



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

CERTIFIED MAIL

January 12, 2007

Mr. Jeff Dahlberg
Engineering Manager
Windsor Energy
14313 North May Ave.
Suite 100
Oklahoma City, OK 73134

RE: Notice of Violation, Docket Number 3994-06

Dear Mr. Dahlberg:

Enclosed is a copy of Notice of Violation, Docket Number 3994-06, for the unauthorized discharge of pollutants into the waters of the state by Windsor Energy (Windsor) during the well "blowout" near Clark, Wyoming on August 11 to 13, 2006. Drilling mud, liquid gas condensate, and natural gas were released through a breach in the well casing at an estimated depth of 255 feet below ground surface. As the attached Notice of Violation (NOV) outlines, a subsurface investigation at the Crosby 25-3 well site identified groundwater contamination above Wyoming Department of Environmental Quality (WDEQ) standards. This is a violation of the Wyoming Environmental Quality Act (Act) and the WDEQ Water Quality Rules and Regulations (WQRR).

While neither the attached Notice of Violation nor this letter constitutes an order, it is the recommendation of this office that you take action to eliminate the alleged violations as follows:

1. Windsor was informed of the department's expectations regarding how to initially investigate the nature and extent of this contamination. The first phase of the investigation has been completed with the installation of several monitoring wells, testing of groundwater at the site, and the submittal of the *Report of Investigation, Crosby 25-3 Natural Gas Well Release, Road 1AB, Clark, Park County, Wyoming*, dated 17 November, 2006. This report confirms that there is groundwater contamination above WDEQ standards at the site.
2. As a result of the groundwater violations, Windsor was informed verbally and in writing (WDEQ letter dated August 17, 2006) that they are responsible for remediating the site. Windsor has indicated that they wish to follow the Voluntary Remediation Program (VRP) process for this cleanup. We ask that you contact Mr. LeRoy Fuesner, Administrator, Solid and Hazardous Waste Division (SHWD), (307-777-7753), lfeusn@state.wy.us) immediately to initiate the VRP application process. Windsor should submit the VRP application material to the department no later than February 15, 2007.

Herschler Building • 122 West 25th Street • Cheyenne, WY 82002 • <http://deq.state.wy.us>

ADMIN/OUTREACH (307) 777-7937 FAX 777-3610	ABANDONED MINES (307) 777-6145 FAX 777-6462	AIR QUALITY (307) 777-7391 FAX 777-5616	INDUSTRIAL SITING (307) 777-7369 FAX 777-5973	LAND QUALITY (307) 777-7756 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973	WATER QUALITY (307) 777-7781 FAX 777-5973
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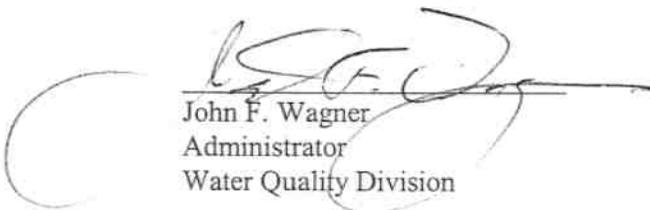


Mr. Jeff Dahlberg
January 12, 2007
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3. Comments on the above referenced investigation report will be provided to Windsor under separate submittal. These comments will require, among other things, quarterly monitoring of all existing groundwater monitoring wells, adjacent springs and surface water, and those private water supply wells located adjacent to, or close to the wellsite.

The WDEQ appreciates Windsor's immediate action during this release to control the spread of contamination, your rapid action in investigating the groundwater impacts, and your continued cooperation in working to remediate contamination at this site. The WDEQ has the authority to resolve violations with an out-of-court settlement agreement through the payment of a penalty by Windsor. If Windsor wishes to pursue resolution of the previously noted violations through such an agreement, please contact Mr. Mark Thiesse, GPC Program West District Supervisor, at 307/332-6959, or Mr. Kevin Frederick, GPC Program Manager, at 307/777-5985, on or before January 26th, 2007 to set up a meeting to discuss this matter.


John V. Corra
Director
Department of Environmental Quality


John F. Wagner
Administrator
Water Quality Division

JVC/JFW/KDF/MFT/bb/6-1180.LTR

Attachment: Notice of Violation

cc: Mr. Mike Barrash, Senior Assistant Attorney General
Mr. LeRoy Fuesner, SHWD Administrator, Cheyenne
Mr. Kevin Frederick, GPC Program Manager, WDEQ/Cheyenne
Mr. Mark Thiesse, WQD/Lander
IPS (for scanning) > Docket 3994-06
Mr. Keith Guille, WDEQ Public Information Officer (PDF File Only)
DEQ Director

BEFORE THE
ENVIRONMENTAL QUALITY COUNCIL

STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF)	
VIOLATION ISSUED TO:)	
)	
Mr. Jeff Dahlberg)	
Engineering Manager)	DOCKET NO. 3994-06
Windsor Energy)	
14313 North May Ave.)	
Suite 100)	
Oklahoma City, OK 73134)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. From August 11 to August 13, 2006, a Windsor Energy (Windsor) hydrocarbon exploration well experienced a casing failure and subsequent underground "blowout". This "blowout" caused drilling mud, natural gas condensate, and natural gas to be vented to the ground surface. The well, called the Crosby 25-3, is located in Section 25, Township 58 North, Range 103 West, near the town of Clark, Wyoming, Park County;
2. The Wyoming Department of Environmental Quality (WDEQ) required that Windsor perform a subsurface environmental investigation to determine the extent of subsurface impacts due to this release. This investigation consisted of installing a series of soil borings to obtain soil samples, and those borings were then converted into groundwater monitoring wells. Groundwater samples were obtained from these wells, and the majority of these samples contained hydrocarbon contamination. Windsor submitted a report entitled: *Report of Investigation, Crosby 25-3 Natural Gas Well Release, Road 1AB, Clark, Park County, Wyoming*, and dated 17 November, 2006 that contained the results of this investigation. The hydrocarbons benzene, ethylbenzene, toluene, xylenes (BTEX) and total petroleum hydrocarbons – diesel range organics (TPH-DRO) and TPH-gasoline range organics (TPH-GRO) were identified in soils at the well site and benzene, ethylbenzene, toluene, xylenes, TPH-DRO and TPH-GRO were identified in groundwater. Additionally, a wide variety of other contaminants were identified in minor amounts in both the soil and groundwater;
3. The following table, developed from the information in the above referenced report, illustrate hydrocarbon chemical compounds in groundwater (Table I: Monitoring Wells) at the Crosby 25-3 well site, and related maximum concentration levels allowable for those chemical compounds in groundwater pursuant to Water Quality Rules and Regulations, Chapter VIII, Section 4(d). This is not a complete list. It is an indication of the level of contamination at the site;

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Table I: Groundwater Sample Results			
Chemical Constituent	MW-7-S 10/2/06 $\mu\text{g/l}$	MW-4-S 10/3/06 $\mu\text{g/l}$	WDEQ Standard $\mu\text{g/l}$
Benzene	1,780	144	5
Ethylbenzene	315	2.0	700
Toluene	9,240	45	10,000
Total Xylenes	5,960	52	1,000

4. This is sufficient evidence to conclude that activities conducted at the Crosby 25-3 well site have resulted in a discharge of pollution to waters of the state;
5. "Pollution" means contamination or other alteration of the physical, chemical or biological properties of any waters of the state, as defined by W.S. 35-11-103(c)(i);

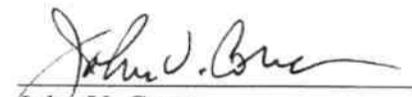
"Discharge" means any addition of any pollution or wastes to any waters of the state, as defined by W.S. 35-11-103(c)(vii);

"Waters of the state" means all surface and ground water, as defined by W.S. 35-11-103(c)(vi);
6. Chapter VIII, Section 3(c) of Water Quality Rules and Regulations provides that protection shall be afforded all underground water bodies (including water in the vadose zone);
7. Chapter VIII, Section 4(d)(5) and 4(d)(7)(f) of Water Quality Division Rules and Regulations provides that underground water of Class I, II, III, Class IV(A), IV(B), or Special (A) shall not contain biological, hazardous, toxic or potentially toxic materials or substances in concentrations or amounts which exceed maximum allowable concentrations or amounts which, based upon the latest available scientific information and as determined by the Administrator, will impair this water for its suitability or which may contribute to a condition in contravention of groundwater quality standards;
8. Windsor Energy is in violation of Chapter VIII, Section 4(d) of Water Quality Division Rules and Regulations by discharging hazardous, toxic, or potentially toxic materials or substances into groundwater in concentrations or amounts which exceed maximum allowable concentrations;
9. W.S. 35-11-301(a) provides that no person, except when authorized by a permit issued pursuant to the provisions of the act, shall:
 - (i) cause, threaten or allow the discharge of any pollution or wastes into the waters of the state;
10. The Department has no record of Windsor Energy applying for or receiving a permit to discharge pollution into waters of the state;
11. Windsor Energy is in violation of W.S. 35-11-301(a)(i) for discharging pollution into waters of the state without a permit;

12. This Notice is being sent to you pursuant to Wyoming Statute 35-11-701(c)(i), which requires that in any case of 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;
13. Pursuant to Wyoming Statute 35-11-901(a), any person who violates, or any director, officer, or agent of a corporate permittee who willingly and knowingly authorizes, orders, or carries out the violation of any provision of the Environmental Quality Act (EQA), or any rule, regulation, standard, or permit adopted hereunder or who violates any determination or order of the council pursuant to this act or any rule, regulation, standard, permit, license, or variance is subject to a penalty not to exceed ten thousand dollars and no cents (\$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. The penalty may be recovered in a civil action brought by the Attorney General in the name of the people of the State of Wyoming. Nothing herein shall preclude the department from negotiating stipulated settlements involving the payment of a penalty, implementation of compliance schedules, or other settlement conditions, in lieu of litigation.

NOTHING IN THIS NOTICE OF VIOLATION (NOV) shall be interpreted to in any way limit or contravene any other remedy available under the Environmental Quality Act, nor shall this NOV be interpreted as being a condition precedent to any other enforcement action.

Signed this 17th day of JAN, 2006.


John V. Corra
Director

Department of Environmental Quality


John F. Wagner
Administrator
Water Quality Division

PLEASE DIRECT ALL INQUIRIES TO: Mark Thiesse, P.G., GPC District Supervisor at the Wyoming Department of Environmental Quality, Water Quality Division, 510 Meadowview Drive, Lander, Wyoming, 82520. Telephone 307-335-6959.

JVC/JFW/KDF/bb/6-1180.NOV

cc: Mr. Mike Barrash, Senior Assistant Attorney General
Mr. LeRoy Fuesner, SHWD Administrator, Cheyenne
Mr. Kevin Frederick, GPC Program Manager, WDEQ/Cheyenne
Mr. Mark Thiesse, WQD/Lander
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Mr. Keith Guille, WDEQ Public Information Officer (PDF File Only)
DEQ Director