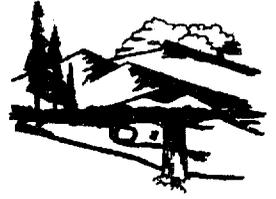




Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

January 26, 2007

Mr. Eric Root
Engineering Manager
Anschutz Pinedale Corporation
555 17th Street, Suite 2400
Denver, CO 80202-3987

RE: Notice of Violation

Dear Mr. Root:

Enclosed you will find a Notice of Violation (NOV) issued to Anschutz Pinedale Corporation by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirement for flaring of gas during completion of the Mesa 3-19a located in Sublette County, Wyoming. This violation of permit CT-3992 occurred during completion operations conducted November 16, 2006 through November 30, 2006.

As the Department and this Division consider the failure to comply with air quality permit conditions to be a serious matter, I am considering recommending the Department refer this violation to the State Attorney General's office requesting a suit be filed in District Court to recover appropriate penalties. If you would like to discuss settlement of this Notice of Violation prior to referral to the Attorney General's office, please contact Mr. Robert Gill, Air Quality Compliance Program Manager, at 307-777-3774 no later than ten (10) days after receipt of this letter.

Should you have any questions or comments regarding this matter, please feel free to contact me or Mr. Robert Gill.

Sincerely,

David A. Finley
Administrator
Air Quality Division

cc: Robert Gill
Jennifer Frazier
Tony Hoyt
Nancy Vehr
Keith Guille



**BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

**IN THE MATTER OF THE NOTICE OF VIOLATION
ISSUED TO ANSCHUTZ PINEDALE CORPORATION,
MR. ERIC ROOT,
ENGINEERING MANAGER,
555 17TH STREET, SUITE 2400
DENVER, COLORADO 80202-3987**

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DOCKET NO. 4030-07

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Anschutz Pinedale Corporation to be in violation of permit CT-3992 issued in accordance with W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations for Mesa 3-19a at the Jonah/Pinedale Anticline development area located in Sublette County, Wyoming.

2. W.S. 35-11-801(a) states, "In granting permits, the Director may impose such conditions as may be necessary to accomplish the purpose of this act which are not inconsistent with the existing rules, regulations and standards."

3. Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations prescribes the applicability and procedures for issuing permits to sources under Wyoming's construction and modification permitting program.

4. Permit CT-3992 was issued to Anschutz Pinedale Corporation on July 20, 2005. Condition 5 states:

"Circumstances unacceptable for sending gas to flare during completions are:

- A. lack of pipeline a connection due to reasons other than wildcat, exploratory or step-out well classification;
- B. inadequate water disposal capacity;
- C. undersized flow back equipment, lack of flow back equipment or lack of equipment operating personnel.

5. During completion operations conducted November 16, 2006 through November 30, 2006, Anschutz Pinedale Corporation flared approximately 54 % of the gas produced during completion operations. This gas was flared due to a lack of flow back equipment and the services necessary to complete the connection to the wellhead. Flaring of gas for these reasons constitutes a violation of condition 5 of permit CT-3992.

6. Said violation consists of flaring gas produced during completion operations.

7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] or any rule, regulation, standard or permit adopted pursuant to those

provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental Quality Act] ... is subject to a penalty not to exceed ten thousand dollars (\$10,000.00) for each violation for each day during which the violation continues, a temporary or permanent injunction, or both a penalty and an injunction.

8. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any case of the failure to correct or remedy an alleged violation, the Director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible.

DATED this 15th day of Feb., 2007.



David A. Finley
Administrator
Air Quality Division



John Corra
Director
Department of Environmental Quality

Please direct all inquiries to David A. Finley, Administrator, Division of Air Quality, Department of Environmental Quality, Herschler Building, 2nd Floor, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)