

# 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

4300 Cherry Creek Dr. S.  
Denver, Colorado 80246-1530  
Phone (303) 692-2000  
TDD Line (303) 691-7700  
Located in Glendale, Colorado

<http://www.cdphe.state.co.us>

Laboratory Services Division  
8100 Lowry Blvd.  
Denver, Colorado 80230-6928  
(303) 692-3090



Colorado Department  
of Public Health  
and Environment

January 16, 2009

The Corporation Company, Registered Agent  
Merrion Oil & Gas Corporation  
1675 Broadway, Suite 1200  
Denver, CO 80202

Certified Mail Number: 7007 0220 0001 0160 0080

**RE: Expedited Settlement Agreement, Number: ES-090116-1  
CDPS Permit No: COR-03B001**

Dear Sir or Madam:

Enclosed for your records you will find Merrion Oil & Gas Corporation's copy of the recently executed Expedited Settlement Agreement ("ESA"). Please be advised that the first page of the ESA was changed in order to place the correct ESA Number on the final document. The ESA is now fully enforceable and constitutes a final agency action.

We acknowledge receipt of payment (Check #0000026334, dated 11/13/08) of the imposed civil penalties associated with the violations set forth in the ESA.

If you have any questions, please don't hesitate to contact Danelle Morgan at (303) 692-3176 or by electronic mail at [danelle.morgan@state.co.us](mailto:danelle.morgan@state.co.us).

Sincerely,

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

cc: Consumer Protection Division, CDPHE

cc: Aaron Urdiales, EPA Region VIII  
Gary Beers, Permits Unit, CDPHE

*Enclosure(s)*



Colorado Department of Public Health & Environment  
Water Quality Control Division

## EXPEDITED SETTLEMENT AGREEMENT

Number: ES-090116-1

The Colorado Department of Public Health and Environment ("Department"), through the Water Quality Control Division ("Division"), issues this Expedited Settlement Agreement ("ESA"), pursuant to the Division's authority under §§25-8-602, 25-8-605 and 25-8-608, 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 Merrion Oil & Gas Corporation ("Merrion"). The Division and Merrion may be referred to collectively as "the Parties."

1. Merrion 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).
2. Merrion is conducting construction activities for oil and gas production and/or exploration located in Rio Blanco County, Colorado (the "Project").
3. Merrion failed to comply with the provisions of its Colorado Discharge Permit System General Permit for Stormwater Discharges Associated with Construction Activity (the "Permit"), Certification Number COR-03B001 as described in the attached inspection report.
4. The parties enter into this ESA in order to resolve the matter of civil penalties associated with the violation(s) alleged herein and in the attached inspection report for a penalty of \$15,375.00.
5. By accepting this ESA, Merrion neither admits nor denies the violations or deficiencies specified herein and in the attached inspection report.
6. Merrion certifies that all deficiencies identified in the attached inspection report have been corrected and that the Project is currently in full compliance with the terms and provisions of the Permit. Additionally, Merrion has attached to this ESA: (1) a written description detailing how the deficiencies were corrected; and (2) representative photographs documenting the current conditions and the associated BMPs implemented at the Project.
7. Merrion agrees to the terms and conditions of this ESA. Merrion agrees that this ESA constitutes a notice of alleged violation and an order issued pursuant to §§25-8-602, 25-8-605 and 25-8-608, C.R.S., and is an enforceable requirement of the Act. By signing the ESA, Merrion waives: (1) the right to contest the finding(s) specified herein and in the attached inspection report; and (2) the opportunity for a public hearing pursuant to §25-8-603, C.R.S.
8. This ESA is subject to the Division's "Public Notification of Administrative Enforcement Actions Policy," which includes a thirty-day public comment period. The Division and Merrion each reserve the right to withdraw consent to this ESA if comments received during the thirty-day period result in any proposed modification to the ESA.

9. This ESA constitutes a final agency order or action upon the date when the Executive Director or his designee signs the ESA and effectively imposes the civil penalty.
10. Merrion agrees that within fifteen (15) calendar days of receiving the signed and final ESA from the Division, Merrion shall submit a certified or cashier's check drawn to the order of the "Colorado Department of Public Health and Environment," for the amount specified in paragraph 4 above, to:
- Danelle Morgan  
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
11. Notwithstanding paragraph 5 above, the violations described in this ESA will constitute part of Merrion'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 Merrion. Merrion agrees not to challenge the use of the cited violations for any such purpose.
12. This ESA, when final, is binding upon Merrion 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 ESA.

**ACCEPTED BY MERRION OIL & GAS CORPORATION:**



Signature

11/12/08

Date

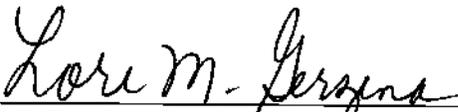
Philana Thompson

Name (printed)

Regulatory Specialist

Title

**FOR THE COLORADO DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT:**



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

Date:

1/15/09