

STATE OF COLORADO

Bill Ritter, Jr., Governor
Martha E. Rudolph, 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

January 5, 2011

David N. Holland, Regulatory Manager, Western Division
Pioneer Natural Resources USA, Inc.
1401 17th Street, Suite 1200
Denver, Colorado 80202

Certified Mail Number: 7009 1680 0000 2094 5074

RE: Order for Civil Penalty, Number: SP-110105-2

Dear Mr. Holland:

Pioneer Natural Resources USA, Inc. is hereby served with the enclosed Order for Civil Penalty ("Penalty Order"). This Penalty Order is issued by the Colorado Department of Public Health and Environment's Water Quality Control Division (the "Division") pursuant to the authority given to the Division by §25-8-608(2) of the *Colorado Revised Statutes*. Payment of the imposed civil penalty should be made in accordance with the methods referenced in the Penalty Order and Compliance Order on Consent Number: SC-101112-3.

If you have any questions regarding the Penalty Order or the payment method, please do not hesitate to contact Mike Harris of this office at (303) 692-3598 or by electronic mail at michael.harris@state.co.us.

Sincerely,

Russell Zigler, Legal Assistant
Compliance Assurance Section
Enforcement Unit
WATER QUALITY CONTROL DIVISION

Enclosure(s)

cc: Moffat County Public Health Agency
Las Animas-Huerfano Counties District Health Department
The Corporation Company, 1675 Broadway Ste 1200, Denver, CO 80202

ec: Aaron Urdiales, EPA Region VIII
Dave Knope, Engineering Section, CDPHE
Andy Poirot, Engineering Section, CDPHE
Nathan Moore, Permits Section, CDPHE

Dick Parachini, Watershed Program, CDPHE
Michael Beck, FSU, CDPHE
Mike Harris, Case Person, CDPHE
Tania Watson, Compliance Assurance, CDPHE



COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
DIVISION OF ADMINISTRATION
WATER QUALITY CONTROL DIVISION

ORDER FOR CIVIL PENALTY

NUMBER: SP-110105-2

IN THE MATTER OF: PIONEER NATURAL RESOURCES USA, INC.
CDPS PERMIT NO. COR-030000
CERTIFICATION NOS. COR-039629 AND COR-039774
MOFFAT AND LAS ANIMAS COUNTIES, COLORADO

This matter having come to my attention as the Designee of the Executive Director of the Colorado Department of Public Health and Environment, upon petition for the imposition of a civil penalty by the Water Quality Control Division's Compliance Assurance Section, and pursuant to §25-8-608, C.R.S., I hereby impose a civil penalty in the amount of Twenty Six Thousand Nine Hundred Seven Dollars (\$26,907.00) against Pioneer Natural Resources USA, Inc. for the violations cited in the November 12, 2010 Compliance Order on Consent (Number: SC-101112-3). A copy of the Compliance Order on Consent is attached hereto as Exhibit A and is incorporated herein by reference. The civil penalty shall be paid within thirty (30) calendar days of the date of this Order for Civil Penalty and as set forth in the Compliance Order on Consent:

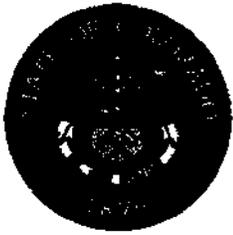
"Method of payment shall be by certified or cashier's check drawn to the order of the 'Colorado Department of Public Health and Environment,' and delivered to:

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

Dated this 5th day of January, 2011.

Steven H. Gunderson, Director
Water Quality Control Division
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Exhibit A



**COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
DIVISION OF ADMINISTRATION
WATER QUALITY CONTROL DIVISION**

COMPLIANCE ORDER ON CONSENT

NUMBER: SC-101112-3

**IN THE MATTER OF: PIONEER NATURAL RESOURCES USA, INC.
CDPS PERMIT NO. COR-030000
CERTIFICATION NOS. COR-039629 AND COR-039774
MOFFAT AND LAS ANIMAS COUNTIES, 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 §§25-8-602 and 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 Pioneer Natural Resources USA, Inc. ("Pioneer"). The Division and Pioneer 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 alleged violations cited herein and in the Notice of Violation / Cease and Desist Order (Number: SO-080507-1) that the Division issued to Pioneer on May 7, 2008.

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 Pioneer and Pioneer's compliance with the Act and its stormwater permit certifications.
3. At all times relevant to the alleged violations identified herein, Pioneer was a Delaware corporation in good standing and registered to conduct business in the State of Colorado.
4. Pioneer 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).

Exhibit A

Lay Creek Coalbed Methane Project

5. On or about August 1, 2005, Pioneer purchased certain natural gas wells and production related facilities, including access roads and natural gas pipelines, on property located in Moffat County, Colorado (the "Lay Creek Project").
6. On March 1, 2006, the Division received an application from Pioneer for Lay Creek Project coverage under the Colorado Discharge Permit System ("CDPS") General Permit, Number COR-030000, for Stormwater Discharges Associated with Construction Activities (the "Permit").
7. During the times relevant to the alleged violations identified herein, two versions of the Permit were in effect. The version issued and signed on May 21, 2002 was effective from July 1, 2002 through June 30, 2007 (the "2002 Permit"), and the current version issued and signed on May 31, 2007 became effective on July 1, 2007 and remains in effect until June 30, 2012 (the "2007 Permit").
8. On March 7, 2006, the Division provided Pioneer Certification Number COR-039629 authorizing Pioneer to discharge stormwater from the construction activities associated with the Lay Creek Project to the Yampa River under the terms and conditions of the Permit. Certification Number COR-039629 became effective March 7, 2006 and remained in effect covering Pioneer's activities until Pioneer transferred its Permit coverage on March 29, 2010.
9. The Yampa River and its tributaries are "state waters" as defined by §25-8-103(19), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2 (101).

Raton Basin Coalbed Methane Project

10. On or about September 28, 2004, Pioneer acquired certain natural gas wells and production related facilities, including access roads and natural gas pipelines, on property located in Las Animas County, Colorado (the "Raton Basin Project").
11. On March 27, 2006, the Division received an application from Pioneer for Raton Basin Project coverage under the Permit.
12. On March 28, 2006, the Division provided Pioneer Certification Number COR-039774 authorizing Pioneer to discharge stormwater from the construction activities associated with the Project to the Purgatoire River under the terms and conditions of the Permit. Certification Number COR-039774 became effective March 28, 2006 and remains in effect until June 30, 2012 or until Pioneer inactivates Permit coverage.
13. The Purgatoire River and its tributaries are "state waters" as defined by §25-8-103(19), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2 (101).

Deficient and/or Incomplete Stormwater Management Plan

14. 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.

Exhibit A

15. On April 24, 2007 and August 13, 2007, a representative from PG Environmental, LLC (the "Inspector") conducted on-site inspections of the Raton Basin Project on behalf of the Division, pursuant to the Division's authority under §25-8-306, C.R.S., to determine Pioneer's compliance with the Water Quality Control Act and the Permit. During the inspections, the Inspector interviewed Raton Basin Project representatives, reviewed the Raton Basin Project's stormwater management system records and performed a physical inspection of a portion of the Raton Basin Project.
16. On May 8, 2007, the Inspector conducted an on-site inspection of the Lay Creek Project on behalf of the Division, pursuant to the Division's authority under §25-8-306, C.R.S., to determine Pioneer's compliance with the Water Quality Control Act and the Permit. During the inspection, the Inspector interviewed Lay Creek Project representatives, reviewed the Lay Creek Project's stormwater management system records and performed a physical inspection of a portion of the Lay Creek Project.
17. Pursuant to Part I. B. of the 2002 and 2007 Permits, Pioneer is required to prepare and maintain 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 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.
18. Pursuant to Part I. B. of the 2002 Permit and Part I. C. of the 2007 Permit, each project's 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 (2002 Permit) 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 (2002 Permit) or allowable sources of non-stormwater discharge at the site, e.g., uncontaminated springs, landscape irrigation return flow, construction dewatering, and concrete washout (2007 Permit).
 - 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).

Exhibit A

- 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. (2002 Permit)
 - vii. Locations of all structural BMPs. (2007 Permit)
 - viii. Locations of all non-structural BMPs as applicable. (2007 Permit)
 - ix. Springs, streams, wetlands and other surface waters.
 - x. Boundaries of 100-year flood plains, if determined. (2002 Permit)
- 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, including:**
- i. **Erosion and Sediment Controls – A description of structural site management practices (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. **Phased BMP Implementation – The SWMP shall clearly describe the relationship between the phases of construction and the implementation and maintenance of BMPs**
 - iii. **Materials Handling and Spill Prevention - The SWMP shall identify any procedures or significant materials handled at the site that could contribute pollutants to runoff.**
 - iv. **Dedicated Concrete or Asphalt Batch Plants – The SWMP shall clearly describe and locate BMPs to control stormwater pollution from dedicated concrete batch plants or dedicated asphalt batch plants.**
 - v. **Vehicle Tracking Control (2007 Permit) – The SWMP shall clearly describe and locate BMPs to control potential sediment discharges from vehicle tracking.**
 - vi. **Waste Management and Disposal, Including Concrete Washout (2007 Permit) – The SWMP shall clearly describe and locate BMPs to control stormwater pollution from all construction site wastes, including concrete washout activities.**
 - vii. **Groundwater and Stormwater Dewatering (2007 Permit) – The SWMP shall clearly describe and locate BMPS to control stormwater pollution from the dewatering of groundwater or stormwater from excavations, wells, etc.**
- 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 (2002 Permit) - 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.**

Exhibit A

19. The Division has determined that Pioneer failed to prepare and maintain a complete and accurate SWMP for the Raton Basin Project as described in paragraphs 19(a-n) below:
- a. During the April 24, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include an estimate of the total area of the site and the area of the site that is expected to undergo clearing, excavation or grading.
 - b. During the April 24, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include the location and/or description of any anticipated non-stormwater components of the discharge.
 - c. During the April 24, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the site map(s) did not include all areas of soil disturbance at the Raton Basin Project.
 - d. During the April 24, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include or describe the location of all BMPs at the Raton Basin Project.
 - e. During the April 24, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the site map(s) did not include the location of springs, streams, wetlands and other surface waters at the Raton Basin Project.
 - f. During the April 24, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not describe the relationship between the phases of construction and the implementation and maintenance of controls and measures.
 - g. During the April 24, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include procedures for the proper handling of building materials storage areas or portable toilets at the site, or procedures for spill prevention and response.
 - h. During the August 13, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include an estimate of the total area of the site and the area of the site that is expected to undergo clearing, excavation or grading.
 - i. During the August 13, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the site map(s) did not indicate the construction site boundaries.
 - j. During the August 13, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include or describe the location of the silt fence that was observed adjacent to the Left Hand Fork Road at the intersection with the Niagara 23-35 access road.

Exhibit A

- k. During the August 13, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include or describe the locations of the broadcast and drill seeding BMPs that were observed on the Niagara 23-35 well pad.
 - l. During the August 13, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the site map did not include the location of all springs, streams, wetlands or other surface waters, including the Left Hand Fork of Logging Canyon drainage that was observed approximately 50 feet east of the Keystone 11-35 access road.
 - m. During the August 13, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include or describe the locations of the diversion swales that were observed during the inspection.
 - n. During the August 13, 2007 inspection, the Inspector reviewed the Raton Basin Project SWMP and identified that the SWMP did not include or describe the location of all non-structural BMPs implemented at the Raton Basin Project, including site-specific scheduling for the implementation of the BMPs.
20. The Division has determined that Pioneer failed to prepare and maintain a complete and accurate SWMP for the Lay Creek Project as described in paragraphs 20(a-c) below:
- a. During the May 8, 2007 inspection, the Inspector reviewed the Lay Creek Project SWMP and identified that the site map did not include the construction site boundaries for each well pad at the Lay Creek Project.
 - b. During the May 8, 2007 inspection, the Inspector reviewed the Lay Creek Project SWMP and identified that the site map did not include all areas of soil disturbance at the Lay Creek Project, including the various access roads.
 - c. During the May 8, 2007 inspection, the Inspector reviewed the Lay Creek Project SWMP and identified that the SWMP did not include spill prevention and response procedures for the diesel fuel storage area(s) at the Lay Creek Project.
21. Pioneer's failures to prepare and maintain complete and accurate SWMPs for the Raton Basin Project and Lay Creek Project constitute violations of Part I. B. of the 2002 Permit and Part I. B. and I. C. of the 2007 Permit.

Failure to Implement and/or Maintain Best Management Practices to Protect Stormwater Runoff

22. Pursuant to Part I. B. 3. a. (1) of the 2002 Permit and Part I. C. 3. c. (1) of the 2007 Permit, Pioneer is required to minimize erosion and sediment transport from each 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.

Exhibit A

23. Pursuant to Part I. B. 3. a. (2) of the 2002 Permit and Part I. C. 3. c. (2) of the 2007 Permit, Pioneer 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.
24. Pursuant to Part I. D. 2. of the 2007 Permit, Pioneer is required to select, install, implement, and maintain appropriate BMPs at each project following good engineering, hydrologic and pollution control practices. Additionally, all BMPs implemented at each site must be designed to provide control for all potential pollutant sources at the site to prevent pollution or degradation of state waters.
25. The Division has determined that Pioneer failed to implement and/or maintain functional BMPs at the Raton Basin Project as described in paragraphs 25(a-r) below:
 - a. During the April 24, 2007 inspection, the Inspector observed disturbed areas and a soil stockpile at the Tierra 11-21 well pad at the Raton Basin Project. No BMPs were observed in place to prevent erosion and sediment discharge from this area of the Raton Basin Project. Consequently, erosion of the disturbed areas and sediment discharge to an unnamed tributary of Burro Canyon Creek was observed.
 - b. During the April 24, 2007 inspection, the Inspector observed a portable toilet located immediately adjacent to the access road for the Tierra 11-21 well pad at the Raton Basin Project. No BMPs were in place to secure the portable toilet or to prevent spills of chemicals and waste from the toilet.
 - c. During the April 24, 2007 inspection, the Inspector observed disturbed slopes along the access road to the Davida 34-8 well Pad at the Raton Basin Project. No BMPs were observed in place to stabilize the disturbed slopes or to prevent sediment from discharging from the area and into Burrow Canyon Creek. Consequently, erosion of the disturbed slopes and sediment accumulation in an area of concentrated flow was observed.
 - d. During the April 24, 2007 inspection, the Inspector observed disturbed slopes associated with the Davida 34-8 well pad at the Raton Basin Project. No BMPs were observed in place to stabilize the disturbed slopes or to prevent sediment from discharging from the slopes. Consequently, erosion of the disturbed slopes and sediment discharge from the slopes was observed.
 - e. During the April 24, 2007 inspection, the Inspector observed a straw wattle in place below the culvert pipe outlet for the access road to the Davida 34-8 well pad. The straw wattle was not being maintained to act as a functional BMP however, as sediment had accumulated to half the exposed height of the straw wattle, thus limiting its effectiveness.

Exhibit A

- f. During the April 24, 2007 inspection, the Inspector observed disturbed slopes associated with the Carmella 24-11 well pad at the Raton Basin Project. No BMPs were observed in place to stabilize the disturbed slopes or to prevent sediment from discharging from the slopes.
- g. During the April 24, 2007 inspection, the Inspector observed disturbed areas associated with the access road to the Carmella 24-11 well pad at the Raton Basin Project. A culvert was observed in place to convey stormwater in this area of the site. No BMPs were observed in place to stabilize the disturbed areas associated with the road and culvert pipe or to prevent sediment from discharging from this area of the Raton Basin Project.
- h. During the April 24, 2007 inspection, the Inspector observed disturbed slopes adjacent to Las Animas County Road 53.5 at the compressor station located at 11318 Las Animas county Road 53.5. No BMPs were observed in place to stabilize the disturbed slopes or to prevent sediment from discharging from the slopes. Consequently, erosion of the disturbed slopes and a discharge of sediment from the disturbed slopes to Las Animas County Road 53.5 was observed.
- i. On June 11, 2007, the Division received photographs from Pioneer, in response to the April 24, 2007 inspection, which documented the conditions at the Raton Basin Project on May 30, 2007 and June 1, 2007. The photographs revealed ongoing deficiencies in the implementation of BMPs at the Raton Basin Project and Pioneer's understanding of effective stormwater management, including numerous failures to stabilize the disturbed areas surrounding the outlets of culvert pipes, improper use of sediment traps in areas of concentrated flow, failures to properly crimp hay that had been applied to a disturbed area as an interim stabilization practice, and failures to implement interim stabilization practices to prevent erosion of disturbed areas until such time as final stabilization practices had been fully established.
- j. During the August 13, 2007 inspection, the Inspector observed disturbed areas associated with the access road to the Niagara 23-35 well pad, near the intersection with Left Hand Fork Road approximately forty yards away from the Left Hand Fork of Logging Canyon drainage. Several drainage culvert pipes were in place to convey stormwater in this area of the Raton Basin Project. No BMPs were observed in place to stabilize the disturbed soils surrounding the inlets and outlets of the culvert pipes or the various disturbed areas associated with the access road. Consequently, erosion of the disturbed areas and significant discharges of sediment into and beyond the culverts was observed. Hay bale check dams were in place directly adjacent to the Left Hand Fork of Logging Canyon drainage, however, the check dams alone were not acting as functional BMPs to control the sediment discharges that were being directed toward them, as a significant accumulation of sediment was observed beyond the hay bales.
- k. During the August 13, 2007 inspection, the Inspector observed an unconsolidated soil stockpile and several disturbed areas associated with the Niagara 23-35 well pad at the Raton Basin Project. No BMPs were observed in place to stabilize the disturbed areas or to prevent sediment from discharging from the disturbed areas or the stockpile. Consequently, a significant sediment discharge from the southwest portion of the well pad was observed.

Exhibit A

- l.** During the August 13, 2007 inspection, the Inspector observed a disturbed ditch lines associated with the access road to the Niagara 23-35 well pad at the Raton Basin Project. No BMPs were observed in place to stabilize the road side ditches or the inlet and outlet of the culvert pipe that was observed in this area of the site. Consequently, erosion of the disturbed ditch and a sediment discharge from the culvert outlet was observed.
- m.** During the August 13, 2007 inspection, the Inspector observed disturbed slopes along the access road for the Niagara 23-35 well pad. No BMPs were observed in place to prevent run-on to the disturbed slopes, to stabilize the disturbed slopes, or to prevent sediment from discharging from the slopes during storm events. Consequently, erosion of the disturbed slopes was observed.
- n.** During the August 13, 2007 inspection, the Inspector observed disturbed areas located up gradient of the access road for the Niagara 23-35 well pad. A silt fence was observed along the north side of the Left Hand Fork Road, however, the silt fence was nearly buried with sediment and had been undercut during a previous runoff event. Therefore, the silt fence was not acting as a functional BMP to control sediment.
- o.** During the August 13, 2007 inspection, the Inspector observed a disturbed drainage swale and an unconsolidated soil stockpile associated with the Keystone 11-35 well pad at the Raton Basin Project. No BMPs were observed in place to stabilize or prevent sediment discharges from the drainage swale, the swale outlets, or the soil stockpile at this area of the site. Consequently, sediment discharges from the southwest and northeast corners of the well pad were observed.
- p.** During the August 13, 2007 inspection, the Inspector observed disturbed ditch lines associated with the access road to the Keystone 11-35 well pad at the Raton Basin Project. No BMPs were observed in place to stabilize the road side ditches or to prevent sediment from discharging from this area of the site. Consequently, erosion of the access road and ditch line was observed.
- q.** During the August 13, 2007 inspection, the Inspector observed disturbed areas located up gradient of the Keystone 11-35 well pad and its associated access road at the Raton Basin Project. Hay bales were observed in place at the drainage outlet pipe and adjacent to the Left Hand Fork Road. However, the hay bales were not installed in accordance with the specifications and design criteria outlined in the Raton Basin Project SWMP, as the hay bales were not staked, were not entrenched, and did not have compacted backfill to prevent piping.
- r.** On September 19, 2007, the Division received photographs from Pioneer, in response to the August 13, 2007 inspection, which documented the conditions at the Raton Basin Project at an unknown point in time following the inspection. The photographs revealed ongoing deficiencies in the implementation of BMPs at the Raton Basin Project and Pioneer's understanding of effective stormwater management, including failures to stabilize the disturbed areas surrounding the outlets of culvert pipes and/or remove sediment accumulation in these areas, improper use of sediment traps in areas of concentrated flow, improper installation/use of check dams, improper installation of erosion control blankets, and failures to implement interim stabilization practices to prevent erosion of disturbed areas until such time as final stabilization practices had been fully established.

Exhibit A

26. The Division has determined that Pioneer failed to implement and/or maintain functional BMPs at the Lay Creek Project as described in paragraphs 26(a–e) below:
- a. During the May 8, 2007 inspection, the Inspector observed disturbed ditch lines associated with the access road to the Brown 21-8 well pad at the Lay Creek Project. The Lay Creek SWMP outlined that check dams would be installed in concentrated flow paths at the site. However, no check dams were observed. No other BMPs were observed in place to stabilize the road side ditches or to prevent sediment from discharging from this area of the Lay Creek Project. Consequently, erosion of the disturbed ditch lines was observed.
 - b. During the May 8, 2007 inspection, the Inspector observed disturbed areas surrounding a culvert outlet at the Bull 11-16 well pad at the Lay Creek Project. A small area of rock was in place below the culvert outlet, however, no other BMPs were in place to stabilize the various other disturbed areas surrounding the culvert or to prevent sediment from discharging from this area of the site.
 - c. During the May 8, 2007 inspection, the Inspector observed a disturbed area associated with the Amelia 44-1 well pad at the Lay Creek Project. A berm was noted in this location, however, the berm was not stabilized. No other BMPs were observed in place to stabilize the various disturbed areas at this well pad or to prevent sediment from discharging from this area of the site.
 - d. During the May 8, 2007 inspection, the Inspector observed disturbed slopes associated with the Adairsville 13-1 well pad at the Lay Creek Project. No BMPs were observed in place to stabilize the slope on the back side of the well pad. Consequently, significant erosion of the well pad slope was observed. A detention pond was observed down gradient of the well pad. However, the detention pond was not being maintained to act as a functional BMP, as the detention pond was overloaded with sediment, thus limiting its effectiveness as either a retention or settling basin.
 - e. On June 25, 2007, the Division received photographs from Pioneer, in response to the May 8, 2007 inspection, which documented the conditions at the Lay Creek Project at an unknown point in time following the inspection. The photographs revealed ongoing deficiencies in the implementation of BMPs at the Lay Creek Project and Pioneer's understanding of effective stormwater management, including failures to properly implement check dams, failures to stabilize and/or protect disturbed slopes, and failures to implement interim stabilization practices to prevent erosion of disturbed areas until such time as final stabilization practices had been fully established.
27. Pioneer's failures to implement and maintain functional BMPs to protect stormwater quality during construction activities at the Raton Basin Project and Lay Creek Project constitute violations of Part I. B. 3. a. of the 2002 Permit and Part I. C. 3. c. and Part I. D. 2. of the 2007 Permit.

Exhibit A

Failure to Conduct Inspections of Stormwater Management System

28. Pursuant to Part I. C. 5. a. of the 2002 Permit, for active sites where construction has not been completed, Pioneer is required to make a thorough inspection of the Project's stormwater management system at least every 14 days and after any precipitation or snowmelt event that causes surface erosion.
29. Pursuant to Part I. D. 6. b. 2) of the 2007 Permit, Pioneer is required to keep a record of inspections that describes any corrective actions taken, including the dates the corrective actions were taken and any measures taken to prevent future violations. After corrective action has been taken, or where a report does not identify any incidents requiring corrective action, the inspection report shall contain a signed statement indicating the site is in compliance with the 2007 Permit.
30. During the April 24, 2007 inspection, the Inspector reviewed the Raton Basin Project's stormwater management system records and identified that Pioneer failed to inspect some areas of the Raton Basin Project at the required 14-day frequency, as follows:

Well Pad Site	Date of Inspection	Date of Next Inspection	Duration between inspections
Flashback 32-27	6/30/06	7/20/06	20 days
Flashback 32-27	7/20/06	8/21/06	32 days
Kennedy 14-22	6/30/06	7/20/06	20 days
Kennedy 14-22	7/20/06	8/21/06	32 days
Kennedy 14-22	8/21/06	9/26/06	36 days
Elton 34-22	6/30/06	7/20/06	20 days
Elton 34-22	7/20/06	8/21/06	32 days
Elton 34-22	8/21/06	9/26/06	36 days

31. During the August 13, 2007 inspection, the Inspector reviewed the Raton Basin Project's stormwater management system records and identified that Pioneer failed to document the dates that corrective actions were taken and the measures taken to prevent future violations. Additionally, the Inspector identified that Pioneer's inspection records did not contain a signed statement indicating the sites were in compliance with the 2007 Permit.
32. Pioneer's failures to conduct inspections of the Project's stormwater management system in accordance with the provisions of the 2002 Permit and 2007 Permit constitute violations of Part I. C. 5. a. of the 2002 Permit and Part I. D. 6. b. 2) of the 2007 Permit.
33. The Division acknowledges that Pioneer timely and satisfactorily performed all of the obligations and actions required under the May 7, 2008, Notice of Violation/Cease and Desist Order (Number: SO-080507-1).

Exhibit A

Pioneer's Position on Alleged Violations

34. With respect to the alleged findings in paragraphs 19 and 20 above concerning the SWMPs for the Raton Basin Project and the Lay Creek Project, Pioneer states as follows:
- a. Pioneer's SWMP Field Maps show the general field layout for the Raton Basin Project and the Lay Creek Project. Pioneer uses individual facility site maps and inspection reports to show the location of small surface waters, specific areas of disturbance, well pad surfaces, BMPs and associated embankments (including cut slopes and fill slopes), soil stock piles, access roads, and other features. The Division's SWMP Guidance (Appendix A to the General Permit Application) acknowledges that other materials may be relied upon to meet SWMP requirements.
 - b. Section 2.B of the Raton Basin SWMP, titled "Description of Sequence of Major Activities," described the sequence of Pioneer's construction activities and the structural and non-structural practices to be used during the various phases of construction to control erosion and sediment transport, culminating in demobilization efforts, reseeded/reclamation efforts, and the establishment of permanent stabilization measures as sites progress via proper phasing.
 - c. Section 2.C of the Raton Basin and Lay Creek SWMPs, titled "Potential Pollutant(s) of Concern," stated that "Diesel fuel, engine lube oil, and glycol will occasionally be on [sic] stored on sites but will be completely secured through secondary containment in accordance with appropriate Spill Prevention Control and Countermeasure." Additional chemical handling and spill prevention measures were specified in Section 4.D of each SWMP ("Good Housekeeping").
 - d. As of August 9, 2007, the Raton Basin SWMP had been revised to include a statement concerning the area of the site expected to undergo disturbance. Additional information about the dimensions of the total area of the site and individual construction sites was available from the stormwater inspection reports and site maps, which are referenced in the SWMP.
 - e. Field boundaries, which represent the extent of Pioneer's holdings in the Raton Basin Project and the Lay Creek Project, are shown on the Field Map included as Appendix C of the SWMPs. Pioneer's surface usage rights are typically defined by the area of a given mineral lease and, thus, the area of land surface reasonably necessary to allow for the development of the mineral lease – concepts which are not readily transferable to lines on a map. For many construction sites, there is no practical distinction between the area of disturbance shown on the site maps and the site boundaries.
 - f. Part I.B.2 of the 2002 Permit stated that only the "location of major erosion control facilities or structures" needed to be indicated on the site map. Pioneer's Raton Basin site maps did in fact indicate the locations of major erosion control facilities and structures at the time of the August 13, 2007 inspection, and Pioneer's practice has been to document the presence of additional BMPs on its stormwater inspection reports, in accordance with the SWMP. As stated in Part I.B.3.a.2 of the 2002 Permit, seeding is a non-structural practice.

Exhibit A

- g. The Raton Basin SWMP included descriptions of multiple structural BMPs, including drainage ditches, which are the functional equivalent of, and constructed in a manner similar to, drainage swales. Drainage ditch locations were shown on individual facility maps and documented on Pioneer's stormwater inspection reports.
 - h. The Raton Basin SWMP included descriptions of multiple non-structural BMPs, including vegetated buffers, surface roughening, soil retention blankets, and seeding. Section 4.B of the SWMP described additional non-structural practices, including minimizing clearing and protecting existing vegetation. Site-specific information regarding the installation and maintenance of BMPs was documented on Pioneer's individual facility maps and stormwater inspection reports.
35. With respect to the alleged findings in paragraph 25 above concerning implementation of BMPs at the Raton Basin Project, Pioneer states as follows:
- a. Pioneer denies that the 2002 Permit, which was the version of the Permit in effect at the time of the April 24, 2007 inspection, specifically required that BMPs be in place to stabilize portable toilets. The requirement that non-industrial waste sources such as worker trash and portable toilets must be identified in the SWMP was added in Part I.C.3.b.12 of the 2007 Permit. Under Part I.B.3.b of the 2002 Permit, the SWMP needed to identify "significant materials" handled at the site that could contribute pollutants to runoff, but the definition of "significant materials" in Part I.D.13 of the 2002 Permit did not include wastes from portable toilets. Pioneer reasonably concluded there was not a significant likelihood of a contribution of pollutants to stormwater runoff from its portable toilets, which were equipped with skid-pallets and placed on level ground to avoid tipping and spillage.
 - b. Multiple BMPs were present at the Davida 34-8 well pad and along the adjacent access road at the time of the inspection, including: straw wattles at the top edge of the fill slope to reduce run-on, erosion control blankets on the steepest portions of the fill slope, slope surface roughening, straw-bale barriers, rip-rapping of culvert inlets/outlets, sediment traps, seeding of disturbed slopes to promote revegetation, a diversion ditch at the toe of the slope, proper angling of the disturbed slope, and surface roughening. Substantial re-growth of vegetation was evident at this location as of May 30, 2007. Any runoff from the road-side slope would flow towards the adjacent county road, thus preventing sediment discharge to Burro Canyon Creek. Sediment accumulated against the straw wattle below the culvert outlet for the Davida 34-8 access road indicated that this BMP was properly installed and was effectively preventing sediment transport. At the time of the inspection, the ground was snow covered and partially frozen, reducing the potential for further sediment transport in the short term. No sediment discharge was observed at this location.
 - c. Multiple BMPs were present at the Carmella 24-11 well pad, including: coconut matting in the diversion ditch below the slope, erosion control blankets, two diversion ditches around the perimeter of the well pad, and sediment traps with rip rap above the culvert inlets. Disturbed soils had been re-seeded in December 2006. The disturbed slopes along the Carmella 24-11 access road had undergone surface roughening in accordance with the SWMP and following good engineering, hydrologic and pollution control practices. In addition, sediment traps were present at the culvert inlets and outlets. No sediment discharge was observed at this location.

Exhibit A

- d. No construction activity was occurring at the compressor station at 11318 Las Animas County Road 53.5 at the time of the April 24, 2007 inspection. Construction was completed in 1997. Authorization to discharge stormwater associated with the prior construction was provided for under Certification No, COR-031109, issued to Evergreen Operating Corporation. Based on Evergreen's submission of a Permit Inactivation Notice dated July 15, 1997 – certifying that all disturbed soils at the compressor station construction site had been finally stabilized and that all areas surrounding the site had been reseeded and had a 90% regrowth of vegetation – the Division inactivated Permit No, COR-031109 effective June 30, 1997. In any event, no sediment discharge beyond the subject road surface was observed at this location.
 - e. Multiple BMPs were present at the Niagara 23-35 well pad and along the adjacent access road, including: silt fence, rock-armoring of road embankments, rock-armored sediment collection basins at culvert inlets and outlets, berming of road edges, angling and seeding of disturbed slopes, a toe ditch at the base of the soil stockpile, vegetative buffer strips, proper grading to direct road surface flows to diversion ditches, and straw-bales and straw wattles above culvert inlets and below culvert outlets to retard flows and allow for sediment settling. No sediment was observed beyond the silt fence. The observation of sediment accumulation and undercutting along a few feet of silt fence did not materially affect the functionality of the silt fence as a whole, which stretched for more than 1,000 feet and was otherwise observed to be in good condition. No discharge of sediment to State waters was observed at this location.
 - f. Multiple BMPs were present at the Keystone 11-35 well pad and along the adjacent access road, including: a diversion ditch below the soil stockpile, erosion control blankets, earthen berms, straw-bale barriers, silt fence, seeding, and vegetative cover. The drainage ditch contained stabilizing cobble, and it was equipped with large sediment traps at the culvert inlet and outlet, including rock armored embankments and perimeter straw-bale barriers. A barrier consisting of three properly installed straw bales was present and observed during the inspection at the referenced drainage pipe outlet, which, in combination with the large sediment trap below the outlet, was operating as an effective structural BMP. No discharge of sediment to State waters was observed at this location. Any sediment entering the observed drainage swale would have been intercepted and contained by the downgradient elevated roadway grade and associated stormwater management controls, including silt fencing.
36. With respect to the alleged findings in paragraph 26 above concerning implementation of BMPs at the Lay Creek Project, Pioneer states as follows:
- a. Structural BMPs were in place along the access road to the Brown 21-8 well pad at the time of the May 8, 2007 inspection, including a check dam and rock armoring at the point where the inspected roadside ditch intersects with County Road 90. In light of the slope (< 10%) and other physical conditions existing at this location, neither the SWMP nor the Permit dictated that additional check dams or other BMPs needed to be installed. No sediment discharge was observed at this location.
 - b. Multiple BMPs were present at the culvert outlet at the Bull 11-16 well pad at the time of the inspection, including: rip rap at the culvert outlet, a large sediment trap below the culvert outlet equipped with a rock-armored outfall, appropriately constructed diversion ditches, and vegetative buffer strips. No sediment discharge was observed at this location.

Exhibit A

- c. The berm at the Amelia 44-1 well pad had been tracked and surface roughened with heavy equipment to stabilize the berm, reduce runoff velocity, and promote vegetative re-growth consistent with the SWMP. Good engineering, hydrologic and pollution practices did not require that the berm be compacted or stabilized using methods other than those employed at the time. Vegetative buffer stripes were also present and were operating as effective sediment controls in accordance with the SWMP. No sediment discharge was observed at this location.
 - d. The slope at the Adairsville 13-1 well pad had been surface roughened to reduce erosion in accordance with the SWMP. The observation that sediment had accumulated within the sediment trap's detention basin, and the fact that no sediment was observed to have discharged beyond the detention basin, demonstrate that this BMP was functioning effectively to prevent sediment transport. No sediment discharge was observed at this location.
37. Pioneer denies that the conditions observed during inspections of the Raton Basin Project and Lay Creek Project on April 24, 2007, May 8, 2007 and August 13, 2007, constituted violations of the Act, its implementing regulations or the Permit, including, without limitation, Part I.B.3.a of the 2002 Permit and Part I.C.3.c and Part I.D.2 of the 2007 Permit. Pioneer denies that it was subject to the requirements of Part I.C.3.c and Part I.D.2 of the 2007 Permit, which did not become effective until July 1, 2007, at the time of the April 24, 2007 and May 8, 2007 inspections. Pioneer denies that it failed to implement and maintain functional BMPs to protect stormwater quality during construction activities at the Raton Basin Project and the Lay Creek Project. Notwithstanding the foregoing, Pioneer has taken steps to assess, and correct where necessary, alleged deficiencies set forth in this Consent Order and in the NOV/CDO. Pioneer denies that such deficiencies, if any, caused pollution, contamination or degradation of State waters. Pioneer is committed to ensuring that its stormwater management systems are in compliance with all Permit and other statutory and regulatory requirements, to providing its employees with appropriate stormwater training, and to working cooperatively with the Division to fully and promptly resolve the compliance issues alleged in this Consent Order and in the NOV/CDO.
38. The Division finds that Pioneer's position statement is not consistent with the information gathered in the course of the Division's inspections and investigation of the incidents described herein and the inclusion of Pioneer's position statement in this order should not be construed to constitute any admission or agreement by the Division as to the content of the position statement.

ORDER AND AGREEMENT

39. 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-080507-1), the Division orders Pioneer to comply with all provisions of this Consent Order, including all requirements set forth below.

Exhibit A

40. Pioneer agrees to the terms and conditions of this Consent Order. Pioneer 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. Pioneer also agrees not to challenge directly or collaterally, in any judicial or administrative proceeding brought by the Division or by Pioneer against the Division:
- The issuance of this Consent Order;
 - The factual and legal determinations made by the Division herein; and
 - 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.
41. Notwithstanding the above, Pioneer does not admit to any of the factual or legal determinations made by the Division herein or in the Notice of Violation / Cease and Desist Order (Number: SO-080507-1), and any action undertaken by Pioneer pursuant to this Consent Order shall not constitute evidence of fault or liability by Pioneer with respect to the conditions of the Lay Creek Project or the Raton Basin Project.

CIVIL PENALTY AND SUPPLEMENTAL ENVIRONMENTAL PROJECTS

42. In addition to all other funds necessary to comply with the requirements of this Consent Order, Pioneer shall pay the following amounts in the form of civil penalties and expenditures on Supplemental Environmental Projects ("SEPs") in order to achieve settlement of this matter: \$47,715.00 for the Lay Creek Project, and \$117,820.00 for the Raton Basin Project.
43. 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, Pioneer shall pay a combined total of Twenty Six Thousand Nine Hundred Seven Dollars (\$26,907.00) in civil penalties for the Lay Creek Project and Raton Basin Project. The Division intends to petition the Executive Director, or her designee, to impose the Twenty Six Thousand Nine Hundred Seven Dollar (\$26,907.00) civil penalty for the above violation(s) and Pioneer agrees to make the payment within thirty (30) calendar days of the issuance of a Penalty Order by the Executive Director or her 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-B2-CAS
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530
44. Pioneer shall also perform the SEPs identified below. Pioneer's total expenditure for the SEPs shall be not less than One Hundred Thirty Eight Thousand Six Hundred Twenty Eight Dollars (\$138,628.00).

Exhibit A

45. Pioneer shall undertake the following SEPs, which the Parties agree are intended to secure significant environmental or public health protection and improvements:
- a. Pioneer shall donate Ten Thousand Dollars (\$10,000.00) to the Moffat County School District. The funds will be used for a pollution reduction/environmental education project in Moffat County, as described in Attachment A. Pioneer shall make the payment of Ten Thousand Dollars (\$10,000.00) and shall include with the donation a cover letter identifying the monies for the above-described project within thirty (30) days of the effective date of this Consent Order. Pioneer shall provide the Division with a copy of the cover letter and check within thirty (30) calendar days of the effective date of this Consent Order.
 - b. Pioneer shall donate One Hundred Twenty Eight Thousand Six Hundred Twenty Eight Dollars (\$128,628.00) to Las Animas County. The funds will be used for a pollution prevention/energy efficiency project or projects in Las Animas County, as described in Attachment B. Pioneer shall make one or more payments totaling One Hundred Twenty Eight Thousand Six Hundred Twenty Eight Dollars (\$128,628.00) and shall include with the donation(s) a cover letter(s) identifying the monies for the above-described projects within thirty (30) calendar days of the Division's approval of the projects. Pioneer shall provide the Division with a copy of each cover letter and check concurrent with its transmittal(s) to Las Animas County. The Division reserves the right to accept or deny, in good faith, any of the specific energy efficiency projects selected by Pioneer for inclusion in this SEP. If a specific project is denied, the Division shall retain sole discretion for selecting an alternate project, as identified in Las Animas County's energy efficiency audit, for inclusion in this SEP. However, in no event will payment(s) exceed an aggregate amount of \$128,628.00.
46. Pioneer shall not deduct the expenses associated with the implementation of the above-described SEPs for any tax purpose or otherwise obtain any favorable tax treatment of such payment or project.
47. Pioneer hereby certifies that, as of the date of this Consent Order, it is not under any existing legal obligation to perform or develop the SEPs. Pioneer further certifies that it has not received, and will not receive, credit in any other enforcement action for the SEPs. In the event that Pioneer has, or will receive credit under any other legal obligation for the SEPs, Pioneer shall pay One Hundred Thirty Eight Thousand Six Hundred Twenty Eight Dollars (\$138,628.00) to the Division as a civil penalty within thirty (30) calendar days of receipt of a demand for payment by the Division. Method of payment shall be as specified in paragraph 43 above.
48. The SEP addressed in paragraph 45.a. above and Attachment A must be completed to the satisfaction of the Division by December 31, 2011. In the event that Pioneer fails to comply with any of the terms or provisions of this Consent Order relating to the performance of this SEP, Pioneer shall be liable for penalties as follows :
- a. Payment of a penalty in the amount of Ten Thousand Dollars (\$10,000.00). The Division, in its sole discretion, may elect to reduce this penalty for environmental benefits created by the partial performance of the SEP.
 - b. Pioneer shall pay this penalty within thirty (30) calendar days of receipt of written demand by the Division. Method of payment shall be as specified in paragraph 43 above.

Exhibit A

49. The SEP addressed in paragraph 45.b. above and Attachment B must be completed to the satisfaction of the Division by December 31, 2011. In the event that Pioneer fails to comply with any of the terms or provisions of this Consent Order relating to the performance of this SEP, Pioneer shall be liable for penalties as follows:
- a. Payment of a penalty in the amount of One Hundred Twenty Eight Thousand Six Hundred Twenty Eight Dollars (\$128,628.00). The Division, in its sole discretion, may elect to reduce this penalty for environmental benefits created by the partial performance of the SEP.
 - b. Pioneer shall pay this penalty within thirty (30) calendar days of receipt of written demand by the Division. Method of payment shall be as specified in paragraph 43 above.
50. Pioneer shall submit a SEP Completion Report for each SEP to the Division by January 31, 2012. Each SEP Completion Report shall contain the following information:
- a. A detailed description of the SEP as implemented;
 - b. A description of any operating problems encountered and the solutions thereto;
 - c. Itemized costs, documented by copies of purchase orders and receipts or canceled checks or other forms of proof of payment;
 - d. Certification that the SEP has been fully implemented pursuant to the provisions of this Consent Order; and
 - e. A description of the environmental and public health benefits resulting from implementation of the SEP (with quantification of the benefits and pollutant reductions, if feasible).
51. Failure to submit a SEP Completion Report with the required information, or any periodic report, shall be deemed a violation of this Consent Order.
52. Pioneer shall include the following language in any public statement, oral or written, making reference to either SEP: "This project was undertaken in connection with the settlement of an enforcement action taken by the Colorado Department of Public Health and Environment for alleged violations of the Colorado Water Quality Control Act."

SCOPE AND EFFECT OF CONSENT ORDER

53. The Parties agree and acknowledge that this Consent Order constitutes a full and final settlement and release of the civil penalties associated with the violations alleged herein and in the May 7, 2008 Notice of Violation / Cease and Desist Order (Number: SO-080507-1).
54. 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 Pioneer 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.

Exhibit A

55. This Consent Order constitutes a final agency order or action upon the date when the Executive Director or her designee imposes the civil penalty following the public comment. Any violation of the provisions of this Consent Order by Pioneer, 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.
56. Notwithstanding paragraph 41 above, the violations described in this Consent Order will constitute part of Pioneer'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 Pioneer. Pioneer agrees not to challenge the use of the cited violations for any such purpose.
57. This Consent Order does not relieve Pioneer from complying with all applicable Federal, State, and/or local laws in fulfillment of its obligations hereunder. Pioneer shall obtain all necessary approvals and/or permits to conduct the activities required by this Consent Order, if applicable. 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

58. 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 the specific instances of violations cited herein and in the May 7, 2008 Notice of Violation / Cease and Desist Order (Number: SO-080507-1). 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.
59. This Consent Order does not grant any release of liability for any violations not specifically cited herein.
60. 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, provided that the "new information" shall not include any facts specifically alleged herein or in the May 7, 2008 Notice of Violation / Cease and Desist Order (Number: SO-080507-1).
61. Upon the effective date of this Consent Order, Pioneer 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.
62. Pioneer 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 Pioneer, or those acting for or on behalf of Pioneer, including its officers, employees, agents, successors, representatives, contractors, consultants or attorneys in carrying out activities pursuant to this Consent Order. Pioneer shall not hold out the State of Colorado or its employees, agents or representatives as a party to any contract entered into by Pioneer 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.

Exhibit A

NOTICES

63. 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-CAS-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 Pioneer:

David N. Holland
Regulatory Manger, Western Division
Pioneer Natural Resources USA, Inc.
1401 17th Street, Suite 1200
Denver, Colorado 80202
Telephone: (303) 675-2624
E-mail: dave.holland@pxd.com

MODIFICATIONS

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

NOTICE OF EFFECTIVE DATE

65. This Consent Order shall be fully effective, enforceable and constitute a final agency action upon the date when the Executive Director or her designee imposes the civil penalty following closure of the public comment period referenced in paragraph 54. 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.

Exhibit A

BINDING EFFECT AND AUTHORIZATION TO SIGN

66. This Consent Order is binding upon Pioneer and its corporate subsidiaries or parents, their officers, directors, successors in interest, and assigns, to the extent permitted by law. The undersigned warrant that they are authorized to legally bind their respective principals to 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 PIONEER NATURAL RESOURCES USA, INC.:



Thomas D. Sheffield
Vice President, Rockies Asset Team

Date: 11-4-2010
DPL

FOR THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT:



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

Date: 11/12/10

Exhibit A
Attachment A

**SUPPLEMENTAL ENVIRONMENTAL PROJECTS (SEP)
PROPOSAL/AGREEMENT**

The regulated entity, identified below, submits the following SEP application to the Colorado Department of Public Health and Environment (the department) for SEP consideration.

Enforcement Action Information	In the Matter of Pioneer Natural Resources USA, Inc. Case No.: SO-080507-1
Regulated Entity Contact Information	Dave Holland, Environmental and Regulatory Manager, Rockies Asset Team Pioneer Natural Resources USA, Inc. 1401 17 th Street, Suite 1200 Denver, CO 80202 (303) 298-8100 Dave.holland@pxd.com
3rd Party SEP Recipient Contact	Brynna Vogt, Teacher Moffat County School District 915 Yampa Ave Craig, CO 81625 (970) 824-3289 brynna.vogt@moffatsd.org
CDPHE Contact Person	Rachel Wilson-Roussel, Office of Environmental Integration and Sustainability, 303-692-2976
Geographical Area to Benefit Most Directly From Project	Moffat County, Craig, Colorado
Project Title	Waste Reduction 101: Reduce, Reuse, Recycle
Project Type	Third Party SEP Donation
SEP Category	Pollution Reduction, Environmental Education
Project Summary	<p>These funds will help reduce the amount of waste that goes to the landfill in Craig, Colorado by expanding the recycling and composting program currently in place at Craig Middle School. This will include placing recycling bins in every classroom and converting a van to deliver recycling to the town's recycling center. We will also purchase reusable lunch trays to replace the Styrofoam trays currently used in the school cafeteria. A 3-part container will be purchased for the school cafeteria with a section for compost, recycling, and waste. This will make sorting easy for students and sanitarly contain waste. These funds will also purchase wood and topsoil to create compost bins that can handle large amounts of waste.</p> <p>Additionally these funds will start a school garden, which the compost produced from lunches will fertilize. The garden will be organic and include raised vegetable beds and local fruit-bearing plants.</p>

Exhibit A Attachment A

Several concerned students at Craig Middle School in Craig, Colorado have begun a recycling and composting program for the school. These students noticed that many teachers recycle individually in their classrooms, however students do not consistently utilize that option. Furthermore, many students do not recycle at home and the majority of students did not know what composting was prior to this program's implementation in January 2010. In addition to not regularly recycling, most students do not understand the importance of reducing the amount of waste produced, then reusing what they can, and finally recycling what is left.

The primary goal of this project is to educate students about the importance of reducing, reusing, and recycling; and to help reduce the waste the middle school sends to the landfill by teaching students how to reduce, reuse and recycle their waste during lunchtime. Educating the student council and other interested students, and then having them help educate their peers will be the first step in accomplishing this. We will pile up the trash created for one week. We will then teach students how to sort their trash and pile up the trash versus the recycling/composting for the second week. We hope the amount of trash produced will make an impression and help motivate students to produce less trash. Science classes will help by teaching about the life of a landfill. School assemblies, posters, contests, and rewards will reinforce what students are learning.

We plan to reduce the amount of waste created by the school cafeteria by purchasing reusable lunch trays to replace the Styrofoam trays currently in use. We will also purchase a 3-sectioned container for the cafeteria, where students can easily sort waste into compost, recycling, and trash. Students are currently sorting into cardboard boxes. This is causing ant infestations and leading to confusion when sorting. Additionally, recycling bins for each classroom will be purchased. Most teachers choose to recycle, but again use cardboard boxes or plastic trash bags, which students often do not use. Recycling containers school-wide will help lend credibility to the program.

Moffat County School District has several 15-passenger vans that are no longer able to carry students. The district has agreed to allow the school to remove seats from one of the vans and use the van to transport recyclables to the town's recycling center. Some of these funds will be used to cover the cost of transportation. Once the funds are expended, the school district has agreed to cover the future costs of transporting recyclables.

The unused food from lunch will be placed into composting bins in the school courtyard. We need to purchase wood and topsoil so we can build compost bins capable of composting high volumes of waste. We would like to hire a contractor to assist with design and construction due to the large animal populations in the area. The compost will be used to fertilize a school garden in the courtyard, which is currently covered in gravel. We will use these funds to purchase raised beds, vegetables, local fruit-bearing plants, and local medicinal plants. Students will be able to engage in hands-on learning about the various plants and learn about organic gardening. In addition, we are creating a class that will be responsible for maintaining the garden. In the

**Exhibit A
Attachment A**

	distant future we would like to be able to use the plants from the garden to add to healthy school lunches.		
Expected Environmental and/or Public Health Benefits	Our recycling/composting program in its current form has reduced the amount of trash produced at lunch each day from nine bags to five. We aim to reduce that even further to three bags. We also expect to double the amount of students who regularly recycle at school, and increase the number of students recycling at home. We would love to see composting bins being utilized at student homes.		
Project Budget	Category	Description	Cost
	Equipment/Materials Tool shed, hoses, water utility	Materials for compost bins	\$1000
		Misc. supplies/gardening tools Examples: Shovels, hoses, rakes, weeders, trowels, etc.	\$1000
		Conversion of school van to recycling transportation van	\$200
		Transportation to recycling center 1 mile from the school. At \$0.50/mi this is \$1.00 a trip, with two trips each week of the school year (38 weeks). The school will cover transportation costs when this funding is expended.	\$100
		Topsoil for compost bins	\$200
		Plants/seeds	\$1000
		6 raised bed planters 4x8x24"	\$2000
		Recycling bins One large 4-compartment recycling station for the cafeteria One 3-compartment recycling station each for the 6 th , 7 th , 8 th grade and encore pods One paper recycling container per classroom for 40 classrooms	\$2000
		Incentives for students Examples: reward lunches for students who assist with lunchtime sorting, lunchtime rewards such as popsicles for the grade that does the best job sorting their lunches, small toys such as bouncy balls for students as they sort	\$1000
		Educational posters/signage	\$500
	Administrative	Administrative labor	\$500
	Labor	Contractor to build compost bins	\$500
	Total:		\$10,000
Budget Discussion	There is no other source of funding for this project at this time. Grants such as those offered by the Colorado Department of Public Health and Environment and KidsGardening.org will be applied for to help support this project.		
Project Schedule	Proposed Start Date:		October 2010
	Construction of compost bins		November 2010

**Exhibit A
Attachment A**

	Reduction of waste to landfill by half	January 2011
	Projected Completion Date:	December 31, 2011
	SEP Completion Report Due:	January 31, 2012
Reporting	<p>Project reports will provide sufficient information for the department to monitor the project implementation status, to verify and document the proper expenditure of SEP funds, and to evaluate the effectiveness and benefits of the SEP. A full expense accounting, including proof of all payments, will be provided in the SEP Completion Report. The SEP Completion report will contain at a minimum:</p> <ul style="list-style-type: none"> • A detailed description of the project as implemented; • A description of any operating problems encountered and the solutions thereto; • Itemized costs, documented by copies of purchase orders and receipts or canceled checks; • Certification and demonstration that the SEP has been fully implemented pursuant to the provisions of the Consent Order; and • A description of the environmental and public health benefits resulting from implementation of the SEP along with quantification of the outcomes and benefits. 	
Other Relevant Information		
Has the applicant entered into any prior commitments to fund this project, voluntary or otherwise? If yes, please explain.	No	

Exhibit A
Attachment B

**SUPPLEMENTAL ENVIRONMENTAL PROJECTS (SEP)
PROPOSAL/AGREEMENT**

The regulated entity, identified below, submits the following SEP application to the Colorado Department of Public Health and Environment ("CDPHE") for SEP consideration.

Enforcement Action Information	In the Matter of Pioneer Natural Resources USA, Inc. Case No.: SO-080507-1
Regulated Entity Contact Information	Dave Holland, Environmental and Regulatory Manager, Rockies Asset Team Pioneer Natural Resources USA, Inc. 1401 17 th Street, Suite 1200 Denver, CO 80202 (303) 298-8100 Dave.holland@pxd.com
3rd Party SEP Recipient Contact	William Cordova, Administrator Las Animas County 200 East First Street, Room 110 Trinidad, CO 81082 719-845-2568 lasanimascounty@sensonics.org
CDPHE Contact Person	Mike Harris Enforcement Unit Water Quality Control Division Colorado Department of Public Health & Environment (303) 692-3598
Geographical Area to Benefit Most Directly From Project	Las Animas County
Project Title	Energy Efficiency Projects for Public Buildings in Las Animas County
Project Type	Third Party SEP Donation
SEP Category	Pollution Prevention – Resource Efficiency
Project Summary	SEP funds will be used by Las Animas County to fund and implement energy efficiency projects for county owned buildings. Such buildings may include the courthouse, the justice center or the old jail building. Items eligible for reimbursement with the SEP funds may include: audit costs (subject to the cap further described in "Project Description" below), contractor fees, equipment and building materials costs, equipment lease payments, County oversight and post-construction energy efficiency monitoring costs.

Exhibit A
Attachment B

<p>Project Description</p>	<p>Las Animas County (the "County"), in connection with the Governor's Energy Office (the "GEO"), is planning to conduct an energy efficiency audit of public buildings in Las Animas County. The County selected Ameresco Inc. as their Energy Services Company (ESCO) in August 2010. Ameresco will begin the County's Technical Energy Audit in October 2010 with the audit to be completed within approximately one month thereafter. The audit will identify specific projects that will result in increased energy efficiency, including reduced use of electricity or natural gas. Pioneer will provide a copy of the final audit report to the CDPHE contact person as soon as it is available.</p> <p>The County, in coordination with Pioneer and the GEO, will select specific projects on which the SEP funds will be used. Pioneer and the County will present these specific projects to the CDPHE contact person along with a plan setting forth in reasonable detail the expected use of SEP funds. Prior to SEP funds being spent for any projects, CDPHE will review the proposed projects and notify Pioneer in writing of its approval or disapproval of each project. If CDPHE disapproves of a particular project, SEP funds may not be spent on such project, but Pioneer and CDPHE will work in good faith to modify the existing project proposal to be acceptable to CDPHE or to develop a substitute project reasonably acceptable to CDPHE.</p> <p>Completion of such projects may include projects contracted for directly by the County (such as replacing boilers with more efficient boilers, replacing old windows with new energy efficient windows, or replacing older HVAC equipment with new energy efficient equipment) or they may take the form of an Energy Performance Contract (EPC) whereby an equipment provider approved by the GEO provides equipment (such as a new boiler or new furnace) for a County building and then recoups the cost of such equipment by retaining the energy savings for a period of time. SEP funds may be used to buy down the cost of an EPC which will decrease the time necessary for the provider to recoup its investments thus resulting in earlier savings to the County. The County expects to identify projects for which SEP funds will be used within 60 days after completion of the audit or before December 15th, 2010 and to timely commence and complete such projects thereafter.</p> <p>If the County is unable to proceed with an Energy Performance Contract, up to \$35,000.00 of SEP funds may be used to reimburse the County for the cost of the audit; provided, however, that the remainder of the SEP funds will be used for an energy efficiency project or projects in Las Animas County conforming to CDPHE's Supplemental Environmental Projects Policy and such project shall be subject to the approval of CDPHE as set forth in the second paragraph of this section prior to funds being expended for such project.</p>
<p>Expected Environmental and/or Public Health Benefits</p>	<p>Environmental benefits include reduced fossil fuel consumption and associated reductions in hydrocarbon, carbon dioxide and other greenhouse gas emissions.</p>

**Exhibit A
Attachment B**

Project Budget	Category	Description	Cost
	Las Animas County Projects	Energy Efficiency Activities	\$128,628
	Total:		\$128,628
Budget Discussion	The funds will be donated directly to the County to fund the specific projects identified by the County/GEO audit on an as needed basis until the SEP budget is exhausted. Pioneer will not receive any financial benefit resulting from implementation of this project.		
Project Schedule	Proposed Start Date:		October 1, 2010
	Completion of GEO Audit:		November 30, 2010
	Identification of Specific Projects:		December 15, 2010
	CDPHE Review of Specific Project:		December 21,
	Commencement of Projects:		February 1, 2011
	Submit Status Report to CDPHE:		June 30, 2011
	Projected Completion Date:		December 31, 2011
	SEP Completion Report Due:		January 31, 2012
	Reporting	<p><u>Status Reporting:</u></p> <p>Las Animas County will submit a brief status report to the SEP Coordinator at the Colorado Department of Public Health and Environment (department) by June 30, 2011. The report will include the following information: a list of activities completed to date, a budget summary table listing funds expended to date, and a list of any anticipated changes to the project scope of timeline. Any major changes to the project scope or timeline must receive prior approval from the department.</p> <p><u>SEP Completion Report:</u></p> <p>The SEP Completion report will provide sufficient information for CDPHE to verify and document project implementation and the proper expenditure of SEP funds, and to evaluate the effectiveness and benefits of the SEP. A full expense accounting, including proof of all payments, will be provided in the SEP Completion Report. The SEP Completion report will contain:</p> <ul style="list-style-type: none"> • A detailed description of the project as implemented; • A description of any operating problems encountered and the solutions thereto; • Itemized costs, documented by copies of purchase orders and receipts or canceled checks; • Certification and demonstration that the SEP has been fully implemented pursuant to the provisions of the Consent Order; and 	

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	<ul style="list-style-type: none">• A description of the environmental and public health benefits resulting from implementation of the SEP along with quantification of the outcomes and benefits if feasible.
Other Relevant Information	
Has the applicant entered into any prior commitments to fund this project, voluntary or otherwise? If yes, please explain.	No.