



*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 10118
Name of Operator: DOLPHIN ENERGY CORPORATION
Address: 1700 LINCOLN ST STE 4000
City: DENVER State: CO Zip: 80203-4540
Company Representative: JOHN TRABANDT

Date Notice Issued:
03/01/2011

Well Name: BISCUIT RANCH Well Number: 10-31D Facility Number: 281273
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSE 31 5S 92W 6 County: GARFIELD
API Number: 05 045 11424 00 Lease Number:

COGCC Representative: ANDREWS, DAVID Phone Number: 970 625-2497 EXT 1

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED
Date of Alleged Violation: 04/20/2010 Approximate Time of Violation:
Description of Alleged Violation:
Based on a review of COGCC's well records and observations during a COGCC field inspection on 4/20/2010, this well is shut-in and/or temporarily abandoned. There is no production on file. There is no mechanical integrity test on file to verify casing integrity.

Act, Order, Regulation, Permit Conditions Cited:
Rule 319.b.(3), Rule 326.b.(1), and Rule 326.d.

Abatement or Corrective Action Required to be Performed by Operator:*
Contact COGCC staff within 30 days with a schedule to perform the following work (all work must be completed within six (6) months):
1) put the well on production (submit Operator's Monthly Report of Operations); 2) pass a mechanical integrity test (MIT) to maintain shut-in or temporary abandon (TA) status (notify COGCC ten [10] days prior to the test and submit Form 21) and submit a Form 4 to request an extended TA status per Rule 319.b., if the well is TA; or 3) plug and abandon the well (submit Form 6, Notice of Intent to Abandon, for prior approval before proceeding with P&A operations). Casing repair procedures must be approved by COGCC staff on Form 4, Sundry Notice, per Rule 317.d. if the well lacks mechanical integrity and the operator intends to return the well to production.
Abatement or Corrective Action to be Completed by (date): 09/01/2011
* 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: 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 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 \$500.00 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, 602, 603, 604, 606A, 606B, 607, 608, 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, 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: David Andrews Date: 03/01/2011 Time: 2:00PM
Resolution Approved by: David Andrews Date: 11/8/2011
ISSUED BOND CLAIM ORDER # 1V-382

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

DOLPHIN ENERGY CORP.
ATTN: JOHN TRABANDT
1700 LINCOLN ST, #4000
DENVER CO 80203-4540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Xm. Amagost

☐ Agent

☐ Addressee

B. Received by (Printed Name)

m. Amagost

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7007 3020 0001 6340 6319

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540