



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

April 13, 2013

CERTIFIED MAIL RETURN RECEIPT REQUESTED
7011 3500 0000 8456 4789

Mr. Jess Peonio
Axia Energy, LLC
1430 Larimer Street, Suite 400
Denver, Colorado 80202

RE: AMENDED Notice of Alleged Violation #200375865
Bulldog #5-31H Completions Pit, Facility ID: 429725
Location ID: 428927
NWNE Sec 5 T7N R 90W
Moffat County, Colorado

Dear Mr. Peonio,

Per Section 34-60-121(1) C.R.S, the Colorado Oil and Gas Conservation Commission (COGCC) is issuing an Amended Notice of Alleged Violation (NOAV) to Axia Energy, LLC (Axia) for the Bulldog #5-31H Completions Pit, Facility ID: 429725 in response to an incident and failed field inspections dated December 10, 2012 (Document Number 669300286), December 12, 2012 (Document Number 669300288), and January 9, 2013 (Document Number 667100022).

The original NOAV incorrectly cited:
1002. STORM WATER MANAGEMENT

e. Storm water management issues.

The correct citation should have been:
1002. STORM WATER MANAGEMENT

f. Storm water management issues.

I apologize for any confusion. If you have any questions please contact me at 303-894-2100 X 5138 or alex.fischer@state.co.us.

Sincerely,

Alex J. Fischer, P.C.
Environmental Supervisor – Western Colorado

Cc: Matt Lepore, COGCC Director
Bob Frick, COGCC Hearings Manager
Peter Gowen, COGCC Enforcement Officer
James Milne, COGCC Environmental Manager
Kris Neidel, COGCC NW Field Inspector

Attachment 1 – Amended NOAV #200375865



*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 10335
Name of Operator: AXIA ENERGY LLC
Address: 1430 LARIMER STREET #400 ATTN: JESS PEONIO
City: DENVER State: CO Zip: 80202
Company Representative: JESS PEONIO

Date Notice Issued:
03/01/2013

Well Name: Well Number: Facility Number: 429725
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWNE 5 7N 90W 6 County: MOFFAT
API Number: 05 Lease Number:

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: 01/03/2013 Approximate Time of Violation:

Description of Alleged Violation:
During the January 9, 2013 inspection, Pit Facility ID 429725 had fluids with oil/condensate on the surface without appropriate cover/netting. The pit liners had been compromised as a result of the fire, however, Mr. Shane Wentzel with Axia stated that Axia believed the upper liner was compromised near the leak detection system (not as a result of the incident and fire) and that the liner compromise may have occurred a couple of weeks prior due to hoses being placed in/out of the pit. A COA for Pit Facility ID 429725 included: "Delivery and vacuum truck hoses will not be allowed to be placed directly onto the liner."

Act, Order, Regulation, Permit Conditions Cited:
303.d; 324.A.a.; 604.d; 902.a., b., c., d., e., h.; 903; 906.a.; 907.a.(1), 907.b.(1), 907.b.(2), 907.c.(1).; and 1002.f per Section 34-60-121(1) C.R.S (NOTE: THIS NOAV HAS BEEN AMENDED CITING 1002.f INSTEAD OF 1002.e).

Abatement or Corrective Action Required to be Performed by Operator:*
SEE ATTACHMENT 1 TO DOCUMENT NUMBER 200375865, NOAV NOTICE.

Abatement or Corrective Action to be Completed by (date): 04/02/2013
* 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.

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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, 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: 4/12/13 Time:
Resolution Approved by: Date: