



DEPARTMENT OF NATURAL RESOURCES
John W. Hickenlooper, Governor
1120 Lincoln St. Suite 801
Denver, CO 80203
Phone: (303) 894-2100
FAX: (303) 894-2109
www.colorado.gov/cogcc

Sent Via Certified Mail, Return Receipt Requested
Article Number: 7008 0150 0001 7352 0027

November 18, 2011

Mr. Jack Grynberg
Grynberg, Jack, DBA Grynberg Petroleum CO
3600 S. Yosemite St., Ste 900
Denver, CO 80237-1830

RE: Notice of Alleged Violation (Document Number 200329114)
Grynberg, Jack, DBA Grynberg Petroleum CO
Hiawatha State 4-3 (Facility ID: 414588)
NWSE Section 3, Township 11 North, Range 101 West
Moffat County Colorado

Dear Mr. Grynberg,

Enclosed is a Notice of Alleged Violation (NOAV) issued under Rule 522.a. of the Colorado Oil and Gas Conservation Commission (COGCC) Rules of Practice and Procedure. The NOAV must be signed and returned upon completion of your corrective actions. Also find enclosed the model for the "Answer to the NOAV" which needs to be returned to Mr. Peter Gowen, COGCC, Acting Hearings Manager, within 20 days of receipt of this letter.

Thank you for your attention to these matters. If you should have any questions, please feel free to call me at 303-894-2100 x5138.

Sincerely,

Alex Fischer, P.G.
Environmental Supervisor-Western Colorado

Cc: David Neslin, COGCC - Director
Debbie Baldwin, COGCC - Environmental Manager
Peter Gowen, COGCC - Acting Hearings Manager
Brad Hill, - State of Utah Oil and Gas Permitting Manager
Rob Herbert, - State of Utah Division of Water Quality Manager



*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 36200
Name of Operator: GRYNBERG* JACK DBA GRYNBERG PETROLEUM CO
Address: 3600 S. YOSEMITE ST - STE 900 ATTN: JACK GRYNBERG
City: DENVER State: CO Zip: 80237-1830
Company Representative: JACK GRYNBERG

Date Notice Issued:
11/18/2011

Well Name: HIAWATHA STATE Well Number: 4-3 Facility Number: 414588
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSE 3 11N 101W 6 County: MOFFAT
API Number: 05 081 07313 00 Lease Number: 67/3795-S

COGCC Representative: FISCHER ALEX Phone Number: 303 894-2100 X5138

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

Date of Alleged Violation: 10/06/2011 Approximate Time of Violation:
Description of Alleged Violation:
On October 6, 2011, approximately 4000 cubic yards of E&P waste from Facility Number 414588, the Hiawatha State 4-3 flowback completion pit and flare pit was reported to have been disposed of, at an unapproved facility in Utah. The approved Form 27 Remediation Workplan (Document Number 2524431 and Remediation Number 5585), stated that impacted soils will be disposed of at a commercial disposal facility. Failure to close the pit consistent with the approved Form 27 is a violation of Rule 905.b. Failure to dispose of the E&P waste at an authorized site is a violation of Rule 907. According to Brad Hill, Oil and Gas Permit Manager for Utah Division of Oil, Gas and Mining; and Rob Herbert, Utah Division of Water Quality, the estimated 4000 cubic yards of material that were dumped at the unapproved facility had diesel range organics from about 22,600 to 23,800 mg/kg. The analytical results are from samples collected by the Utah Division of Oil, Gas and Mining. The material had not been spread out or incorporated into the ground. Additionally, Grynberg had an Administrative Order by Consent (AOC), Order No 1V-367 issued. The Remediation Work Plan (Document Number 2524431) is a result of the AOC.

Act, Order, Regulation, Permit Conditions Cited:
905 [includes: 905.b]; 907 [includes: 907.b.(1); 907.d.(2); 907.e.(1); 907.e.(2)]

Abatement or Corrective Action Required to be Performed by Operator:*
Remove all material that was transported to the unauthorized facility in Utah and dispose of the material at commercial disposal facility by January 31, 2012. A Form 27 providing an account of the disposition of the E&P waste and waste manifests shall be submitted to the COGCC by February 10, 2012.

Abatement or Corrective Action to be Completed by (date):
* 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

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 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: Alex J. Fischer Date: 11/18/11 Time:
Resolution Approved by: _____ Date: _____



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To: Mr. Jack Grynberg
From: Peter J. Gowen, Acting Hearings Manager *RTG*
Re: Instructions for Simple Answer to NOAV
Date: November 18, 2011

Attached please find a model form for a responsive pleading to a Notice of Alleged Violation (NOAV) issued by the Colorado Oil & Gas Conservation Commission (Commission). An Answer to NOAV must be filed with the Commission Hearings Manager within 20 days of the receipt of the NOAV. Failure to do so could result in the entry of an Order finding Violation by the Commission by default.

If you would like a MSWord version of this form, please send an email request to: Peter.Gowen@state.co.us and specify "Model Simple Answer to NOAV" in the subject line of the message.

The attached form is only suggested. You may create your own Answer to NOAV if you like. However, your pleading must be verified under oath and the signature witnessed by a notary, if signed by a non-attorney representative of the operator. If signed by an attorney, the pleading is to be signed pursuant to Rule 11, Colorado Rules of Civil Procedure. Unsigned pleadings will be rejected.

Hard copy originals should be sent to the following:

Peter J. Gowen, Acting Hearings Manager
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Electronic documents that include appropriate signatures may be submitted by email to the following address: Peter.Gowen@state.co.us .

Questions concerning the processing of the NOAV may be directed to the Commission Hearings Manager using above stated contact information.

Thank you for your cooperation.

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF NOTICE OF ALLEGED)
VIOLATIONS (NOAV) OF COMMISSION RULES)
BY GRYNBERG PETROLEUM CO IN MOFFAT)
COUNTY, COLORADO)

NOAV NO. 200329114

DOCKET NO. _____-OV-_____
(To be completed at a later date)

SIMPLE ANSWER TO NOAV

[Failure to respond to a NOAV can result in an Order Finding Violation entered against you by the Commission by default.]

I. Identifying Information

Operator: Grynberg, Jack, DBA Grynberg Petroleum CO

NOAV No. 200329114

Date of NOAV: November 18, 2011

Staff Contact Information: Alex Fischer, Environmental Supervisor, 303-894-2100 X5138

Operator Contact Information:

Name: Jack Grynberg

Title/Capacity: President

Address: 3600 S. Yosemite St, Ste., 900

Denver, CO 80237-1830

Telephone Number: 303-850-7490

Email address: j.grynberg@grynberg.com

II. Response to Alleged Violations:

(Failure to deny the allegation will be considered an admission of its validity.)

Alleged Violation 1. Rule 905

- Rule 905.b., which requires pits not used exclusively for drilling operations, buried or partially buried produced water vessels, and emergency pits shall be closed in accordance with an approved Site Investigation and Remediation Workplan, Form 27. The workplan shall be submitted for prior Director approval and shall include a description of the proposed investigation and remediation activities in accordance with Rule 909. Emergency pits shall be closed and remediated as soon as the initial phase of emergency response operations are complete or process upset conditions are controlled.

(Operator- indicate whether this violation is admitted or denied.)

Admitted

Denied

(State legal/factual basis for denial)

Alleged Violation 2. Rule 907

- Rule 907.b.(1)., which requires E&P waste, when transported off-site within Colorado for treatment or disposal, shall be transported to facilities authorized by the Director or waste disposal facilities approved to receive E&P waste by the Colorado Department of Public Health and Environment. When transported to facilities outside of Colorado for treatment or disposal, E&P waste shall be transported to facilities authorized and permitted by the appropriate regulatory agency in the receiving state.
- Rule 907.d.(2)., **Treatment and disposal.** Drilling fluids may be treated or disposed as follows:
 - A. Injection into a Class II well permitted in accordance with Rule 325;
 - B. Disposal at a commercial solid waste disposal facility; or
 - C. Land treatment or land application at a centralized E&P waste management facility permitted in accordance with Rule 908.
- Rule 907.e., **Oily waste.** Oily waste includes those materials containing crude oil, condensate or other E&P waste, such as soil, frac sand, drilling fluids, and pit sludge that contain hydrocarbons.
 - (1) Oily waste may be treated or disposed as follows:
 - A. Disposal at a commercial solid waste disposal facility;
 - B. Land treatment onsite; or

C. Land treatment at a centralized E&P waste management facility permitted in accordance with Rule 908.

- 907.e.(2)., Land treatment requirements:
 - A. Free oil shall be removed from the oily waste prior to land treatment.
 - B. Oily waste shall be spread evenly to prevent pooling, ponding, or runoff.
 - C. Contamination of stormwater runoff, ground water, or surface water shall be prevented.
 - D. Biodegradation shall be enhanced by disking, tilling, aerating, or addition of nutrients, microbes, water or other amendments, as appropriate.
 - E. Land-treated oily waste incorporated in place or beneficially reused shall not exceed the concentrations in Table 910-1.
 - F. When a threatened or significant adverse environmental impact from onsite land treatment exists, operators shall submit a Site Investigation and Remediation Workplan, Form 27, for approval by the Director. Treatment shall thereafter be completed in accordance with the workplan and Rules 909. and 910.
 - G. When land treatment occurs in an area not being utilized for oil and gas operations, operators shall obtain prior written surface owner approval.

(Operator- indicate whether this violation is admitted or denied.)

Admitted

Denied

(State legal/factual basis for denial)

III. Additional Narrative

(Optional. Include any affirmative defenses - if any. May attach additional pages if necessary)

IV. Supporting Documentation for denials stated in Section II.

List Attachments.

