

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

9/15/2011

200320926

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 101100

Name of Operator: ROCKY MOUNTAIN BLUEBIRD RANCH, A CAL CORP

Address: 5826 PRESLEY WAY ATTN: CHARLES KINNEY

City: OAKLAND

State: CA

Zip: 94618

Company Representative: CHARLES KINNEY

Date Notice Issued:

9/15/2011

Well Name: STEPHEN KINNEY #1

Well Number: 1

Facility Number: 289955

Location (QtrQtr, Sec, Twp, Rng, Meridian): NESW 11 35N 14W N

County: MONTEZUMA

API Number: 05 083 06631 00

Lease Number: 99999

COGCC Representative: WEEMS MARK

Phone Number: 970 259-4587

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTEDDate of Alleged Violation: 9/15/2011Approximate Time of Violation: 10:31AM

Description of Alleged Violation:

HAS FAILED TO SUBMIT THE FOLLOWING FORMS: FORM 5 - DRILLING COMPLETION REPORT (RULE 308.A); FORM 5A - COMPLETED INTERVAL REPORT (RULE 308.B); FORM 4 - SUNDRY NOTICE GIVING WELL STATUS AND REPORT FUTURE PLANS FOR THE WELL (RULE 319. B. TEMPORARY ABANDONMENT); HAS FAILED TO RECLAIM DRILLING/COMPLETION WITHIN THREE MO. OF COMPLETING THE WELL; PIT IS LOCATED IN AN IRRIGATED HAY FIELD (RULE 1003. D. DRILLING PIT CLOSURE); HAS FAILED TO CONSTRUCT BERM AROUND STOCK TANKS; MIN. CAPACITY TO HOLD AT LEAST 210 BBLs (RULE 604. A. (4) BERMS)

Act, Order, Regulation, Permit Conditions Cited:

RULES 308. A. & B.; 319. B.; 604. A. (4); 1003. D.

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

SUBMIT FORMS: 4 - SUNDRY NOTICE (REPORT WELL STATUS AND FUTURE PLANS); 5 - DRILLING COMPLETIONS REPORT & 5A - COMPLETED INTERVAL REPORT; CONSTRUCT BERM AROUND TANK BATTERY (MIN. CAPACITY=210 BBL); RECLAIM THE DRILLING/ COMPLETION PIT AS PER RULES 900 & 1000 SERIES. NOTE: THE OPERATOR WAS GRANTED AN EXTENSION TO 06/20/2012 BECAUSE THE OPERATOR TOOK THE OPTION TO PLUG AND ABANDON

Abatement or Corrective Action to be Completed by (date): 10/14/2011

* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

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COGCC Representative: WEEMS MARK

Phone Number: 970 259-4587

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: _____

Date: 9/15/2011

Time: 10:31AM

Resolution Approved by: MARK WEEMS

Date: 5/4/2012

All aspects of the items listed in the Abatement or Corrective Items to be Completed in the NOAV have been completed in a satisfactory manner. The pit reclamation done under this NOAV and on 05/04/2012 is considered interim reclamation and a final site reclamation will be forthcoming no sooner than two years after 05/04/2012.