survey drilling report with map and vertical profile views showing wellbore trajectory and distance from the ½ mile radius from Project Rulison, to the COGCC Area Engineer, and  
Obtain approval from the COGCC prior to commencing casing perforating and other completion activities.

**Act, Order, Regulation, Permit Conditions Cited:**

The operator did not comply with Conditions of Approval for COGCC Form 2, Permit No. 20080904 (COGCC Document No. 01989764) issued to Noble Energy for the Battlement Mesa Unit No. 26-34A, Rule 303, Rule 321.

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

The operator will inform the COGCC in writing whether or not they complied with each of the 15 Conditions of Approval for the subject permit. Further, the operator will inform the COGCC in writing whether or not they complied with the requirements of the Rulison Sampling & Analysis Plan for operations within the Tier I Zone of the area subject to that sampling and analysis plan. The operator will submit a written explanation for the cause of not having complied with any Conditions of Approval including the Rulison Sampling & Analysis Plan. The operator will provide a written explanation of corrective actions implemented to ensure compliance with Conditions of Approval to COGCC permits. The COGCC reserves its right to require further abatement actions and/or penalties from the operator.

**Abatement or Corrective Action to be Completed by (date):** **02/13/2009**

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**TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:**

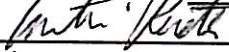
Company Representative Name:

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Title:

ENV. &amp; REG. MGR.

Signature:



Date:

2-13-2009

Company Comments:

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**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.

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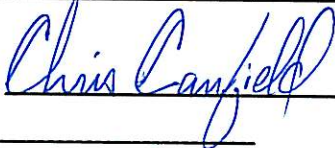
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706, 707, 708, 709, 711, 802, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103

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: 01/29/2009

Time: 17:00

Resolution Approved by:

Date:



COGCC Representative: CANFIELD CHRIS

Phone Number: 970 625-2497

**THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED**Date of Alleged Violation: 09/10/2008

Approximate Time of Violation:

**Description of Alleged Violation:**

The operator did not comply with the following Conditions of Approval for the subject well's COGCC Form 2: Perform a high-accuracy gyroscopic directional wellbore survey upon reaching total depth, Submit a Sundry Notice (COGCC Form 4), including the directional survey drilling report with map and vertical profile views showing wellbore trajectory and distance from the ½ mile radius from Project Rulison, to the COGCC Area Engineer, and Obtain approval from the COGCC prior to commencing casing perforating and other completion activities.

**Act, Order, Regulation, Permit Conditions Cited:**

The operator did not comply with Conditions of Approval for COGCC Form 2, Permit No. 20080905 (COGCC Document No. 01989765) issued to Noble Energy for the Battlement Mesa Unit No. 26-34A, Rule 303, Rule 321.

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

The operator will inform the COGCC in writing whether or not they complied with each of the 15 Conditions of Approval for the subject permit. Further, the operator will inform the COGCC in writing whether or not they complied with the requirements of the Rulison Sampling & Analysis Plan for operations within the Tier I Zone of the area subject to that sampling and analysis plan. The operator will submit a written explanation for the cause of not having complied with any Conditions of Approval including the Rulison Sampling & Analysis Plan. The operator will provide a written explanation of corrective actions implemented to ensure compliance with Conditions of Approval to COGCC permits. The COGCC reserves its right to require further abatement actions and/or penalties from the operator.

**Abatement or Corrective Action to be Completed by (date):** 02/13/2009

\* 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: GURTIS RUETERTitle: ENV. & REG. MGRSignature: [Signature]Date: 2-13-2009

Company Comments:

LETTER SUBMITTED ADDRESSING ABATEMENT/CORRECTIVE ACTIONS.**\*\*\* 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, 603, 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 \$1,000.00 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:

Chris CanfieldDate: 01/29/2009Time: 17:00

Resolution Approved by:

Date: