

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
01/10/2011
200291435

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 45010
Name of Operator: JON DRINDAK
Address: 8858 COUNTY RD #2
City: RANGELY State: CO Zip: 81648
Company Representative:

Date Notice Issued:
01/11/2011

Well Name: GOVERNMENT Well Number: 16-7 Facility Number: 228807
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSW 16 2N 103W 6 County: RIO BLANCO
API Number: 05 103 05793 00 Lease Number: 46227

COGCC Representative: KRABACHER JAY Phone Number: 970 625-2497

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

Date of Alleged Violation: 02/15/2010
Description of Alleged Violation:
Operator did not submit Form 6 (Notice of Intent to Abandon) to receive COGCC approval for their proposed operations prior to the work. Operator submitted Form 6 (Subsequent Report of Abandonment) on an obsolete version of Form 6, and the Form 6 was incomplete. Operator did not submit contractor Plugging Verification Reports to substantiate the depths, volumes, and API Class of all cement plugs. GPS coordinates have not been provided at the actual "as-built" well location.

Act, Order, Regulation, Permit Conditions Cited:
Rule 206.a. -- Operator submitted an incomplete report. Rule 311. and Rule 319.a.(6) -- Plugging and abandonment performed without prior approval. Rule 311. and Rule 319.a(3) -- Plugging Verification Reports not provided with Form 6 (Subsequent Report of Abandonment). COGCC As-Built Location Policy and Rule 215 -- GPS measurement.

Abatement or Corrective Action Required to be Performed by Operator: *
Submit a version of Form 6 (12/2005 revision), completely filled out with attached contractor Plugging Verification Reports. Provide a written explanation which describes why the COGCC was not contacted prior to the plug/abandonment work and the operator's proposed corrective measures to prevent recurrence of these alleged violations. Provide "as-built" GPS latitude, longitude, PDOP measurements, measurement date, and instrument operator name in a format consistent with Rule 215.

Abatement or Corrective Action to be Completed by (date): 02/10/2011
* 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: Jon Drindak Title: owner/operator
Signature: Jon Drindak Date: 1-26-2011
Company Comments: I initially spoke / Jay Krabacher about this 1-21-2011

*** THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED ***

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.

WARNING

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 \$500.00 PER DAY PER VIOLATION RULES 210, 307, 311, 312, 313, 314A, 315, 405, 803, 804
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 209, 301, 302, 303, 305, 306, 308, 309, 310, 313A, 316A, 316B, 317, 317A, 317B, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 341, 401, 403, 404, 802, 803, 804, 806A, 806B, 807, 808, 703, 704, 705, 706, 707, 708, 709, 711, 712, 802, 805, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103, 1201, 1203, 1204, 1205

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: [Signature] Date: 01/11/2011 Time: 10:00AM

Resolution Approved by: [Signature] Date: 3/1/2011