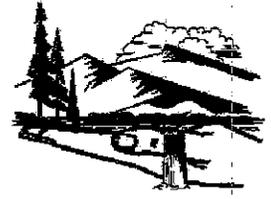




Department of Environmental Quality

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



Matthew H. Mead, Governor

John Corra, Director

February 3, 2012

Mr. John Smelko
North Region Manager
Cabot Oil & Gas Corporation
Five Penn Center West, Suite 401
Pittsburg, PA 15276

RE: Notice of Violation

Dear Mr. Smelko:

Enclosed you will find a Notice of Violation (NOV) issued to Cabot Oil & Gas Corporation by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirements for routing vapors to the combustor and maintain and operating the combustor during all periods of active wellsite production for the Lookout Wash Unit 20-8V facility located in Carbon County, Wyoming. This violation was observed by Mr. Chris Hanify on September 21, 2011.

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 307-777-3774 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 Ms. Karen Godman.

Sincerely,

Steven A. Dietrich
Administrator
Air Quality Division

cc: Robert Gill, Chris Hanify, Nancy Vehr, Keith Guille



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

**IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO CABOT OIL & GAS CORPORATION,) DOCKET NO. 4953-12
MR. JOHN SMELKO,)
NORTH REGION MANAGER,)
FIVE PENN CENTER WEST, SUITE 401)
PITTSBURGH, PA 15276)**

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Cabot Oil & Gas Corporation to be in violation of permits CT-4081 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 at the Lookout Wash Unit 20-8V facility located in Carbon 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-4081 was issued to Cabot Oil & Gas Corporation on October 18, 2005. Permit CT-4081 dictates control of vent vapors from tanks through condition 5 as follows:

Condition 5 states:

"Vapors from the 400-barrel condensate storage tank shall be routed to a combustion device for ninety-eight (98) percent control of VOC emissions for at least one (1) year following the date of installation of the control device, after which time the control may be removed provided it can be demonstrated that the previous thirty (30)-day, uncontrolled, annualized VOC emission rate is less than thirty (30) tons per year. No prior authorization or permit modification is required by the Division for control device removal however, the applicant must notify the Division of removal date and certify the uncontrolled emission rate, including method of calculation, within thirty (30)-days of removal."

5. On September 21, 2011, Mr. Chris Hanify, Air Quality Division Engineer/Inspector, observed that the storage tank vent lines to the combustion device were closed. Not routing vapors to the combustion device is a violation of condition 5 of permit CT-4081.

6. Permit CT-4081 was issued to Cabot Oil & Gas Corporation on October 18, 2005. Permit CT-4081 dictates operation of the combustion unit through condition 7 as follows:

Condition 7 states:

"Cabot Oil & Gas Corporation shall maintain and operate the smokeless combustion device during all periods of active well site operation such that it remains effective as a viable control device. Records shall be maintained noting periods during active well site operation when the combustion device is not operational."

7. On September 21, 2011, Mr. Chris Hanify, Air Quality Division Engineer/Inspector, observed that the flare had no pilot flame and no gas line was connected to the pilot flame. The company representative also stated the flare was never used. Failing to maintain and operate the combustion device is a violation of condition 7 of permit CT-4081.

8. Said violations consist of: 1) not routing vapors to a combustion device and 2) failing to maintain and operate the combustion device during all periods of active well site operation in violation of permit CT-4081.

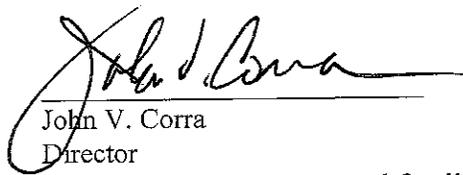
9. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental 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 3rd day of FEBRUARY, 2012.



Steven A. Dietrich
Administrator
Air Quality Division



John V. 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.)