


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  
  
8/1/2012  
  
200358023

\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 52530  
Name of Operator: MAGPIE OPERATING, INC  
Address: 2707 SOUTH COUNTY RD 11 ATTN: JAMES M WARNER  
City: LOVELAND State: CO Zip: 80537  
Company Representative: RYAN WARNER 970-669-6308

Date Notice Issued:  
  
8/1/2012

Well Name: LITTLE BEAVER UNIT Well Number: 41 Facility Number: 316988  
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWNE 5 2S 56W 6 County: WASHINGTON  
API Number: 05 121 06222 Lease Number:

COGCC Representative: ALLISON RICK Phone Number: 303 891-2100

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

Date of Alleged Violation: 7/27/2012 Approximate Time of Violation: 1:00PM

Description of Alleged Violation:  
During a followup inspection to a routine July 16, 2012 COGCC inspection (Document #663400612), COGCC representative Rick Allison observed that a workover pit documented during the July 16, 2012 inspection was present on the location. The workover pit was covered in oil and no wildlife cover or fence was present. The workover pit has not been permitted, and the pit liner does not meet the 24 mil thickness pit lining requirements of Rule 904.c. High level staining on the pit liner indicates the pit level may have been within less than 2 feet of freeboard, but the July 27, 2012 pit level was three to four feet below the apparent high level line indicating either a release or removal of pit fluids. Other rule violations observed included oily soil at the location resulting from an apparent pit overflow, debris from the workover operation remained on location, and an open top tank containing produced water from the workover operation remained on location. The netting on the open top tank had collapsed into the tank.

Act, Order, Regulation, Permit Conditions Cited:  
324A.a.; 603.j.; 902.a.; 902.b.; 902.c.; 902.d.; 903.a.(2); 904.c.; 906.a.; 906.b.; 907.a.(1); 907.e.

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

Immediately remove oil from the workover pit. All other actions are due by the date listed below. Submit a Form 15 Pit Report to document the construction of the workover pit. Submit a Form 27 Site Investigation and Remediation Workplan concurrent with the Form 15 Pit Report to propose a method of reclaiming the workover pit and assessing the impacts to soil and ground water. Clean up oily soil on the location in accordance with Rule 907.e. The location is in a Sensitive Area for shallow ground water; therefore, a Form 27 Site Investigation and Remediation Workplan must be submitted and approved for the onsite land treatment of oily waste. Collect confirmation samples in areas where oily waste is removed to verify compliance with Table 910-1. Submit a Form 19 Spill/Release Report for the overflow of fluids from the pit and potential release of pit fluids to the subsurface. Submit documentation showing the proper disposal and the volume disposed of pit fluids. Dispose of produced water from the open top tank in accordance with Rule 907

Abatement or Corrective Action to be Completed by (date): 8/31/2012

\* 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.

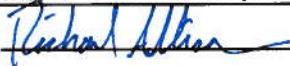
PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

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 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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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, 306, 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:  Date: 8/1/2012 Time: 9:00AM

Resolution Approved by: Date:

**Notice of Alleged Violation #200358023**

**Magpie Operating, Inc. #52530**

**Little Beaver Unit #41, API 05-121-06222**

**Date of Alleged Violation: 7/27/2012**

**Description of Alleged Violation:**

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**Abatement or Corrective Action to be Completed by: 8/24/2012**