Complaint: 200113299
Date: 04/26/2007

01727326

9.
PAGES, INCLUDING COVER

Northeast Colorado Health Department
District Headquarters
700 Columbine Street
Sterling, Colorado 80751
970-522-3741
FAX 970-522-1412

FACSIMILE TRANSMITTAL SHEET

TO: John. FROM: Lydia Kiser

COMPANY: Oil & Gas Commission DATE: 5/31/75

FAX NUMBER: PHONE NUMBER 970-522-3741 ex 234

RE:

☐ URGENT ☐ FOR REVIEW ☐ PLEASE REPLY

This fax is for the sole use of the intended recipient(s)

CORAL PRODUCTION CORP.

1600 STOUT STREET, SUITE 1500
DENVER, COLORADO 80202

Phone (303) 623-3573
Fax (303)623-2870

May 16, 2007

Mr. Melvin Nelson
P.O. Box 117
Peetz, CO 80747

Re. Results of groundwater sampling at Nelson Farm well
NENE Section 6 T11N R52W, Logan County, CO

Dear Mr. Nelson:

In response to your phone call to our office in April, 2007 regarding concern for the potential impact of groundwater contamination resulting from Coral Production Corporation's (CPC) oil production operations, we have conducted field samplings of your well and the injection water from our lease. That sampling was performed on April 26, 2007 and information obtained from the sampling was reviewed along with an evaluation of our operations to determine if there was any connection.

CPC took over as operator of the adjacent oil lease in early 1999 and we have operated an injection well for produced water on the lease to this day. We have performed mechanical integrity tests on the injection well in accordance with state rules which is intended to verify that there are no leaks in the well casing. The most recent test conducted in May, 2006 under the supervision of the Colorado Oil & Gas Commission was successful. The depth that water is injected into the formation is 5265' or approximately one-mile below the ground. The location of the injection well is approximately ¾ mile to the southwest.

The groundwater analyses were selected to develop a profile of the water constituents in both the shallow aquifer and the produced water to determine if there is a connection. The following table summarizes our findings (laboratory results attached):

Calcium	14.2	630
Magnesium	2.77	222
Potassium	13.9	33.7
Sodium	3280	178
Nitrate (N)	n/d	1.85
Sulfate	580	42.1
Chloride	3790	2070
Alkalinity	1810	264

The results of our sampling do not indicate any correlation between the produced water and the domestic groundwater source. This is determined by the comparison of the Calcium and Magnesium content and reviewing data obtained from Pease Oil & Gas files which were turned over to Coral at the time of our acquisition. Those records indicate that the Calcium and Magnesium levels have been increasing in the domestic water well, whereas the produced water has remained fairly constant.

While Coral Production Corp. sympathizes with your situation we do not see any connection between the oil operations and the declining groundwater quality. The Groundwater Atlas of Colorado states that the water quality in the High Plains Aquifer has declined significantly since the early 1900's and may be the result of agricultural irrigation recharge and evaporative concentration of dissolved solids (Chapter 6.9, pg 4). It appears that this may be the cause.

If you have any questions, feel free to contact me at (303) 623-3573 extension 101.

Sincerely,

James C. Wieger
Geologist/ Environmental Coordinator

Evergreen Analytical, Inc.
4036 Youngfield Street, Wheat Ridge, Colorado 80033-3862
(303) 425-6021

Client Sample ID: SWD Disposal Well
Client Project ID: Schwake Lease
Date Collected: 4/26/07
Date Received: 4/26/07

Lab Work Order: 07-2565
Lab Sample ID: 07-2565-01
Sample Matrix: Groundwater

DISSOLVED METALS

Method: E200.7, Rev. 4.4 **Prep Method: E200.7/SW3010A**

Date Prepared: 5/3/07
Date Analyzed: 5/4/07
Lab File ID: 050307PM
Method Blank: MB-12458
Dilution Factor: 1
Lab Fraction ID: 07-2565-01C

Analytes	CAS Number	Result	LQL	Units
Calcium	7440-70-2	14.2	0.387	mg/L
Magnesium	7439-95-4	2.77	0.150	mg/L
Potassium	7440-09-7	13.9	0.340	mg/L
Sodium	7440-23-5	3280	0.400	mg/L

MB
Analyst

Approved

Qualifiers: B - Analyte detected in the associated Method Blank, value not subtracted from result
E - Extrapolated value. Value exceeds calibration range
H - Sample analysis exceeded analytical holding time
J - Indicates an estimated value when the compound is detected, but is below the LQL
S - Spike Recovery outside accepted limits
U - Compound analyzed for but not detected
X - See case narrative
* - Value exceeded the Maximum Contamination Level (MCL), TCLP limit, or if compound is undetected, LQL exceeds MCL.

Definitions: NA - Not Applicable
LQL - Lower Quantitation Limit
Surr - Surrogate

Print Date: 5/8/07

Evergreen Analytical, Inc.
4036 Youngfield Street, Wheat Ridge, Colorado 80033-3862
(303) 425-6021

Client Sample ID: SWD
Client Project ID: Schwake Lease
Date Collected: 4/26/07 1140
Date Received: 4/26/07

Lab Work Order 07-2565
Lab Sample ID: 07-2565-01
Sample Matrix: Groundwater

ANIONS BY IC

Method: E300.0 **Prep Method:**

Date Prepared: 4/27/07
Date Analyzed: 4/27/07 1112
Method Blank: METHOD BLANK
Dilution Factor: 20
Lab Fraction ID: 07-2565-01A

Analytes	CAS Number	Result	LQL	Units
Nitrate-N		U	1.1	mg/L
Sulfate	7778-80-2	580	5.0	mg/L

Date Prepared: 4/27/07
Date Analyzed: 4/27/07 1422
Method Blank: METHOD BLANK
Dilution Factor: 200
Lab Fraction ID: 07-2565-01A

Analytes	CAS Number	Result	LQL	Units
Chloride	7647-14-5	3790	50	mg/L

JC
Analyst

Approved

Qualifiers:
B - Analyte detected in the associated Method Blank, value not subtracted from result
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S - Spike Recovery outside accepted limits
U - Compound analyzed for but not detected
X - See case narrative
* - Value exceeded the Maximum Contamination Level (MCL), TCLP limit, or if compound is undetected, LQL exceeds MCL.

Definitions: NA - Not Applicable
LQL - Lower Quantitation Limit
Surr - Surrogate

Print Date: 4/30/07

Evergreen Analytical, Inc.
4036 Youngfield Street, Wheat Ridge, Colorado 80033-3862
(303) 425-6021

Client Sample ID:	SWD	**Lab Work Order**	07-2565
Client Project ID:	Schwake Lease	**Lab Sample ID:**	07-2565-01
Date Collected:	4/26/07	**Sample Matrix:**	Groundwater
Date Received:	4/26/07		

ALKALINITY

Method: SM2320B **Prep Method:**

Date Prepared:	5/8/07	**Lab File ID:**	3
Date Analyzed:	5/8/07	**Method Blank:**	MBLK
Dilution Factor:	1		
Lab Fraction ID:	07-2565-01B		

Analytes	CAS Number	Result	LQL	Units
Total Alkalinity		1810	5.0	mg/L CaCO3
Bicarbonate		1810	5.0	mg/L CaCO3
Carbonate		U	5.0	mg/L CaCO3

Analyst

Approved

Qualifiers: B - Analyte detected in the associated Method Blank, value not subtracted from result
E - Extrapolated value. Value exceeds calibration range
H - Sample analysis exceeded analytical holding time
J - Indicates an estimated value when the compound is detected, but is below the LQL
S - Spike Recovery outside accepted limits
U - Compound analyzed for but not detected
X - See case narrative
* - Value exceeded the Maximum Contamination Level (MCL), TCLP limit, or if compound is undetected, LQL exceeds MCL.

Definitions: NA - Not Applicable
LQL - Lower Quantitation Limit
Surr - Surrogate

Print Date: 5/8/2007

Evergreen Analytical, Inc.
4036 Youngfield Street, Wheat Ridge, Colorado 80033-3862
(303) 425-6021

Client Sample ID: Nelson
Client Project ID: Schwake Lease
Date Collected: 4/26/07
Date Received: 4/26/07

Lab Work Order: 07-2565
Lab Sample ID: 07-2565-03
Sample Matrix: Groundwater

DISSOLVED METALS

Method: E200.7, Rev. 4.4 **Prep Method: E200.7/SW3010A**

Date Prepared: 5/3/07
Date Analyzed: 5/4/07
Lab File ID: 050307PM
Method Blank: MB-12458
Dilution Factor: 1
Lab Fraction ID: 07-2565-03C

Analytes	CAS Number	Result	LQL	Units
Calcium	7440-70-2	630	0.387	mg/L
Magnesium	7439-95-4	222	0.150	mg/L
Potassium	7440-09-7	33.7	0.340	mg/L
Sodium	7440-23-5	178	0.400	mg/L

MB
Analyst

Approved

Qualifiers: B - Analyte detected in the associated Method Blank, value not subtracted from result
E - Extrapolated value. Value exceeds calibration range
H - Sample analysis exceeded analytical holding time
J - Indicates an estimated value when the compound is detected, but is below the LQL
S - Spike Recovery outside accepted limits
U - Compound analyzed for but not detected
X - See case narrative
* - Value exceeded the Maximum Contamination Level (MCL), TCLP limit, or if compound is undetected, LQL exceeds MCL.

Definitions: NA - Not Applicable
LQL - Lower Quantitation Limit
Surr - Surrogate

Print Date: 5/8/07

Evergreen Analytical, Inc.
4036 Youngfield Street, Wheat Ridge, Colorado 80033-3862
(303) 425-6021

Client Sample ID: Nelson
Client Project ID: Schwake Lease
Date Collected: 4/26/07 1215
Date Received: 4/26/07

Lab Work Order 07-2565
Lab Sample ID: 07-2565-03
Sample Matrix: Groundwater

ANIONS BY IC

Method: E300.0 **Prep Method:**

Date Prepared: 4/27/07
Date Analyzed: 4/27/07 1150
Method Blank: METHOD BLANK
Dilution Factor: 5
Lab Fraction ID: 07-2565-03A

Analytes	CAS Number	Result	LQL	Units
Nitrate-N		1.85	0.28	mg/L
Sulfate	7778-80-2	42.1	1.3	mg/L

Date Prepared: 4/27/07
Date Analyzed: 4/27/07 1348
Method Blank: METHOD BLANK
Dilution Factor: 250
Lab Fraction ID: 07-2565-03A

Analytes	CAS Number	Result	LQL	Units
Chloride	7647-14-5	2070	63	mg/L

Analyst

Approved

Qualifiers:
B - Analyte detected in the associated Method Blank, value not subtracted from result
E - Extrapolated value. Value exceeds calibration range
H - Sample analysis exceeded analytical holding time
J - Indicates an estimated value when the compound is detected, but is below the LQL
S - Spike Recovery outside accepted limits
U - Compound analyzed for but not detected
X - See case narrative
* -Value exceeded the Maximum Contamination Level (MCL), TCLP limit, or if compound is undetected, LQL exceeds MCL.

Definitions:
NA - Not Applicable
LQL - Lower Quantitation Limit
Surr - Surrogate

Print Date: 4/30/07

Evergreen Analytical, Inc.
4036 Youngfield Street, Wheat Ridge, Colorado 80033-3862
(303) 425-6021

Client Sample ID: Nelson
Client Project ID: Schwake Lease
Date Collected: 4/26/07
Date Received: 4/26/07

Lab Work Order 07-2565
Lab Sample ID: 07-2565-03
Sample Matrix: Groundwater

ALKALINITY

Method: SM2320B **Prep Method:**

Date Prepared: 5/1/07
Date Analyzed: 5/1/07
Lab File ID: 22
Method Blank: MBLK
Dilution Factor: 1
Lab Fraction ID: 07-2565-03B

Analytes	CAS Number	Result	LQL	Units
Total Alkalinity		264	5.0	mg/L CaCO3
Bicarbonate		264	5.0	mg/L CaCO3
Carbonate		U	5.0	mg/L CaCO3

Analyst

Approved

Qualifiers: B - Analyte detected in the associated Method Blank, value not subtracted from result
E - Extrapolated value. Value exceeds calibration range
H - Sample analysis exceeded analytical holding time
J - Indicates an estimated value when the compound is detected, but is below the LQL
S - Spike Recovery outside accepted limits
U - Compound analyzed for but not detected
X - See case narrative
* - Value exceeded the Maximum Contamination Level (MCL), TCLP limit, or if compound is undetected, LQL exceeds MCL.

Definitions: NA - Not Applicable
LQL - Lower Quantitation Limit
Surr - Surrogate

Print Date: 5/8/2007