

STATE OF COLORADO

Bill Ritter, Jr., Governor
James B. Martin, Executive Director

Dedicated to protecting and improving the health and environment of the people of Colorado

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Colorado Department
of Public Health
and Environment

September 17, 2008

Exxon Mobil Corporation
Kevin M. Dillow
P.O. Box 4358
Houston, TX 77210-4358

RE: Compliance Order on Consent, Number: SC-080917-2

Dear Mr. Dillow:

Enclosed for Exxon Mobil Corporation records you will find your copy, with original signatures, of the recently executed Compliance Order on Consent.

Please remember that this agreement is subject to a thirty-day public comment period (paragraph 29). Upon initiation, if the Division receives any comments during this period we will contact your office to discuss. Also, please be advised that the first page of the Order was changed in order to place the assigned Order Number on the final document.

If you have any questions, please don't hesitate to contact Michael Harris at (303) 692-3598 or by electronic mail at michael.harris@state.co.us.

Sincerely,

Kristi-Ray Beaudin, Legal Assistant
Water Quality Protection Section
WATER QUALITY CONTROL DIVISION

cc: Consumer Protection Division, CDPHE
MS-3 File

ec: Aaron Urdiales, EPA Region VIII
Mark Kadnuck, Engineering Section, CDPHE
Brian Macke, COGCC
Dick Parachini, Watershed Program, CDPHE
Garry Beers, Permits Section, CDPHE

Enclosure(s)



COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
WATER QUALITY CONTROL DIVISION

COMPLIANCE ORDER ON CONSENT

NUMBER: SC-080917-2

IN THE MATTER OF: EXXON MOBIL CORPORATION
CDPS PERMIT NO. COR-030000
CERTIFICATION NO. COR-037222
RIO BLANCO COUNTY, COLORADO

The Colorado Department of Public Health and Environment ("Department"), through the Water Quality Control Division ("Division"), issues this Compliance Order on Consent ("Consent Order"), pursuant to the Division's authority under §25-8-605, C.R.S. of the Colorado Water Quality Control Act ("the Act") §§ 25-8-101 to 703, C.R.S., and its implementing regulations, with the express consent of Exxon Mobil Corporation ("Exxon Mobil"). The Division and Exxon Mobil may be referred to collectively as "the Parties."

STATEMENT OF PURPOSE

1. The mutual objectives of the Parties in entering into this Consent Order are to resolve, without litigation, the civil penalties associated with the alleged violations cited herein and in the Notice of Violation / Cease and Desist Order (Number: SO-060929-1) that the Division issued to Exxon Mobil on September 29, 2006.

DIVISION'S FINDINGS OF FACT AND DETERMINATION OF VIOLATIONS

2. Based upon the Division's investigation into and review of the compliance issues identified herein, and in accordance with §§25-8-602 and 605, C.R.S., the Division has made the following determinations regarding Exxon Mobil and Exxon Mobil's compliance with the Act, its implementing permit regulations and Exxon Mobil's permit certification.
3. At all times relevant to the alleged violations identified herein, Exxon Mobil was a New Jersey corporation in good standing and registered to conduct business in the State of Colorado.
4. Exxon Mobil is a "person" as defined under the Water Quality Control Act, §25-8-103(13), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2(73).

5. On or about September 17, 2004, Exxon Mobil initiated construction activities to build access roads, well pads, and pipelines on one hundred seventy eight (178) disturbed acres of land located within the Piceance Creek Production Unit in Rio Blanco County, Colorado, for the drilling and recovery of oil and/or natural gas resources (the "Project").
6. On September 13, 2004, Exxon Mobil applied for Project coverage under the Colorado Discharge Permit System ("CDPS") General Permit, Number COR-030000, for Stormwater Discharges Associated with Construction Activity (the "Permit").
7. On September 15, 2004, the Division provided Exxon Mobil Certification Number COR-037222 authorizing Exxon Mobil to discharge stormwater from the construction activities associated with the Project to Piceance Creek under the terms and conditions of the Permit. Certification Number COR-037222 became effective September 14, 2004 and remains in effect until June 30, 2012 or until Exxon Mobil inactivates Permit coverage.
8. Piceance Creek is "state waters" as defined by §25-8-103(19), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2 (101).
9. Pursuant to 5 CCR 1002-61, §61.8, a permittee must comply with all the terms and conditions of a permit and violators of the terms and conditions specified in a permit may be subject to civil and criminal liability pursuant to §§25-8-601 through 612, C.R.S.
10. On May 5, 2006, a representative from Kleinfelder, Inc. (the "Inspector") conducted an on-site inspection of the Project on behalf of the Division, pursuant to the Division's authority under §25-8-306, C.R.S., to determine Exxon Mobil's compliance with the Water Quality Control Act and the Permit. During the inspection, the Inspector interviewed Project representatives, conducted a review of the Project's stormwater management system records, and performed a physical inspection of a portion of the Project.
11. Pursuant to Part I. B. of the Permit, Exxon Mobil is required to prepare a Stormwater Management Plan ("SWMP") that identifies Best Management Practices ("BMPs") that, when implemented, will meet the terms and conditions of the Permit. The SWMP is required to identify potential sources of pollution, which may be reasonably expected to affect the quality of stormwater discharges associated with construction activity from the Project. In addition, the plan is required to describe and ensure the implementation of BMPs, which will be used to reduce the pollutants in stormwater discharges associated with construction activity.
12. Pursuant to Part I. B. of the Permit, the SWMP shall include, at a minimum, the following items:
 - a. Site Description - Each plan shall provide a description of the following:
 - i. A description of the construction activity.
 - ii. The proposed sequence for major activities.
 - iii. Estimates of the total area of the site, and the area of the site that is expected to undergo clearing, excavation or grading.

- iv. An estimate of the runoff coefficient of the site before and after construction activities are completed and any existing data describing the soil, soil erosion potential or the quality of any discharge from the site.
 - v. A description of the existing vegetation at the site and an estimate of the percent vegetative ground cover.
 - vi. The location and description of any other potential pollution sources, such as vehicle fueling, storage of fertilizers or chemicals, etc.
 - vii. The location and description of any anticipated non-stormwater components of the discharge, such as springs and landscape irrigation return flow.
 - viii. The name of the receiving water(s) and the size, type and location of any outfall or, if the discharge is to a municipal separate storm sewer, the name of that system, the location of the storm sewer discharge, and the ultimate receiving water(s).
- b. **Site Map** - Each plan shall provide a generalized site map or maps which indicate:
- i. Construction site boundaries.
 - ii. All areas of soil disturbance.
 - iii. Areas of cut and fill.
 - iv. Areas used for storage of building materials, soils or wastes.
 - v. Location of any dedicated asphalt or concrete batch plants.
 - vi. Location of major erosion control facilities or structures.
 - vii. Springs, streams, wetlands and other surface waters.
 - viii. Boundaries of 100-year flood plains, if determined.
- c. **BMPs for Stormwater Pollution Prevention** - The plan shall include a narrative description of appropriate controls and measures that will be implemented before and during construction activities at the facility.
- i. **Erosion and Sediment Controls** - A description of structural site management controls (Structural Practices) which will minimize erosion and sediment transport and a description of interim and permanent stabilization practices (Non-Structural Practices), including the site-specific scheduling of the implementation of the practices.
 - ii. **Material Handling and Spill Prevention** - The SWMP shall identify any procedures or significant materials handled at the site that could contribute pollutants to runoff.
- d. **Final Stabilization and Long-Term Stormwater Management** - Description of the measures used to achieve final stabilization and measures to control pollutants in stormwater discharges that will occur after construction operations have been completed.
- e. **Other Controls** - Description of other measures to control pollutants in stormwater discharges, including plans for waste disposal and limiting off-site soil tracking.
- f. **Inspection and Maintenance** - Description of procedures to inspect and maintain in good and effective operating condition the vegetation, erosion and sediment control measures and other protective measures identified in the SWMP.

13. The Division has determined that Exxon Mobil failed to prepare and maintain a complete and accurate SWMP for the Project as described in paragraphs 13(a–f) below:
 - a. During the May 5, 2006 inspection, the Inspector reviewed the Project’s SWMP and determined that Site Description did not contain a description of the existing vegetation at the site or an estimate of the percent vegetative ground cover, as required in the Permit.
 - b. During the May 5, 2006 inspection, the Inspector reviewed the Project’s SWMP and determined that the Site Description did not contain the location and description of any anticipated non-stormwater components of the discharge, as required in the Permit.
 - c. During the May 5, 2006 inspection, the Inspector reviewed the Project’s SWMP and determined that the Site Description did not address the type, size, and location of all outfalls at the Project, as required in the Permit.
 - d. During the May 5, 2006 inspection, the Inspector reviewed the Project’s SWMP and determined that the SWMP did not include a description of the erosion and sediment control BMPs that would be implemented at the Project, as required in the Permit.
 - e. During the May 5, 2006 inspection, the Inspector reviewed the Project’s SWMP and determined that the SWMP did not clearly describe the relationship between the phases of construction and implementation and maintenance of controls and measures at the Project, as required in the Permit.
 - f. During the May 5, 2006 inspection, the Inspector reviewed the Project’s SWMP and determined the Site Map had not been updated to include all areas of soil disturbance, areas of cut and fill, and the locations of major erosion control facilities and structures, as required in the Permit.
14. Exxon Mobil’s failure to prepare and maintain a complete and accurate SWMP for the Project constitutes violation(s) of Part I. B. of the Permit.
15. Pursuant to Part I. B. 3. a. (1) of the Permit, Exxon Mobil is required to minimize erosion and sediment transport from the Project. The Permit specifies that structural site management practices may include, but are not limited to: straw bales, silt fences, earth dikes, drainage swales, sediment traps, subsurface drains, inlet protection, outlet protection, gabions, and temporary or permanent sediment basins.
16. Pursuant to Part I. B. 3. a. (2) of the Permit, Exxon Mobil is required to implement interim and permanent stabilization practices, including site-specific scheduling of the implementation of the practices. The Permit specifies that site plans should ensure existing vegetation is preserved where possible and that disturbed areas are stabilized. The Permit specifies that non-structural practices may include, but are not limited to: temporary seeding, permanent seeding, mulching, geotextiles, sod stabilization, vegetative buffer strips, protection of trees and preservation of mature vegetation.

17. The Division has determined that Exxon Mobil failed to implement and/or maintain functional BMPs at the Project as described in paragraphs 17(a-c) below:
 - a. During the May 5, 2006 inspection, the Inspector observed waste that was deposited or migrated from the Project near the north side of well pad 62-11, along the north side of the access to the production facility, near the access road across from the entrance to well pad 62-11, and near the northwest side of well pad 87-3 at the Project. No BMPs were in place to clean up the waste or to prevent the waste from migrating further from the sites.
 - b. During the May 5, 2006 inspection, the Inspector observed sediment discharge from the pipeline right-of-way located between well pads 75-3 and 87-3 that had migrated offsite toward a nearby drainage basin. No BMPs were observed in place to stabilize the disturbed soil or to prevent sediment from discharging from the area.
 - c. During the May 5, 2006 inspection, the Inspector observed erosion of the slopes at well pad 87-3 at the Project. No BMPs were observed in place to stabilize the disturbed slopes or to prevent sediment from discharging from the area.
18. Exxon Mobil's failure to implement and maintain functional BMPs to protect stormwater quality during construction activities at the Project constitutes violations of Part I. B. 3. a. of the Permit.

ORDER AND AGREEMENT

19. Based on the foregoing factual and legal determinations, pursuant to its authority under §§25-8-602 and 605, C.R.S., and in satisfaction of the civil penalties associated with the alleged violations cited herein and in the Notice of Violation / Cease and Desist Order (Number: SO-060929-1), the Division orders Exxon Mobil to comply with all provisions of this Consent Order, including all requirements set forth below.
20. Exxon Mobil agrees to the terms and conditions of this Consent Order. Exxon Mobil agrees that this Consent Order constitutes a notice of alleged violation and an order issued pursuant to §§ 25-8-602 and 605, C.R.S., and is an enforceable requirement of the Act. Exxon Mobil also agrees not to challenge directly or collaterally, in any judicial or administrative proceeding brought by the Division or by Exxon Mobil against the Division:
 - a. The issuance of this Consent Order;
 - b. The factual and legal determinations made by the Division herein; and
 - c. The Division's authority to bring, or the court's jurisdiction to hear, any action to enforce the terms of this Consent Order under the Act.
21. Notwithstanding the above, Exxon Mobil does not admit to any of the factual or legal determinations made by the Division herein, and any action undertaken by Exxon Mobil pursuant to this Consent Order shall not constitute evidence of fault by Exxon Mobil with respect to the conditions of the Facility.

Compliance Requirements

22. Exxon Mobil shall retain the services of a qualified entity and conduct bi-annual stormwater management system audits for a period of two calendar years at all disturbed areas associated with the Project, including all well pads, pipelines, access roads and other associated facilities. The bi-annual audits shall take place in the spring and fall of 2008 and 2009 and shall be conducted with the goal of evaluating and modifying, if necessary, the installation and maintenance of field BMPs in preparation for spring runoff and/or winter snow cover conditions, and to evaluate the overall effectiveness of the Project's stormwater management system, including the development and implementation of the SWMP and Exxon Mobil's inspection procedures.
23. Exxon Mobil shall retain the services of a qualified entity and perform an annual evaluation of each reserve pit at each well pad location associated with the Project for a period of two calendar years. The reserve pit evaluations shall take place in the spring of 2008 and 2009 and shall be conducted with the goal of evaluating and correcting, if necessary, the potential for surface inflows to the reserve pits that could cause overflows, and to evaluate the integrity of each reserve pit liner.
24. By December 31, 2009, Exxon Mobil shall submit a written statement to the Division certifying that the bi-annual stormwater management system audits described in paragraph 22 above have been completed at each area of the Project, and that any and all deficiencies identified during the audits have been corrected. Additionally, Exxon Mobil shall submit a final report to the Division summarizing the findings of the audits as a whole, including any strengths and weaknesses that were identified in Exxon Mobil's stormwater management program through the performance of the audits, and an explanation of how those strengths and/or weaknesses may affect Exxon Mobil's stormwater management techniques on future Colorado oil and gas construction sites.
25. By July 31, 2009, Exxon Mobil shall submit a written statement to the Division certifying that the annual reserve pit evaluations described in paragraph 23 above have been completed at each well pad location at the Project, and that any and all deficiencies identified during the evaluations have been corrected. Additionally, Exxon Mobil shall submit a final report to the Division summarizing the findings of the evaluations as a whole, including any strengths and weaknesses that were identified in Exxon Mobil's reserve pit and spill prevention programs through the performance of the evaluations, and an explanation of how those strengths and/or weaknesses may affect Exxon Mobil's reserve pit maintenance techniques on future Colorado oil and gas drilling sites.
26. Any person submitting statements or reports on behalf of Exxon Mobil pursuant to paragraphs 24 and 25 above shall make the following certification with each submittal:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

CIVIL PENALTY

27. Based upon the application of the Division's Stormwater Civil Penalty Policy (January 25, 2007), and consistent with Departmental policies for violations of the Act, Exxon Mobil shall pay Eighty Four Thousand Five Hundred Eleven Dollars (\$84,511.00) in civil penalties. The Division intends to petition the Executive Director, or his designee, to impose the Eighty Four Thousand Five Hundred Eleven Dollar (\$84,511.00) civil penalty for the above violation(s) and Exxon Mobil agrees to make the payment within thirty (30) calendar days of the issuance of a Penalty Order by the Executive Director or his designee. Method of payment shall be by certified or cashier's check drawn to the order of the "Colorado Department of Public Health and Environment," and delivered to:

Michael Harris
Colorado Department of Public Health and Environment
Water Quality Control Division
Mail Code: WQCD-CADM-B2
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

SCOPE AND EFFECT OF CONSENT ORDER

28. The Parties agree and acknowledge that this Consent Order constitutes a full and final settlement of the civil penalties associated with the violations alleged herein and in the September 29, 2006 Notice of Violation / Cease and Desist Order (Number: SO-060929-1).
29. This Consent Order is subject to the Division's "Public Notification of Administrative Enforcement Actions Policy," which includes a thirty-day public comment period. The Division and Exxon Mobil each reserve the right to withdraw consent to this Consent Order if comments received during the thirty-day period result in any proposed modification to the Consent Order.
30. This Consent Order constitutes a final agency order or action upon the date when the Executive Director or his designee imposes the civil penalty following the public comment period. Any violation of the provisions of this Consent Order by Exxon Mobil, including any false certifications, shall be a violation of a final order or action of the Division for the purpose of §25-8-608, C.R.S., and may result in the assessment of civil penalties of up to ten thousand dollars per day for each day during which such violation occurs.
31. The Parties' obligations under this Consent Order are limited to the matters expressly stated herein or in approved submissions required hereunder. All submissions made pursuant to this Consent Order are incorporated into this Consent Order and become enforceable under the terms of this Consent Order as of the date of approval by the Division.

32. The Division's approval of any submission, standard, or action under this Consent Order shall not constitute a defense to, or an excuse for, any prior violation of the Act, or any subsequent violation of any requirement of this Consent Order or the Act.
33. Notwithstanding paragraph 21 above, the violations described in this Consent Order will constitute part of Exxon Mobil's compliance history for purposes where such history is relevant. This includes considering the violations described above in assessing a penalty for any subsequent violations against Exxon Mobil. Exxon Mobil agrees not to challenge the use of the cited violations for any such purpose.
34. This Consent Order does not relieve Exxon Mobil from complying with all applicable Federal, State, and/or local laws in fulfillment of its obligations hereunder and shall obtain all necessary approvals and/or permits to conduct the activities required by this Consent Order. The Division makes no representation with respect to approvals and/or permits required by Federal, State, or local laws other than those specifically referred to herein.

LIMITATIONS, RELEASES AND RESERVATION OF RIGHTS AND LIABILITY

35. Upon the effective date of this Consent Order, and during its term, this Consent Order shall stand in lieu of any other enforcement action by the Division with respect to civil penalties for the specific instances of violations cited herein and in the September 29, 2006 Notice of Violation / Cease and Desist Order (Number:SO-060929-1). The Division reserves the right to bring any action to enforce this Consent Order, including actions for penalties or the collection thereof, and/or injunctive relief.
36. This Consent Order does not grant any release of liability for any violations not specifically cited herein.
37. Nothing in this Consent Order shall preclude the Division from imposing additional requirements in the event that new information is discovered that indicates such requirements are necessary to protect human health or the environment.
38. Upon the effective date of this Consent Order, Exxon Mobil releases and covenants not to sue the State of Colorado or its employees, agents or representatives as to all common law or statutory claims or counterclaims arising from, or relating to, the violations of the Act specifically addressed herein.
39. Exxon Mobil shall not seek to hold the State of Colorado or its employees, agents or representatives liable for any injuries or damages to persons or property resulting from acts or omissions of Exxon Mobil, or those acting for or on behalf of Exxon Mobil, including its officers, employees, agents, successors, representatives, contractors, consultants or attorneys in carrying out activities pursuant to this Consent Order. Exxon Mobil shall not hold out the State of Colorado or its employees, agents or representatives as a party to any contract entered into by Exxon Mobil in carrying out activities pursuant to this Consent Order. Nothing in this Consent Order shall constitute an express or implied waiver of immunity otherwise applicable to the State of Colorado, its employees, agents or representatives.

NOTICES

40. Unless otherwise specified, any report, notice or other communication required under the Consent Order shall be sent to:

For the Division:

Colorado Department of Public Health and Environment
Water Quality Control Division / WQCD-CADM-B2
Attention: Michael Harris
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530
Telephone: 303.692.3598
E-mail: michael.harris@state.co.us

For Exxon Mobil:

Exxon Mobil Corporation
Kevin M. Dillow
P.O. Box 4358
Houston, TX 77210-4358
Telephone: 281.654.1557
E-mail: kevin.m.dillow@exxonmobil.com

OBLIGATIONS UNAFFECTED BY BANKRUPTCY

41. The obligations set forth herein are based on the Division's police and regulatory authority. These obligations require specific performance by Exxon Mobil of corrective actions carefully designed to prevent on-going or future harm to public health or the environment, or both. Enforcement of these obligations is not stayed by a petition in bankruptcy. Exxon Mobil agrees that the penalties set forth in this Consent Order are not in compensation of actual pecuniary loss. Further, the obligations imposed by this Consent Order are necessary for Exxon Mobil and the Project to achieve and maintain compliance with State law.

MODIFICATIONS

42. This Consent Order may be modified only upon mutual written agreement of the Parties.

NOTICE OF EFFECTIVE DATE

43. This Consent Order shall be fully effective, enforceable and constitute a final agency action upon the date when the Executive Director or his designee imposes the civil penalty. If the penalty as described in this Consent Order is not imposed, or an alternate penalty is imposed, this Consent Order becomes null and void.

BINDING EFFECT AND AUTHORIZATION TO SIGN

44. This Consent Order is binding upon Exxon Mobil and its corporate subsidiaries or parents, their officers, directors, employees, successors in interest, and assigns. The undersigned warrant that they are authorized to legally bind their respective principals to this Consent Order. Exxon Mobil agrees to provide a copy of this Consent Order to any contractors and other agents performing work pursuant to this Consent Order and require such agents to comply with the requirements of this Consent Order. In the event that a party does not sign this Consent Order within thirty (30) calendar days of the other party's signature, this Consent Order becomes null and void. This Consent Order may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Consent Order.

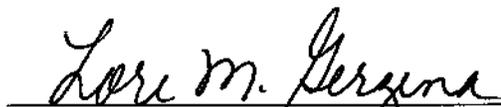
FOR EXXON MOBIL CORPORATION:



Randy J. Cleveland, Production Manager

Date: August 21, 2008

FOR THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT:



Lori M. Gerzina, Section Manager
Compliance Assurance and Data Management Section
WATER QUALITY CONTROL DIVISION

Date: 9-12-08