RE: COMPLIANCE ADVISORY – FAILURE TO SUBMIT DISCHARGE MONITORING REPORT
MERINO OIL FIELD - STATE BATTERY A, COG840013

Dear Sir or Madam:

Red Mountain Resources LLC is subject to the Colorado Discharge Permit System, Permit No. COG840013 (Permit). The Permit authorizes Red Mountain Resources LLC to discharge treated wastewater subject to the specific effluent limitations and other conditions of the Permit. 5 CCR 1002-61, §61.8, requires a permittee to comply with all the terms and conditions of the permit.

A review of the Colorado Department of Public Health and Environment, Water Quality Control Division (Division) records show that the Division has not received the Discharge Monitoring Report (DMR) or the DMR was submitted without any data, for the following monitoring periods:

<table>
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<tr>
<th>Outfall No.</th>
<th>Monitoring Period Start Date</th>
<th>Monitoring Period End Date</th>
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<tbody>
<tr>
<td>001A</td>
<td>4/1/14</td>
<td>4/30/14</td>
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Failure to submit a complete DMR within the required timeframe constitutes a violation of the Permit.

To correct this violation, within fourteen (14) calendar days of the date of this letter, please submit the above-listed missing or improperly completed DMR(s). You do not need to resubmit an entire set of DMRs, only the DMR(s) identified above. Along with the missing or improperly completed DMR(s), please include a written explanation describing the cause of the non-compliance and outlining the actions and measures that have been taken or will be taken to prevent ongoing violations.

Please submit the DMR(s), with a new original signature and date on each page, to the Division at the following address:

Colorado Department of Public Health and Environment
Water Quality Control Division
WQCD-CWE-B2
Attention: DMR Revisions
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

July 16, 2014
If you believe the Division has erred, please contact me to discuss or submit any information or documentation you would like the Division to consider in its review of this matter.

This Compliance Advisory is intended to advise you of alleged violations of the Colorado Water Quality Control Act, its implementing regulations and permits so that appropriate steps can be taken to avoid or mitigate formal enforcement action or to correct our records (if applicable). This Compliance Advisory does not constitute a Notice of Violation or Cease and Desist Order and is not subject to appeal. The issuance of this Compliance Advisory does not limit or preclude the Division from pursuing its enforcement options concerning the above violation(s). The Division will evaluate the facts associated with the above-described violation(s) and if a formal enforcement action is deemed necessary, you may be issued a Notice of Violation / Cease and Desist Order that may include the assessment of penalties.

If you have any questions regarding this matter, please contact me at 303-692-6498 or andrea.beebout@state.co.us. You can also review the DMR Guidance located on our website at www.colorado.gov/cdphe/wqcd for further assistance.

Regards,

Andrea Beebout
Enforcement Specialist
Clean Water Enforcement
Water Quality Control Division

ec: MS-3 Electronic File