

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

05/25/2005

1175430

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

OGCC Operator Number: 21180  
Name of Operator: CREDO PETROLEUM CORP  
Address: 1801 BROADWAY SUITE 900  
City: DENVER State: CO Zip: 80202  
Company Representative: JEFF CARLSON



Date Notice Issued:  
05/27/2005

Well Name: TIMPE Well Number: 1 Facility Number: 227150  
Location (QtrQtr, Sec, Twp, Rng, Meridian): SWNE 6 1N 56W 6 County: MORGAN  
API Number: 05 087 07893 00 Lease Number:

COGCC Representative: FERGUSON RANDALL Phone Number: 303 894-2100

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

Date of Alleged Violation: 05/16/2005 Approximate Time of Violation:  
Description of Alleged Violation:  
Oil on pit observed during 4/5/05 field inspection. Operator representative (Fritzler) was notified by telephone to remove ASAP and by 4/8/05. Oil still observed on pit during 5/16/05 field inspection. Operator was notified verbally of oil remaining on pit by COGCC environmental staff on 5/25/05. Additionally, the pit liner is ripped in numerous locations and has no integrity. Pits in the Timpe Field are required to be lined as per a 1971 Commission Order (see attached copy). Oily soil was observed throughout tank battery area. Original lease road has been abandoned and not reclaimed and new lease road created since 5/21/03 field inspection. See attached photographs.

Act, Order, Regulation, Permit Conditions Cited:  
Rules 324A.a., 324A.b., 902.a., 902.d., 904.a.(2), 907.a.(1), 907.a.(2), 907.c.(2), 910.a., 1002.e., 1002.f.

Abatement or Corrective Action Required to be Performed by Operator:  
Remove oil from pits as soon as possible as per Rule 902.a. Notify the COGCC when this has been completed and provide a written explanation as to why the oil was not removed in a timely manner in accordance with the required action of the 4/5/05 field inspection. Submit to the COGCC for approval a FORM 27 - SITE INVESTIGATION AND REMEDIATION WORKPLAN for the remediation of all oily soils and the re-installation of a replacement liner for the produced water pit. Oily soils may be remediated onsite as per Rule 907.e.(2). Well shall remain shut-in until pit liner replacement has been inspected and approved. The workplan shall also include the proposal for the reclamation for the original lease road.

Abatement or Corrective Action to be Completed by (date): 06/30/2005  
\* 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 Commission has final authority over the penalty amount assessed.

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 206, 208, 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, 608A, 606B, 607  
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 306, 316B, 317, 317A, 318, 319, 320, 321, 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: Randall N. Ferguson Date: 05/27/2005 Time: \_\_\_\_\_  
Resolution Approved by: \_\_\_\_\_ Date: \_\_\_\_\_