

STATE OF COLORADO

John W. Hickenlooper, Governor
Christopher E. Urbina, MD, MPH
Executive Director and Chief Medical Officer

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

May 8, 2012

Roy E. Warren, Registered Agent
Lone Pine Gas, Inc.
4505 S. Broadway
Englewood, Colorado 80113-5723

Certified Mail Number: 7010 2780 0002 8752 3857

RE: Service of Notice of Violation/Cease and Desist Order, Number: IO-120508-1

Dear Mr. Warren:

Lone Pine Gas, Inc. is hereby served with the enclosed Notice of Violation / Cease and Desist Order (the "NOV/CDO"). This NOV/CDO 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 §§ 25-8-602 and 25-8-605, C.R.S., of the *Colorado Water Quality Control Act*, (the "Act"). The Division bases this NOV/CDO upon findings that Lone Pine Gas, Inc. has violated the Act, and/or regulations promulgated pursuant to the Act, as described in the enclosed NOV/CDO.

Pursuant to § 25-8-603, C.R.S., Lone Pine Gas, Inc. is required, within thirty (30) calendar days of receipt of this NOV/CDO, to submit to the Division an answer admitting or denying each paragraph of the Findings of Fact and responding to the Notice of Violation.

This action could result in the imposition of civil penalties. The Division is authorized pursuant to § 25-8-608, C.R.S. to impose a penalty of \$10,000 per day for each day during which such violation occurs.

Please be advised that the Division is continuing its investigation into this matter and the Division may identify supplementary violations that warrant amendments to this NOV/CDO or the issuance of additional enforcement actions.

Should you or representatives of Lone Pine Gas, Inc. desire to discuss this matter informally with the Division, or if you have any questions regarding the NOV/CDO, please do not hesitate to contact Kelly Morgan of this office by phone at (303) 692-3634 or by electronic mail at kelly.morgan@state.co.us.

Sincerely,



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

Enclosure(s)

ec: Kent Crowder, Jackson County Public Health
Natasha Davis, EPA Region VIII
Christine Lukasik, Engineering Section, CDPHE
Dick Parachini, Watershed Program, CDPHE
Andrew Neuhart, Permits Section, CDPHE
Michael Beck, Grants and Loans Unit, CDPHE
David Neslin, COGCC
Kelly Morgan, Case Person
Tania Watson, Compliance Assurance, CDPHE



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

NOTICE OF VIOLATION / CEASE AND DESIST ORDER

NUMBER: IO-120508-1

IN THE MATTER OF: LONE PINE GAS, INC
CDPS PERMIT NUMBER: CO-0048712
JACKSON COUNTY, COLORADO

Pursuant to the authority vested in the Colorado Department of Public Health and Environment's (the "Department") Division of Administration by §§25-1-109 and 25-8-302, C.R.S., which authority is implemented through the Department's Water Quality Control Division (the "Division"), and pursuant to §§25-8-602 and 25-8-605, C.R.S., the Division hereby makes the following Findings of Fact and issues the following Notice of Violation / Cease and Desist Order:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. At all times relevant to the alleged violations identified herein, Lone Pine Gas, Inc ("Lone Pine") was a Colorado corporation in good standing.
2. Lone Pine 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).
3. Lone Pine owns and/or operates the Lone Pine Field and associated treatment works, which is located approximately ten (10) miles west of the Town of Walden, Jackson County, Colorado (the "Facility").
4. The Facility consists of wastewater treatment works associated with the oil and gas production at the Lone Pine Oil Field (the "Field"). The Facility consists of a series of oil and gas production wells that are pumped to a central processing facility. After gas, oil, and water are withdrawn from the field wells, initial oil/water separation occurs in vertical free water knockout tanks. The water from the knockout tanks is directed to produced water tanks for further oil/water separation and storage prior to being directed to the pond treatment system. The pond treatment system consists of five ponds that operate in series to provide treatment of the produced water. Aeration is provided in the second pond on a continual basis and an aerator is installed in the third pond and used periodically.
5. The Facility was the subject of Colorado Discharge Permit System, General Permit Certification (Number COG-600464) from January 1, 2002 through January 1, 2011. The General Permit Certification authorized Lone Pine to discharge treated produced water from the Facility into Spring Gulch Creek (also known as Spring Creek) under the terms and conditions of the General Permit Certification.

6. On September 9, 2010, the Division issued a Notice of Violation/Cease and Desist Order, Number IO-100909-1, to Lone Pine. The order cited Lone Pine for violations of its General Permit Certification (Number COG-600464). The Order included a number of corrective actions that Lone Pine was required to implement at the Facility in order to ensure permit compliance.
7. The Facility is currently the subject of Colorado Discharge Permit System, Permit Number CO-0048712 (the "Permit"). The Permit became effective January 1, 2011. The Permit was amended with Amendment #1 and reissued effective November 1, 2011 (the "Amendment #1 Permit). The Amendment #1 Permit was subsequently amended with Amendment #2 that was issued March 27, 2012 and became effective May 1, 2012 (the "Amendment #2 Permit"). The Amendment #2 Permit is scheduled to expire on December 31, 2015.
8. The Permit and its subsequent amendments authorize Lone Pine to discharge treated produced water from the Facility through Outfall 001 and into Spring Creek (also known as Spring Gulch Creek).
9. Spring Creek (also known as Spring Gulch 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 (102).
10. Pursuant to 5 CCR 1002-61, §61.8, Lone Pine must comply with all the terms and conditions of the Permit and its subsequent amendments, and violations of such terms and conditions as specified in the Permit or its subsequent amendments may be subject to civil and criminal liability pursuant to §§25-8-601 through 25-8-612, C.R.S.

Failure to Comply with Permit Effluent Limitations

11. Pursuant to Part I.A.2. of the Permit, and the subsequent Amendment #1 Permit and Amendment #2 Permit, Lone Pine's permitted discharge at Outfall 001A shall not exceed the effluent limitations specified below:

Effluent Parameter	Discharge Limitations			
	30-Day Average	7-Day Average	Daily Maximum	2- Year Average
Effluent Flow (MGD)	0.42		Report	
Temp Daily Max (° C) Beginning June 1, 2011			Report	
Temp MWAT (°C) Beginning June 1, 2011		Report		
pH (su)			6.5-9 (Min/Max)	
Nitrate as N (mg/l), Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	
Nitrite as N (mg/l) Through 3/31/2013 Beginning 4/1/2013	Report Report		Report 0.05	
NH3 as N, Tot (mg/l) Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	

Effluent Parameter	Discharge Limitations			
	30-Day Average	7-Day Average	Daily Maximum	2- Year Average
TSS (mg/l)	30	45		
Oil and Grease (Visual Sheen) Beginning 5/1/2012			Pass/ Fail****	
Oil and Grease (mg/l)			35	
As, TR (µg/l) Through 3/31/2013 Beginning 4/1/2013	Report 0.02			Report Report
As, PD (µg/l) Through 10/31/2011 Beginning 11/1/2011			Report N/A	Report N/A
Cd, PD (µg/l) Through 3/31/2013 Beginning 4/1/2013	Report 0.66		Report 2.8	Report Report
Cr, TR (µg/l) Through 4/30/2012 Beginning 5/1/2012			Report N/A	Report N/A
Cr+3, TR (µg/l) Through 4/30/2012 Beginning 5/1/2012			Report N/A	Report N/A
Cr+6, Dis (µg/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	Report N/A
Cu, PD (µg/l)	12		23	
Fe, TR (µg/l)	1000			
Pb, PD (µg/l) Through 3/31/2013 Beginning 4/1/2013	Report 4.7		Report 120	Report
Hg, Tot (low-level) (µg/l) Through 3/31/2013 Beginning 4/1/2013	Report 0.01			Report Report
Ni, PD (µg/l) Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	Report N/A
Se, PD (µg/l) Through 3/31/2013 Beginning 4/1/2013	Report 4.6		Report 18	Report Report
Ag, PD (µg/l) Through 3/31/2013 Beginning 4/1/2013	Report 0.2		Report 5.5	Report Report
U, PD (µg/l) Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	Report N/A
B, Tot (mg/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A			Report N/A

Effluent Parameter	Discharge Limitations			
	30-Day Average	7-Day Average	Daily Maximum	2- Year Average
Sulfide as H ₂ S (mg/l) Through 3/31/2013 Beginning 4/1/2013	Report 0.002			Report Report
Calcium (mg/l)	Report		Report	
Magnesium (mg/l)	Report		Report	
Sodium (mg/l)	Report		Report	
Bicarbonate as HCO ₃ (mg/l)	Report		Report	
SAR calculated limit*	Report		Report	
Adjusted SAR effluent**	Report		Report	
SAR pass/ Fail *** Beginning 4/1/2013	Pass/ Fail		Report	
EC (dS/m) Through 3/31/2013 Beginning 4/1/2013	Report 0.36- 1.5		Report Report	
Acenaphthene, ug/l Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	
Anthracene, ug/l Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	
Benzene, ug/l Through 3/31/2013 Beginning 4/1/2013	Report 2.2		Report 5,300	
Benzo (a) anthracene, (ug/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	
Benzo (a) pyrene, (ug/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	
Benzo (b) fluoranthene (ug/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	
Benzo (k) fluoranthene (ug/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	
Benzo (g,h,i) perylene, (ug/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	
Chrysene, (ug/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	
Dibenzo (a,h) anthracene, (ug/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	

Effluent Parameter	Discharge Limitations			
	30-Day Average	7-Day Average	Daily Maximum	2- Year Average
Indeno (1,2,3-cd) pyrene (ug/l) Through 4/30/2012 Beginning 5/1/2012	Report N/A		Report N/A	
Ethylbenzene, ug/l Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	
Naphthalene, ug/l Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	
Pyrene, ug/l Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	
Quinoline, ug/l ^a Through 4/30/2012 Beginning 5/1/2012 Beginning 4/1/2013	Report N/A 0.012		Report N/A Report	
Toluene, ug/l Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	
Xylenes (total), ug/l Through 10/31/2011 Beginning 11/1/2011	Report N/A		Report N/A	
Vinyl Chloride, ug/l ^b Beginning 5/1/2012 through 3/31/2013 Beginning 4/1/2013	Report 0.023		Report Report	
Radium 226 + 228 (total), pCi/l Through 3/31/2013 Beginning 4/1/2013	Report 5		Report Report	
WET, chronic				
Pimephales Lethality		Stat Diff & IC25 ≥		
Ceriodaphnia Lethality		IWC *****		
Pimephales Toxicity		Report Stat Diff &		
Ceriodaphnia Toxicity		IC25 *****		

**This SAR limit is to be calculated using the actual measured EC value (30- day average) of the effluent and substituting this value in to the following equation: SAR= (7.1 * EC)- 2.48. This limitation is capped at 8.2.*

***The SAR value of the effluent is reported as the adjusted SAR*

****The permittee shall compare the SAR value of the effluent (adjusted SAR) to the calculated SAR limitation. If the adjusted SAR is less than or equal to the calculated limit, then the permittee shall report "Pass." If the adjusted SAR is greater than the calculated limit, then the permittee shall report "Fail."*

***** Presence of a visual sheen is indicated as a "Fail," while the absence of a visual sheen is indicated as a "Pass"*

****** The IWC for this Permit is 100*

^a There is a typographical error in the limits table of Part I.A.2 of the Amendment #2 Permit that incorrectly includes a 30 Day Average and Daily Maximum limitation for quinoline, effective April 1, 2013. Required monitoring for quinoline was removed in the Amendment #2 Permit effective May 1, 2012.

^b There is a typographical error in the limits table of Part I.A.2 of the Amendment #2 Permit that incorrectly specifies the 30 Day Average effluent limit for vinyl chloride as 0.0.023. The correct 30 Day Average limitation is 0.023 ug/l.

12. Pursuant to Part I.A.2. of the Permit and its subsequent amendments, Lone Pine is required to monitor defined effluent parameters at specified frequencies to provide an indication of compliance or non-compliance with the effluent limitations of the permits.
13. Pursuant to Part I.A.2. and Part I.D.1. of the Permit and its subsequent amendments, Lone Pine is required to summarize and report the analytical results of its effluent monitoring to the Division via monthly discharge monitoring reports. Each discharge monitoring report is to include a certification by Lone Pine that the information provided therein is true, accurate and complete to the knowledge and belief of Lone Pine.
14. Lone Pine's discharge monitoring reports for the months of March 2011, April 2011, September 2011, October 2011, November 2011, December 2011, January 2012, and March 2012 include, among other information and data, the following effluent concentration summary data for potentially dissolved copper, total recoverable iron, and oil and grease which exceeded the effluent limitations imposed by Part I.A.2 of the Permit and the Amendment #1 Permit:

Lone Pine EFFLUENT SELF-MONITORING DATA			
DISCHARGE MONITORING REPORTING PERIOD	OUTFALL NUMBER	SAMPLE MEASUREMENT	SAMPLE MEASUREMENT
POTENTIALLY DISSOLVED COPPER		DAILY MAX. LIMIT = 23 µg/L	30-DAY AVG. LIMIT = 12 µg/L
March 31, 2011	001A	--	17.5 ug/l
September 30, 2011	001A	31 ug/l	23.6 ug/l
TOTAL RECOVERABLE IRON			30-DAY AVG. LIMIT = 1,000 µg/L
April 30, 2011	001A	--	1,438 ug/l
September 30, 2011	001A	--	1,635 ug/l
October 31, 2011	001A	--	1,840 ug/l
November 30, 2011	001A	--	2,485 ug/l
December 31, 2011	001A	--	1,404 ug/l
January 31, 2012	001A	--	1,090 ug/l
March 31, 2012	001A	--	1,728 ug/l
OIL AND GREASE		INSTANTANEOUS MAX. LIMIT = 35 mg/L	
October 31, 2011	001A	64 mg/l	--
November 30, 2011	001A	52 mg/l	--

15. Lone Pine’s discharge monitoring report for the fourth quarter 2011 (October 2011 through December 2011) include, among other information and data, the following effluent concentration summary data for chronic whole effluent toxicity establishing a failure of the whole effluent toxicity limits imposed by Part I.A.2 of the Amendment #1 Permit:

Lone Pine EFFLUENT SELF-MONITORING DATA			
DISCHARGE MONITORING REPORTING PERIOD	OUTFALL NUMBER	SAMPLE MEASUREMENT	SAMPLE MEASUREMENT
CHRONIC WHOLE EFFLUENT TOXICITY		CERIODAPHNIA LETHALITY MINIMUM VALUE ≥ 100%	FATHEAD MINNOW LETHALITY MINIMUM VALUE ≥ 100%
December 31, 2011	001X	25%	50%

16. Potentially dissolved copper, total recoverable iron, oil and grease, and chronic whole effluent toxicity are “pollutants” as defined by §25-8-103(15), C.R.S., or indicators thereof.
17. Division records establish that the Permit or its subsequent amendments do not authorize the pollutant discharge levels identified above in paragraphs 14 and 15. Lone Pine does not have any other permit authorizing such discharge into State Waters.
18. Lone Pine’s failure to comply with the permit effluent limitations, as identified above in paragraphs 14 and 15, constitutes violations of Part I.A.2 of the Permit and the Amendment #1 Permit.

Failure to Submit Facility Evaluation Plan Report

19. Pursuant to Part I.B.2.a. of the Permit and its subsequent amendments, by April 1, 2012. Lone Pine is required to prepare a Facility Evaluation Plan and submit a report to the Division that identifies treatment alternatives to meet the final effluent limitations of the Permit and its subsequent amendments for metals, organics, radium 226+228, nitrate, SAR, and EC.
20. Division records establish that Lone Pine failed to submit a Facility Evaluation Plan report to the Division as specified above in paragraph 19.
21. Lone Pine’s failure to submit to the Division a Facility Evaluation Plan report that identifies treatment alternatives to meet the final effluent limitations of the Permit and its subsequent amendments for metals, organics, radium 226+228, nitrate, SAR, and EC constitutes violation(s) of Part I.B.2.a. of the Permit, the Amendment #1 Permit, and the Amendment #2 Permit.

NOTICE OF VIOLATION

22. Based on the foregoing Findings of Fact and Conclusions of Law, you are hereby notified that the Division has determined that Lone Pine violated the following sections of the Permit and the Amendment #1 Permit:

Part I.A.1 which states in part: “In accordance with the Water Quality Control Commission Regulations for Effluent Limitations, Section 62.4, and the Colorado Discharge Permit System Regulations, Section 61.8(2), 5 C.C.R. 1002-61, the permitted discharge shall not contain effluent parameter concentrations which exceed the effluent limitations specified below...”

Additionally, based on the foregoing Findings of Fact and Conclusions of Law, you are hereby notified that the Division has determined that Lone Pine violated the following sections of the Permit, the Amendment #1 Permit, and the Amendment #2 Permit:

Part I.B.2.a. which states in part: “Activities to meet the final limits for metals, organics, radium 226+228, nitrate, SAR and EC- In order to meet all final limitations, the following schedule will be included in the permit.

Code	Event	Description	Due Date
43699	Facility Evaluation Plan	Submit a final report that identifies treatment alternatives to meet the final limitations.	4/1/2012

REQUIRED CORRECTIVE ACTION

Based upon the foregoing factual and legal determinations and pursuant to §25-8-602 and §25-8-605, C.R.S., Lone Pine is hereby ordered to:

23. Cease and desist from all violations of the Colorado Water Quality Control Act, §§25-8-101 through 25-8-703, C.R.S., its implementing regulations promulgated thereto and the Permit and its subsequent amendments.

Furthermore, the Division hereby orders Lone Pine to comply with the following specific terms and conditions of this Order:

24. Within thirty (30) calendar days of the date of this Order, Lone Pine shall develop or, if applicable, revise its current Operation and Maintenance Manual (“OMM”) for the Facility. The OMM should include, but is not limited to; up-to-date standard operating procedures that identify unit process design criteria; a description of the necessary laboratory control tests and physical measurements necessary to respond timely and effectively to changing plant conditions, varying water flows and oil loading; process flow diagrams and equipment schematics; methods for the ongoing operational evaluation of the effectiveness of process equipment/components and the wastewater treatment works; schedules for the periodic evaluation, maintenance, and inspections of Facility equipment and treatment processes; and emergency response procedures for spills, treatment upsets, and other issues such as power outages that may occur at the Facility.
25. Within forty-five (45) calendar days of the date of this Order, Lone Pine shall submit to the Division a copy of its OMM, as referenced above in paragraph 24. Within thirty (30) calendar days of receiving Division comments on the submitted OMM, Lone Pine shall consider and revise the OMM to properly address the

Division's comments or Lone Pine shall respond in writing outlining why revisions to the OMM are unwarranted.

26. Within thirty (30) calendar days of the date of this Order, Lone Pine shall evaluate the Facility needs as they relate to the role/duties of its Operator in Responsible Charge ("ORC"). The evaluation at a minimum should consider the Facility's operations and maintenance demands, the Facility permits, the operational hours, the remote location and the protocols for timely communication of operational variations to the ORC in order to facilitate timely and effective operational responses. The evaluation shall specifically identify the experience and training needs for the ORC, the frequency and duration of site presence of the ORC and the methods of communication and coordination with the ORC during routine and upset conditions.
27. Within forty-five (45) calendar days of the date of this Order, Lone Pine shall submit to the Division a summary of its evaluation completed pursuant to paragraph 26. Within thirty (30) calendar days of receiving Division comments on the submitted summary, Lone Pine shall consider and revise the summary to properly address the Division's comments or Lone Pine shall respond in writing outlining why revisions to the summary are unwarranted.
28. Consistent with Part I.B.3(d) of the Amendment #2 Permit, within thirty (30) calendar days of the date of this Order, Lone Pine shall contract with a qualified entity to conduct a Toxicity Identification Evaluation ("TIE") using both *Ceriodaphnia dubia* and *Pimephales promelas* to identify the toxicant(s) that are causing or contributing to Lone Pine's chronic Whole Effluent Toxicity failures. The TIE should be conducted consistent with the methodology specified in the following EPA documents:
 - a. **USEPA 1992.** Toxicity Identification Evaluation: Characterization of Chronically Toxic Effluents, Phase I. EPA/600/6-91-005F, May 1992.
 - b. **USEPA 1991.** Methods for Aquatic Toxicity Identification Evaluations: Phase I Toxicity Characterization Procedures (Second Edition). EPA-600/6-91/003, February 1991.
 - c. **USEPA 1993.** Methods for Aquatic Toxicity Identification Evaluations: Phase II Toxicity Identification Procedures for Samples Exhibiting Acute and Chronic Toxicity. EPA/600/R-92/080, September 1993.
 - d. **USEPA 1993.** Methods for Aquatic Toxicity Identification Evaluations: Phase III Toxicity Confirmation Procedures for Samples Exhibiting Acute and Chronic Toxicity. EPA/600/R-92/081, September 1993.
29. Within thirty (30) calendar days of the date of this Order and in support of the TIE referenced above in paragraph 28, Lone Pine shall submit to the Division a report identifying by name and composition any and all chemical additives, including but not limited to, surfactants, corrosion inhibitors, scale inhibitors, emulsion breakers, coagulants, and other clarifiers utilized in the production and treatment processes at the Facility. The report shall also identify the dosing rates of any and all additives utilized in the production and treatment processes, an evaluation of the potential for these additives to be present in the effluent, and an evaluation of the relative aquatic toxicity associated with these additives and their by-products.
30. Within forty-five (45) calendar days of the date of this Order, Lone Pine shall have a qualified individual or entity perform a detailed evaluation of the Facility's treatment process to identify possible enhancements, modifications, and upgrades that must be made by Lone Pine so that the Facility reliably and consistently

produces effluent in compliance with the Amendment #2 Permit effluent limitations. The evaluation shall include lab or bench scale testing to support an analysis of wastewater treatment options and to develop design criteria. This evaluation must consider, but is not limited to, the findings of the report provided in response to paragraph 29 above.

31. Within sixty (60) calendar days of the date of this Order, Lone Pine shall submit to the Division a written report produced by a qualified individual or entity on the findings of the evaluation required by paragraph 30 that includes a final plan and aggressive time schedule for the implementation of enhancements, modifications, and upgrades to the Facility's wastewater treatment process necessary to ensure that the Facility reliably and consistently produces effluent in compliance with the Amendment #2 Permit effluent limitations. The implementation and time schedule submitted must identify completion of all measures by no later than October 1, 2012. The written plan shall become a condition of this Order and Lone Pine shall comply with the plan and time schedule, as submitted, unless notified by the Division in writing that an alternate plan or schedule is appropriate. If the Division imposes an alternate plan or schedule, it shall also become a condition of this Order.
32. Beginning in June 2012, and every calendar month thereafter, Lone Pine shall submit monthly progress reports to the Division by the end of each calendar month. At a minimum, each report shall outline activities completed in the previous calendar month and shall specify what activities will be undertaken within the next calendar month to comply with this Order. Specifically, the monthly progress reports shall identify the status and findings of the activities performed or associated with the TIE referenced above in paragraphs 28 and 29. The monthly progress reports shall be required until the issuance of written notice from the Division indicating that the reports are no longer necessary.
33. If Lone Pine becomes aware of any situation or circumstances that cause Lone Pine to become unable to comply with any condition or time schedules set forth by this Order, Lone Pine shall provide written notice to the Division within five (5) calendar days of Lone Pine becoming aware of such circumstances. Lone Pine's notice shall describe what, if any, impacts will occur on Lone Pine's ability to comply with the Colorado Water Quality Control Act and any impacts on the remaining conditions and/or time schedules specified by this Order, and what steps are being taken to mitigate the impacts.
34. All documents submitted under this Order shall use the same titles as stated in this Order, and shall reference both the number of this Order and the number of the paragraph pursuant to which the document is required. Within thirty (30) calendar days of receiving Division comments on submitted documents, Lone Pine shall revise the submitted document(s) to properly address the Division's comments and resubmit the document(s) for Division review.

NOTICES AND SUBMITTALS

For all documents, plans, records, reports and replies required to be submitted by this Notice of Violation/Cease and Desist Order, Lone Pine shall submit an original and an electronic copy to the Division at the following address:

Colorado Department of Public Health and Environment
Water Quality Control Division / WQCD-B2-CAS
Compliance Assurance Section
Attention: Kelly Morgan
4300 Cherry Creek Drive South

Denver, Colorado 80246-1530
Email: kelly.morgan@state.co.us
Fax: (303) 782-0390

(For any facsimile transmittals, please include a cover sheet addressed to Ms. Morgan.)

For any person submitting documents, plans, records and reports pursuant to this Notice of Violation / Cease and Desist Order, that person 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.”

OBLIGATION TO ANSWER AND REQUEST FOR HEARING

Pursuant to §25-8-603, C.R.S. and 5 CCR 1002, §21.11 you are required to submit to the Division an answer affirming or denying each paragraph of the Findings of Fact and responding to the Notice of Violation. The answer shall be filed no later than thirty (30) calendar days after receipt of this action.

Section 25-8-603, C.R.S. and 5 CCR 1002, §21.11 also provide that the recipient of a Notice of Violation may request the Division to conduct a public hearing to determine the validity of the Notice, including the Findings of Fact. Such request shall be filed in writing with the Division and include the information specified in 5 CCR 1002, §21.4(B)(2). Absent a request for hearing, the validity of the factual allegations and the Notice of Violation shall be deemed established in any subsequent Department proceeding. The request for hearing, if any, shall be filed no later than thirty (30) calendar days after issuance of this action. The filing of an answer does not constitute a request for hearing.

FALSIFICATION AND TAMPERING

Be advised, in accord with §25-8-610, C.R.S., that any person who knowingly makes any false statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained under the Colorado Water Quality Control Act or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this article is guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than ten thousand dollars, or by imprisonment in the county jail for not more than six months, or by both such fine and imprisonment.

POTENTIAL CIVIL AND CRIMINAL PENALTIES

You are also advised that any person who violates any provision of the Colorado Water Quality Control Act (the “Act”), §§25-8-101 to 703, C.R.S., or of any permit issued under the Act, or any control regulation promulgated pursuant to the Act, or any final cease and desist order or clean-up order issued by the Division shall be subject to a civil penalty of not more than ten thousand dollars per day for each day during which such

violation occurs. Further, any person who recklessly, knowingly, intentionally, or with criminal negligence discharges any pollutant into any state waters commits criminal pollution if such discharge is made without a permit, if a permit is required by the Act for such discharge, or if such discharge is made in violation of any permit issued under the Act or in violation of any Cease and Desist Order or Clean-up Order issued by the Division. By virtue of issuing this Notice of Violation / Cease and Desist Order, the State has not waived its right to bring an action for penalties under §§25-8-608 and 609, C.R.S., and may bring such action in the future.

RELEASE OR DISCHARGE NOTIFICATION

Pursuant to §25-8-601, C.R.S., you are further advised that any person engaged in any operation or activity which results in a spill or discharge of oil or other substance which may cause pollution of the waters of the state, shall notify the Division of the discharge. If said person fails to so notify, said person is guilty of a misdemeanor, and may be fined or imprisoned or both.

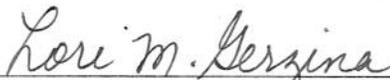
EFFECT OF ORDER

Nothing herein contained, particularly those portions requiring certain acts to be performed within a certain time, shall be construed as a permit or license, either to violate any provisions of the public health laws and regulations promulgated thereunder, or to make any discharge into state waters. Nothing herein contained shall be construed to preclude other individuals, cities, towns, counties, or duly constituted political subdivisions of the state from the exercise of their respective rights to suppress nuisances or to preclude any other lawful actions by such entities or the State.

For further clarification of your rights and obligations under this Notice of Violation / Cease and Desist Order you are advised to consult the Colorado Water Quality Control Act, §§25-8-101 to 703, C.R.S., and regulations promulgated thereunder, 5 CCR 1002.

Issued at Denver, Colorado, this 8th day of May, 2012.

FOR THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT



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