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Article Number: 7008 0150 0001 7352 0195

December 14, 2011

Mr. Christopher Hines
Encana Oil & Gas (USA) Inc.
2717 County Road 215
Suite 100
Parachute, CO 81635

RE: Revised Notice of Alleged Violation (Document Number 200332536)
Encana Oil & Gas (USA) Inc. (Operator 100185)
Orchard Unit/18-9HM, K20OU Well Pad (Location 334379)
NESW Section 20, Township 8 South, Range 96 West
Mesa County Colorado

Dear Mr. Hines:

Enclosed is a revision to the Notice of Alleged Violation (NOAV) issued under Rules 522.a. of the Colorado Oil and Gas Conservation Commission (COGCC) Rules of Practice and Procedure issued December 12, 2011. The revision is issued to correct a typographical error in the Corrective Action Date, changing it from 1/20/2011 to 1/20/2012.

If weather conditions are not conducive to completion of Item #4 by the Corrective Action Date, please contact me to discuss an extension.

Thank you for your attention to these matters. If you should have any questions, please feel free to call me at 970-625-2497 extension 7.

Sincerely,

A handwritten signature in cursive script that reads "Linda Spry O'Rourke".

Linda Spry O'Rourke
Environmental Protection Specialist, Northwest Region

Cc: David Neslin, COGCC - Director
Debbie Baldwin, COGCC - Environmental Manager
Peter Gowen, COGCC - Acting Hearings Manager
Alex Fischer, COGCC - Supervisor - Western Colorado

Encl: Revised NOAV 200332536

<div>FORM</div> <div>NOAV</div> <div>Rev 6/99</div>	<div>State of Colorado</div> <div>Oil and Gas Conservation Commission</div> <div>1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax: (303) 894-2109</div>	<div>STATE OF COLORADO</div> <div>OIL & GAS</div>	<div>FOR OGCC USE ONLY</div> <div>12/12/2011</div> <div>200332536</div>
<div>*** NOTICE OF ALLEGED VIOLATION ***</div>			
<div>OGCC Operator Number: 100185</div> <div>Name of Operator: ENCANA OIL & GAS (USA) INC</div> <div>Address: 370 17TH ST STE 1700 ATTN: DIANE BILESZNER</div> <div>City: DENVER State: CO Zip: 80202-5632</div> <div>Company Representative: CHRISTOPHER HINES</div>			<div>Date Notice Issued:</div> <div>12/12/2011</div>
<div>Well Name: Well Number: Facility Number: 334379</div> <div>Location (QtrQtr, Sec, Twp, Rng, Meridian): NESW 20 8S 96W 6 County: MESA</div> <div>API Number: 05 Lease Number:</div>			
<div>COGCC Representative: SPRY OROURKE LINDA Phone Number: 970 625-2497</div>			
<div>THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED</div> <div>Date of Alleged Violation: 12/05/2011 Approximate Time of Violation:</div> <div>Description of Alleged Violation:</div> <div>On December 5, 2011, a Form19 for a spill which occurred on 11/20/2011 included three background samples (reportedly not in the 11/20/2011 spill path) collected from the disturbed area of the pad. Two of the samples had arsenic levels of 25 mg/kg and 15 mg/kg. These arsenic concentrations are above the Table 910-1 level (0.39 mg/kg) and above background soil arsenic concentrations in Colorado for Native Grassland, Rangeland, or Agriculture of 3-14 mg/kg, according to the Colorado Department of Public Health and Environment (CDPHE) "Risk Management Guidance for Evaluating Arsenic Concentrations in Soil" (June 2010). The other background sample, not in the spill path, had an arsenic level of 5.5 mg/kg, indicating non-impacted material. The sample results indicate a previous spill on this pad which was not reported and was not remediated to meet Table 910-1 levels.</div>			
<div>Act, Order, Regulation, Permit Conditions Cited:</div> <div>324.A.a, 906.a, 906.e.2, 907.a (1), 909.b.5</div>			
<div>Abatement or Corrective Action Required to be Performed by Operator:*</div> <div>1. Review operational history at pad to identify possible previous releases and potential sources of elevated arsenic. 2. Prepare a Form 27 Site Investigation and Remediation Workplan for COGCC approval prior to implementation. The plan shall include a sampling program to delineate the vertical and horizontal extent of soil concentrations above Table 910-1 levels for full Table 910-1 constituents. 3. Provide written description and diagrams of surface geology and soils present at this location. 4. Perform a background study at this location. Background samples must be collected from undisturbed, native materials. 5. Prepare an interpretive report including the results of tasks 1 through 4 and the "background" samples reported for the 11/20/2011 spill.</div> <div>Abatement or Corrective Action to be Completed by (date): 01/20/2012</div> <div>* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.</div>			
<div>TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:</div> <div>Company Representative Name: Title:</div> <div>Signature: Date:</div> <div>Company Comments:</div>			
<div>*** THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED ***</div>			
<div>WARNING</div> <div>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.</div>			
<div>PENALTY PROPOSED BY THE DIRECTOR PER RULE 523</div> <div>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.</div> <div>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.</div> <div>BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804</div> <div>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</div> <div>BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607</div> <div>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</div> <div>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.</div>			
<div>Signature of COGCC Representative: Linda Spry Burke Date: 12/13/2011 Time: 1530</div> <div>Resolution Approved by: Date:</div>			