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

February 27, 2007

Mr. Kent Fink, Vice President
Comet Energy Services, LLC
P.O. Box 594
Buffalo, Wyoming 82834

RE: Notice of Violation, Docket Number 4022-07

Dear Mr. Fink:

Enclosed is a copy of Notice of Violation, Docket Number 4022-07, for the unauthorized discharge of coal bed methane (CBM) produced water into waters of the state by Comet Energy Services, LLC (Comet). On October 16 and November 2, 2006, the Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD) conducted an inspection of the Belus Ranch CBM produced water land application site. Concerns noted during the inspections were the accumulation of ice and the discharge of CBM produced water into the Middle Prong Wild Horse Creek due to the land application process. This is a violation of the Wyoming Environmental Quality Act (Act), the Wyoming Water Quality Rules and Regulations (WWQRR), and Part I.A.1. of WYPDES permit WY0049158.

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 violation as follows:

1. Comet should immediately stop all land application processes of CBM produced water where soils have become saturated or ice sheets have formed which lead to discharges of excess water into drainage.

2. Comet should inform the WQD in writing of the steps taken to ensure violations of this type do not occur in the future. This information shall be received by the WQD on or before March 20, 2007

The WQD has the authority to resolve violations with an out-of-court settlement agreement through the payment of a penalty by Comet. If Comet wishes to pursue resolution of the previously noted violation through such an agreement, please contact Mr. Brian K. Lovett, WYPDES Inspection & Compliance Supervisor at (307) 777-5630, on or before March 31, 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/BRB/BKL/bb/7-0158.LTR

Enclosure: Notice of Violation

cc: Julie Orr, 8ENF-W-NP, EPA Region 8
Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator
James B. Eisenhauer, WYPDES Inspection Coordinator, Sheridan DEQ Office
Bill DiRienzo ► Brian K. Lovett ► Leah J. Krafft
IPS (for scanning) ► Docket 4022-07
Keith Guille, DEQ Public Information Officer (PDF File Only)
DEQ Director

BEFORE THE

DEPARTMENT OF ENVIRONMENTAL QUALITY

STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF VIOLATION ISSUED TO: Comet Energy Services, LLC P.O. Box 594 Buffalo, Wyoming 82834	)	DOCKET NUMBER 4022-07

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. Comet Energy Services, LLC (Comet) is the owner/operator of the Kenai Project located in the Southeast Quarter of the Northwest Quarter of Section 3, Township 53 North, Range 75 West (SE ¼ NW ¼ Sec. 3, T53N, R75W), Campbell County, Wyoming. WYPDES permit WY0054330 for the coal bed methane (CBM) facility was issued on February 7, 2006. This facility was transferred from Edwards Exploration Corporation, LLC to Comet on December 12, 2005;

2. The Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD), conducted an inspection of Comet's CBM Kenai Project on October 16, 2006. The inspection was conducted when a WQD inspector noted a water canon land applying CBM produced water within the drainage of Middle Prong Wild Horse Creek;

3. A follow-up inspection conducted by the WQD on November 2, 2006 showed a build-up of ice around the water canon. The melting ice resulted in a discharge of CBM produced water into Middle Prong Wild horse Creek. Photos taken by the WQD inspector show black poly pipe from the 22-3-5375 on-channel reservoir associated with outfall 001 of WYPDES permit WY0054330 leading to the water canon;

4. The application of CBM produced water for irrigation at rates exceeding the soil intake resulted in the formation of ice mounds and a discharge of CBM produced water to Middle Prong Wild Horse Creek;

5. The DEQ has no record of permits authorizing the discharge to waters of the state from the location referenced in the case described previously;

6. Middle Prong Wild Horse Creek is a "water of the state" as defined under W.S. 35-11-103 (c)(vi);

7. CBM produced water contains "pollution" as defined in W.S. 35-11-103 (c)(i);

8. By discharging pollution into waters of the state, Comet is in violation of W.S. 35-11-301 (a)(i) and Chapter 2 of the Wyoming Water Quality Rules and Regulations (WWQRR) which state that no person, except when authorized by a permit issued by the DEQ, shall cause, threaten or allow the discharge of any pollution or wastes into the waters of the state;

9. 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;

10. 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.

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 27 day of Feb., 2007.

John V. Corra
Director
Department of Environmental Quality

John F. Wagner
Administrator
Water Quality Division

PLEASE DIRECT ALL INQUIRIES TO: Brian K. Lovett, WYPDES Inspection & Compliance Supervisor at the Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4th Floor West, 122 West 25th Street, Cheyenne, Wyoming 82002. Telephone 307-777-5630.

JVC/JFW/BRB/BKL/bb/7-0158.NOV

cc: Julie Orr, 8ENF-W-NP, EPA Region 8
Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator
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