

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



FOR OGCC USE ONLY

06/08/2010

200253729

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 100185

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

Address: 2717 County Road 215

City: Parachute

State: CO

Zip: 81635

Company Representative: DAVID GRISSO

Date Notice Issued:

06/08/2010

Well Name: N.PARACHUTE

Well Number: EF02D I30A !

Facility Number: 280537

Location (QtrQtr, Sec, Twp, Rng, Meridian): NESE 30 5S 95W 6

County: GARFIELD

API Number: 05 045 11283 00

Lease Number:

COGCC Representative: ASH MARGARET

Phone Number: 303 894 2100

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTEDDate of Alleged Violation: 05/20/2010

Approximate Time of Violation:

Description of Alleged Violation:

On May 20, 2010 COGCC field inspection staff conducted a site inspection (#200253559) of the ENCANA OIL & GAS (USA) INC I30A 595 pad (COGCC location ID 335807). During the site inspection staff observed that the two on site pits were in poor condition including burned and or torn liners, liners covered with scum and sludge, sharp objects thrown in pit. Condensate and oily debris were observed in both pits. Nets were in poor condition including holes, nets sagged into the pit, and gaps that would allow wildlife to access the pit and or potentially to become entrapped. A review of data shows no pit permit. Pre 12-17-2008 rules required drilling pits with more than 20,000 ppm TPH to be permitted and for operators to conduct a sensitive area determination (condensate and oily debris/materials were observed on both pits). Accident reports (Form 22) and release reports (Form 19) for the fire that burned the liner were also not located within COGCC database. During the site inspection the cut slope was observed to be highly eroded; no stormwater BMPs were observed on the location.

Act, Order, Regulation, Permit Conditions Cited:

324A.a, 602.b., 901.e., 902.a.c.d., 903.a.(1) A (pre 12-17-2008), 906.b.(2)(3), 1002.f.(2)

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

SEE ATTACHED CORRECTIVE ACTION SHEET. FINAL CORRECTIVE ACTIONS TO BE COMPLETED BY JULY 22, 2010.

Abatement or Corrective Action to be Completed by (date): 07/22/2010

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

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API Number: 05 045 11283 00 Lease Number:

COGCC Representative: ASH MARGARET Phone Number: 303 894 2100

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 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, 311, 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: 06/08/2010 Time:

Resolution Approved by: MARGARET ASH Date: 06/16/2011

NOAV 200253729 IS RESOVLED AND NO FURTHER ENFORCMENT ACTIONS WILL BE CONDUCTED. ENCANA MET CORRECTIVE ACTION AND ABATEMENT ACTIONS. FOR ADDITIONAL INFORMATION PLEASE SEE REM #5255-DOC#25221480 AND SPILL REPORT 2521479.