

FORM

NOAV

Rev 6/99

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203    (303) 894-2100 Fax: (303) 894-2109

STATE OF COLORADO

OIL & GAS

FOR OGCC USE ONLY

6/29/2012

200355205

\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 100185

Name of Operator: ENCANA OIL & GAS (USA) INC

Address: 370 17TH ST STE 1700

City: DENVER State: CO Zip: 80202-5632

Company Representative: CHARLES JENSEN

Date Notice Issued:

6/29/2012

Well Name:

Well Number:

Facility Number: 429326

Location (QtrQtr, Sec, Twp, Rng, Meridian): SWSE 7 6S 92W 6

County: GARFIELD

API Number: 05

Lease Number:

COGCC Representative: SPRY OROURKE LINDA

Phone Number: 970 625-2497

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 6/16/2012

Approximate Time of Violation:

Description of Alleged Violation:

A pipeline containing produced water and flowback water developed a sudden leak at the above location, resulting in ~50 bbls of E&P waste water (produced and recycled water) being released into the Davis irrigation ditch, which is a water of the state. Encana personnel noticed a sudden pressure drop in the line and identified the leak. Encana reported the incident to the CDPHE- incident #2012-0427. Encana filed a verbal report to the COGCC and have submitted a Form 19 Spill Report. Encana pumped water out of the ditch to recover the fluids, repaired the line, and collected soil samples. A complaint (#200353851) was filed with the COGCC by one downstream ditch user regarding possible impacts to their pond and spring. Ditch users downstream of the release reported seeing iridescent and/or odorous scum collect intermittently along the ditch. Ditch users reported that the ditch recharges the aquifer containing their domestic water wells. One downstream ditch user reported that their well is dry in two weeks if there is no water flow in the ditch.

Act, Order, Regulation, Permit Conditions Cited:

324.A.a, 324.A.b, 907.a.(1), 907.a.(2)

Abatement or Corrective Action Required to be Performed by Operator:\*

See Attached.

Abatement or Corrective Action to be Completed by (date): 7/9/2012

\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: Title:

Signature: Date:

Company Comments:

\*\*\* THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED \*\*\*

WARNING

Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the Notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.

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BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804

BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 302, 308, 309, 310, 316A, 321, 322, 328, 329, 330, 331, 332, 401

BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607

BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 306, 316B, 317, 317A, 318, 319, 320, 323, 324, 325, 326, 327, 333, 404, 602, 603, 604, 703, 704, 705, 706, 707, 708, 709, 711, 802, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103

In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: Date: 6/29/2012 Time: 10:30AM

Resolution Approved by: Date: