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

June 4, 2012

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 the VRU and combustion device such that they remain effective viable emission control devices at the Frenchie Draw Compressor Station located in Fremont County, Wyoming. This constitutes a violation of conditions 13 and 16 of permit MD-10894.

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

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. 5005-12**
MR. MICHAEL SHAFFRON, NRBU 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-10894 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 Frenchie Draw Central 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-10894 was issued to EnCana Oil & Gas (USA), Inc. on February 23, 2011. Conditions 13 and 16 require control of vapors through combustion devices as follows:

Condition 13:

> "For the 25.0 MMscfd and 8.0 MMscfd TEG dehydration units, all vapors associated with the reboiler still vents and flash tanks shall be captured by the VRU and routed to a sales line. During times when the VRU is not operational, reboiler still vent and flash tank vapors shall be routed to a backup combustion device (F3) for thermal destruction. The combustion device shall reduce the mass content of total HAPs and VOCs by at least ninety-eight percent (98%) by weight.

Condition 16:

> "EnCana Oil & Gas (USA) Inc. shall maintain and operate the combustion devices (F1-F3) during all periods of active operation such that they remain effective as viable emissions control devices. .

5. Permit MD-10894 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 vapors associated with the reboiler still vents and flash tanks would be routed to a VRU and routed to a sales line. Also, that a combustion device with a ninety-eight percent (98%) efficiency would be added as a backup or to handle vapors if the VRU was not operational.

7. On May 17, 2012 EnCana submitted an Environmental Audit, Disclosure and Correction of Non-Compliance Condition for the Frenchie Central/Graham Unit Compressor Station . EnCana presented findings from the audit that indicate that neither the VRU nor combustion device had been installed at the facility. Failure to route venting vapors to the VRU or combustion device indicates that neither VRU nor the combustion device is being operated and maintained during active operation such that they remain viable emission control devices which constitute violations of conditions 13 and 16 of permit MD-10894.

8. Said violation consists of the failure to operate the VRU or combustion device that they remain effective as viable emission control devices in violation of conditions 13 and 16 of permit MD-10894.

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 4th day of JUNE, 2012.

Steven A. Dietrich

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.)