

## MEMORANDUM

**To:** Windsor Energy, Clark, WY Blowout file  
**From:** Mark Thiesse, WQD/Groundwater Section West District Supervisor  
**Date:** August 22, 2007  
**RE:** Closure of Notice of Violation

1. A Notice of Violation, Docket Number 3994-06, was issued to Windsor Energy on January 12, 2007 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 Notice of Violation (NOV) outlined, 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).

2. Windsor negotiated a Settlement Agreement (dated January 19, 2007) with the WDEQ that included several conditions that needed to be met to satisfy the Notice of Violation.

a. Windsor agrees, through participation in the Voluntary Remediation Program (VRP) pursuant to W.S. 35-11-1601, et seq., to investigate the extent of contamination caused by the release of pollutants described in the NOV, and to clean up all contamination resulting from that release that is present in soil and groundwater in concentrations or amounts that exceed WDEQ standards.

b. Windsor agrees that within thirty (30) days after the effective date of this Settlement Agreement it will provide the WDEQ with financial assurance in the form of a surety bond on WDEQ forms in the amount of \$300,000.00 to ensure that funds are available to the WDEQ in the event that Windsor fails or is financially unable to timely and fully complete the investigation of soil and groundwater contamination resulting from the release. Windsor may subsequently request that the WDEQ reduce the bond amount based on the amount of investigation work completed, and the amount of investigation work that the WDEQ believes remains to be performed.

c. In addition to the bond, Windsor agrees to pay \$ 2,812.50 to the WDEQ to resolve this matter in lieu of litigation under W.S. §35-11-901(a)(ii). All payments are due and payable within thirty (30) days of the effective date of this Settlement Agreement or by April 30, 2007, whichever occurs first. Payment to the WDEQ shall be by check made payable to the Wyoming Department of Environmental Quality, Water Quality Division, noting Docket No. 3994-06, and shall be sent to: Mr. Kevin Frederick, Groundwater Section Manager, 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.

3. Windsor has paid the penalty, has established the \$300,000 bond, and has joined the VRP. Therefore, the conditions of the NOV are satisfied and the NOV is considered closed out.