



# 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**

May 30, 2006

Mr. Alan E. Vrooman  
PRB CBM Permitting Director  
Petro-Canada Resources (USA) Inc.  
1099 18<sup>th</sup> St, Suite 400  
Denver, CO 80202-1904

***RE: Notice of Violation, Docket Number 3857-06***

Dear Mr. Vrooman:

Enclosed is a copy of a Notice of Violation, Docket Number 3857-06, issued to Petro-Canada Resources (USA) Inc. (Petro-Canada) who is the owner/operator of the Wild Turkey coal bed methane (CBM) treatment facility, and the Wild Horse Creek Portion of the Kingsbury AMI and North Shell Draw Units. On February 14, April 10 and April 28, 2006, respectively, the Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD) conducted inspections of the treatment facility associated with outfall 003 of WYPDES permit WY0050270, outfall 041 of WYPDES permit WY0051985, and outfalls 001 and 002 of WYPDES permit WY0039853. Two (2) violations were identified as a result of the inspections. The violations include the discharge of backwash water from the reverse osmosis (RO) unit through outfall 003 of WYPDES permit WY0050270, and significant iron staining and deposits in Van Houten Draw below outfall 003, in Scotty Draw below outfall 041, and in Twenty mile Creek below outfalls 001 and 002.

While neither the attached Notice of Violation nor this letter constitute an order, this office strongly urges you to take action to immediately eliminate the alleged violations as follows:

1. Petro-Canada should immediately stop all discharges of backwash water through outfall 003 of WYPDES permit WY0050270 if this has not already been done. All backwash water should be contained in lined pits or tanks and disposed of properly.
2. Petro-Canada should comply with all requirements of WYPDES permits WY0050270, WY0051985 and WY0039853, and Water and Wastewater permit 05-438.
3. Petro-Canada should provide the WQD with a written report indicating the steps taken to prevent these violations from occurring again in the future. This information should be received by the WQD on or before June 30, 2006.

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

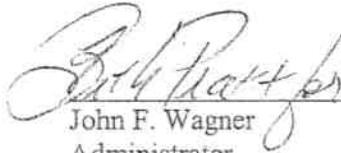
ADMIN/OUTREACH (307) 777-7758 FAX 777-3610	ABANDONED MINES (307) 777-6145 FAX 777-6462	AIR QUALITY (307) 777-7391 FAX 777-5616	INDUSTRIAL SITING (307) 777-7369 FAX 777-6937	LAND QUALITY (307) 777-7756 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973	WATER QUALITY (307) 777-7781 FAX 777-5973
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Mr. Alan E. Vrooman  
May 24, 2006  
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The WQD has the authority to resolve violations with an out-of-court settlement agreement through the payment of a penalty by Petro-Canada. If Petro-Canada wishes to pursue resolution of the previously noted violations through such an agreement, please contact Mr. Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator, at (307) 777-8669 on or before June 16, 2006 to set up a meeting to discuss this matter.

  
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John V. Corra  
Director  
Department of Environmental Quality

  
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John F. Wagner  
Administrator  
Water Quality Division

JVC/JFW/BRB/bb/6-0451.LTR

Enclosure: Notice of Violation  
February 16, 2006 Report  
April 16, 2006 Report

cc: Colleen Gillespie, 8ENF-W-NP, EPA Region 8  
Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator  
James B. Eisenhower, WYPDES Inspection Coordinator, Sheridan DEQ Office  
Dennis Lamb, Water & Wastewater District Engineer, Casper DEQ Office  
Bill J. DiRienzo ► Brian K. Lovett ► Leah J. Krafft  
IPS (for scanning) ► Docket 3857-06  
Keith Guille, DEQ Public Information Officer (PDF File)  
DEQ Director

BEFORE THE  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF )  
VIOLATION ISSUED TO: )

Petro-Canada Resources (USA) Inc. )  
1099 18<sup>th</sup> St, Suite 400 )  
Denver, Colorado 80202-1904 )

DOCKET NUMBER 3857-06

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

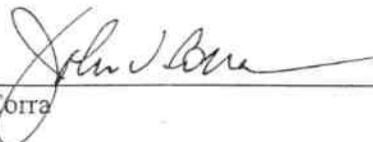
1. Petro-Canada Resources (USA) Inc. (Petro-Canada) is the owner/operator of the Wild Turkey CBM (coal bed methane) treatment facility located in the southwest quarter of the northwest quarter, Section 6, Township 48 North, Range 78 West (SW ¼ NW ¼, Sec. 6, T48N,R78W), Johnson County, Wyoming;
2. WYPDES modification permit WY0050270 was issued to Petro-Canada on September 23, 2005 for the Wild Turkey CBM facility. The permit will expire on July 31, 2008. This permit was modified to add a third discharge point (outfall 003) for treated CBM produced water into Van Houten Draw;
3. On February 14, 2006 the Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD) conducted an inspection of the newly constructed pilot treatment facility associated with outfall 003 of WYPDES permit WY0050270. As noted in the WQD inspection report, at that time the small scale treatment facility was blending approximately 430 gallons of untreated CBM produced water with approximately 430 gallons of treated CBM produced water prior to discharging the water into Van Houten Draw. Treatment of the CBM produced water is with a reverse osmosis (RO) unit;
4. The WQD inspection report states that backwash water from the RO unit is routed to outfall 003 and discharged along with the treated CBM produced water. This has resulted in significant iron staining around outfall 003 of WYPDES permit WY0050270. The iron staining continued on down Van Houten Draw for at least three hundred (300) yards. Iron staining in Van Houten Draw is a violation of Part I.A.1. of WYPDES permit WY0050270 which states the following: *"... in addition, there shall be no deposition of substances in quantities which could result in significant aesthetic degradation or degradation of habitat for aquatic life, plant life, or wildlife. ..."*;
5. Part II.A.7. of WYPDES permit WY0050270 concerning removed substances states *"Solids, sludge, filter backwash, or other pollutants removed in the course of treatment or control of wastewaters or intake waters shall be disposed of in a manner such as to prevent any pollution from such materials from entering waters of the state."* Therefore, by discharging backwash water from the RO treatment unit through outfall 003 into Van Houten Draw, Petro-Canada is in violation of this permit condition;
6. On November 20, 2005 the WQD issued permit number 05-438 to Petro-Canada for the construction and operation of a pilot RO treatment plant at the Wild Turkey facility. Operation of the treatment plant began during December, 2005. Therefore the backwash water from the filters had been discharging through outfall 003 of WYPDES permit WY0050270 for approximately 90 days;

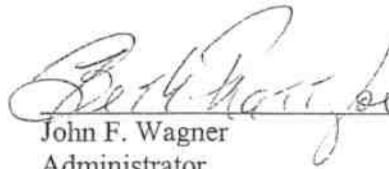
7. Petro-Canada is the owner/operator of the Wild Horse Creek Portion of the Kingsbury AMI Unit treatment facility located in the NW ¼ NW ¼, Sec. 16, T51N, R75W, Campbell County, Wyoming;
8. WYPDES modification permit WY0051985 was issued to Petro-Canada on June 8, 2005 for the Kingsbury AMI Unit. The permit will expire on December 31, 2008. This permit was modified to add thirty-two (32) additional outfalls (outfalls 032 - 063) and to allow treated CBM produced water through outfall 041 into Scotty Draw;
9. On April 10, 2006 the WQD conducted an inspection of the treatment facility associated with outfall 041 of WYPDES permit WY0051985. The discharge of treated CBM produced water into Scotty Draw has resulted in significant iron staining below outfall 041 of WYPDES permit WY0051985. The iron staining continued on down Scotty Draw for at least a quarter mile. Iron staining in Scotty Draw is a violation of Part I.A.1.a. of WYPDES permit WY0051985 which states the following: *"... there shall be no deposition of substances in quantities which could result in significant aesthetic degradation, or degradation of habitat for aquatic life, plant life, or wildlife; ..."*;
10. Petro-Canada is the owner/operator of the Wild Horse Creek Portion of the North Shell Draw Unit located in the NW ¼ NE ¼ and the NW ¼ NW ¼, Sec. 13, T52N, R75W, Campbell County, Wyoming;
11. WYPDES renewal permit WY0039853 was issued to Petro-Canada on June 8, 2005 for the North Shell Draw Unit. The permit will expire on December 31, 2008. Discharges from this facility are into Wild Horse Creek and tributaries to Wild Horse Creek;
12. On April 27, 2006 the WQD conducted an inspection of outfalls 001 and 002 associated with WYPDES permit WY0039853. The discharge of treated CBM produced water into Twenty Mile Creek has resulted in significant iron staining. The iron staining continued down Twenty Mile Creek with orange colored foam appearing in some locations. Iron staining in Twenty Mile Creek is a violation of Part I.A.3. of WYPDES permit WY0039853 which states the following: *"... there shall be no deposition of substances in quantities which could result in significant aesthetic degradation, or degradation of habitat for aquatic life, plant life, or wildlife; ..."*;
13. This Notice is being sent to you pursuant to W.S. 35-11-701(c)(i), 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;
14. 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 (Act), 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.

**THIS SECTION INTENTIONALLY LEFT BLANK**

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 30 day of May, 2006.

  
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John V. Corra  
Director  
Department of Environmental Quality

  
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John F. Wagner  
Administrator  
Water Quality Division

**PLEASE DIRECT ALL INQUIRIES TO:** Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator, Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4<sup>th</sup> Floor West, 122 West 25<sup>th</sup> Street, Cheyenne, Wyoming 82002. Telephone 307-777-8669.

JVC/JFW/BRB/bb/6-0451.NOV

cc: Colleen Gillespie, 8ENF-W-NP, EPA Region 8  
Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator  
James B. Eisenhauer, WYPDES Inspection Coordinator, Sheridan DEQ Office  
Dennis Lamb, Water & Wastewater District Engineer, Casper DEQ Office  
Bill J. DiRienzo ► Brian K. Lovett ► Leah J. Krafft  
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