



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

August 11, 2010

Mr. Michael Shaffron
NRBU EHS Lead
EnCana Oil & Gas (USA), Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202

RE: Notice of Violation

Dear Mr. Shaffron:

Enclosed you will find a Notice of Violation (NOV) issued to EnCana Oil & Gas (USA), Inc. by the Department of Environmental Quality, Air Quality Division, for failing to operate Flare 1 such that it remains effective as a viable emissions control device at the Graham No. 5 Compressor Station located in Fremont County, Wyoming. This constitutes a violation of conditions 2 and 20 of permit MD-8347.

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 Ms. Karen Godman, Air Quality Compliance Program Principal, at 307-777-8601 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 Ms. Karen Godman.

Sincerely,

Steven A. Dietrich
Administrator
Air Quality Division

cc: Robert Gill
Greg Meeker
Nancy Vehr
Keith Guille



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

**IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO ENCANA OIL & GAS (USA), INC.) DOCKET NO. 4718-10
MR. MICHAEL SHAFFRON, NRBÜ EHS LEAD,)
370 17TH STREET, SUITE 1700)
DENVER, COLORADO 80202)**

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Encana Oil & Gas (USA), Inc. to be in violation of permit MD-8347 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 the Graham No. 5 Compressor Station located in Fremont 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 MD-8347 was issued to EnCana Oil & Gas (USA), Inc. on December 18, 2008. Condition 20 states:

"EnCana Oil & Gas (USA) Inc. shall maintain and operate Flare 1 and Flare 2 during all periods of active operation such that each remains effective as a viable emissions control device..."

5. Permit MD-8347 incorporates all commitments within the Permit Application through Condition 2, which states:

"That all substantive commitments and descriptions set forth in the application for this permit, unless superseded by a specific condition of this permit, are incorporated herein by this reference and are enforceable as conditions of this permit."

6. EnCana Oil & Gas (USA), Inc's Permit Application indicates that all tank flash emissions from the six 400 bbl condensate tanks would go directly to Flare 1 and be burned.

7. On June 11, 2010 an inspection of the Graham Unit #5 was conducted by Mr. Kent Simon, Air Quality Engineer. During the inspection, continuously venting vapors from the Enardo valve were observed. Venting vapors from the Enardo valve were observed again on June 18, 2010. Failure to route venting vapors from condensate tanks to Flare 1 indicates that Flare 1 is not being operated and maintained during active operation such that remains a viable emissions control device which constitutes a violation of conditions 2 and 20 of permit MD-8347.

8. Said violation consists of the failure to operate Flare 1 and that it remains effective as a viable emissions control device in violation of conditions 2 and 20 of permit MD-8347.

9. 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.

10. 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 13th day of AUGUST, 2010.


Steven A. Dietrich
Administrator
Air Quality Division


John Corra
Director
Department of Environmental Quality

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