



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

OGCC Operator Number: 52530 0
Name of Operator: MAGPIE OPERATING, INC
Address: 11138 WILDHORSE PEAK
City: LITTLETON State: CO Zip: 80127
Company Representative: JIM WARNER

APR -2 02
COGCC

Date Notice Issued: 02/26/2002

Well Name: NOTTBERG-SEIDL Well Number: 2 Facility Number: 217034
Location (QtrQtr, Sec, Twp, Rng, Meridian): SENW 24 5N 69W 6 County: LARIMER
API Number: 05 069 06221 00 Lease Number: 26584

COGCC Representative: SHELTON DAVID Phone Number: 303 894-2100 X 108

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

Date of Alleged Violation: 10/01/2001 Approximate Time of Violation:
Description of Alleged Violation: Well has not produced since September 1999 and is currently in temporarily abandoned status without Director approval or passing mechanical integrity test within 30 days of becoming incapable of production. Sucker rods have been removed from well and tank battery is not operational. Well is incapable of production in current condition.

Act, Order, Regulation, Permit Conditions Cited: Rules 319.b.(3), 326.b.(1), and 603.j

Abatement or Corrective Action Required to be Performed by Operator:\* Well must either pass mechanical integrity test (MIT) or be put back on production by March 31, 2002. If well fails MIT the well must be repaired or properly plugged and abandoned by September 30, 2002. If well passes MIT but is to remain in temporarily abandoned status then Magpie shall (1) submit an application to the Director indicating why the well is not operational and detail future plans for utilization per Rule 319.b.(3) and (2) unused equipment at well site and tank battery site must be removed per Rule 603.j. This would include removal of unused pump jack at well site plus heater treater, gas meter run, and concrete skim pit at tank battery site east of well by March 31, 2002. Contact COGCC engineer Dave Shelton prior to any MIT attempted.

Abatement or Corrective Action to be Completed by (date): 03/31/2002
\* 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: James M. Warner Title: President
Signature: [Signature] Date: 3-29-02
Company Comments: Well was put back on production 3-28-02 @ 20 mcfpd by FTP of 475". Misc cleanup around wellhead and started dismantling pumping unit. Pig Unit will be removed within 10 days depending on availability of trucks.

\*\*\* 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 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.

Table with 2 columns: Penalty Amount and Rules. Rows include: \$250.00 PER DAY PER VIOLATION (Rules 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804); \$500.00 PER DAY PER VIOLATION (Rules 205, 206, 207, 208, 302, 308, 309, 310, 316A, 321, 322, 328, 329, 330, 331, 332, 401); \$750.00 PER DAY PER VIOLATION (Rules 605, 606A, 606B, 607); \$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: [Signature] Date: 02/26/2002 Time: 0900
Resolution Approved by: [Signature] Date: 6/7/2002

PUT ON PRODUCTION
PUMP JACK REMOVED, AREA CLEANED UP

