



January 9, 2012

Email to Peter.Gowen@state.co.us

Mr. Peter J. Gowen
Acting Hearings Manager
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Re: Notice of Alleged Violation 200332536, dated December 12, 2011
K20OU Well Pad (Location 334379)
NESW Sec. 20, T8S, R96W, Mesa County, Colorado

Dear Mr. Gowen:

Enclosed is the response of Encana Oil & Gas (USA) Inc. to the NOAV referenced above. The NOAV alleges that because arsenic levels in two background samples from the K20OU pad are above Table 910-1 levels and above the background soil arsenic concentrations in risk management guidance published by the CDPHE, a previous unreported spill must have occurred on the pad. There was not a previous unreported spill on the pad requiring remediation to meet Table 910-1 levels for arsenic. Background levels of arsenic in this area, especially in recently exposed soils from depth, are high. The K20OU well pad was constructed ten to fifteen feet below grade, requiring removal and stockpiling of soil from depth. The samples that are the basis for the NOAV were taken from the cut slope. Because there is no factual basis for the violations alleged, we ask that the NOAV be revoked and that Encana not be required to perform the corrective actions listed. Please note that notwithstanding Encana's request to revoke the NOAV, Encana has performed the first corrective action (review operational history at pad to identify possible previous releases and potential sources of elevated arsenic) and Encana has performed some additional sampling which is described in the enclosed response to the NOAV. The remaining corrective actions are inapplicable because no spill occurred.

We will provide a paper response to the NOAV with original signatures by the end of this week.

Sincerely,
Encana Oil & Gas (USA) Inc.

A handwritten signature in blue ink that reads "Diane M. Blieszner".

Diane M. Blieszner
Attorney

Enc.

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cc: David Neslin, COGCC
Debbie Baldwin, COGCC
Alex Fischer, COGCC
Linda Spry O'Rourke, COGCC
Christopher C. Hines, Encana
Kathy Friesen, Encana

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF NOTICE OF ALLEGED)	NOAV NO. 200332536
VIOLATIONS (NOAV) OF COMMISSION)	
RULES BY ENCANA OIL & GAS (USA) INC.)	DOCKET NO. ____-OV-____
IN MESA COUNTY, COLORADO)	(To be completed at a later date)

SIMPLE ANSWER TO NOAV

I. Identifying Information

Operator: Encana Oil & Gas (USA) Inc.
NOAV No. 200332536
Date of NOAV: 12/12/2011
Staff Contact Information: Linda Spry O'Rourke, Environmental Protection Specialist,
Northwest Region, (970) 625-2497

Operator Contact Information:
Name: Christopher Hines
Title/Capacity: Natural Resources Specialist/Environmental Field Coordinator
Address: 2717 County Road 215, Suite 100, Parachute, CO 81635
Telephone Number: 970-285-2653 office; 970-261-1127 cell
Email address: Christopher.Hines@encana.com

II. Responses to Alleged Violations

The NOAV alleges that because arsenic levels in two background samples from the K20OU pad are above Table 910-1 levels and above the background soil arsenic concentrations in risk management guidance published by the CDPHE, a previous unreported spill occurred on the pad. Encana denies that a previous unreported spill requiring remediation to meet Table 910-1 levels for arsenic occurred on the pad. Background levels of arsenic in this area, especially in recently exposed soils from depth, are high. The K20OU well pad was constructed ten to fifteen feet below grade, requiring removal and stockpiling of soil from depth. The samples that are the basis for the NOAV were taken from the cut slope.

Alleged Violation 1. Rule 324A. a

The operator shall take precautions to prevent significant adverse environmental impacts to air, water, soil, or biological resources to the extent necessary to protect public health, safety and welfare, including the environment and wildlife resources, taking into consideration cost-effectiveness and technical feasibility to prevent the unauthorized discharge or disposal of oil, gas, E&P waste, chemical substances, trash, discarded equipment or other oil field waste.

Denied. There was no previous spill on this pad which was not reported in accordance with COGCC regulations, or that would have required remediation. Please see the general statement above.

Encana has controls in place to prevent significant adverse environmental impacts from unauthorized discharges or disposal of E&P waste. These controls include, but are not limited to, policies and procedures with respect to work conducted on Encana's behalf and requiring the use of onsite secondary containment devices and stormwater perimeter controls. Additionally, Encana requires that all Encana employees and contractors report all spills and releases immediately upon discovery to designated spill response personnel. Designated response personnel are required to report and respond to all spills in accordance with applicable rules and regulations. For each spill that occurred on the K200U well pad, all appropriate measures were performed and reports were made to the appropriate agency when required. A list of past spills is provided in Attachment A.

Alleged Violation 2. Rule 906.a

Spills/releases of E&P waste, including produced fluids, shall be controlled and contained immediately upon discovery to protect the environment, public health, safety, and welfare, and wildlife resources. Impacts resulting from spills/releases shall be investigated and cleaned up as soon as practicable. The Director may require additional activities to prevent or mitigate threatened or actual significant adverse environmental impacts on any air, water, soil or biological resource, or to the extent necessary to ensure compliance with the concentration levels in Table 910-1, with consideration to WQCC ground water standards and classifications.

Denied. Please see response to Alleged Violation 1.

Alleged Violation 3. Rule 906.e.(2)

Spill/release evaluation. Operators shall determine the cause of a spill/release, and, to the extent practicable, shall implement measures to prevent spills/releases due to similar causes in the future. For reportable spills, operators shall submit this information to the Director on the Spill/Release Report, Form 19, within ten (10) days after discovery of the spill/release.

Denied. Please see response to Alleged Violation 1.

Alleged Violation 4. Rule 907. a (1)

Operator obligations. Operators shall ensure that E&P waste is properly stored, handled, transported, treated, recycled, or disposed to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources or to the extent necessary to ensure compliance with the concentration levels in Table 910-1, with consideration to WQCC ground water standards and classifications.

Denied. Please see response to Alleged Violation 1.

Alleged Violation 5. Rule 909.b.(5)

Remediation. Remediation shall be performed in a manner to mitigate, remove, or reduce contamination that exceeds the concentrations in Table 910-1 in order to ensure protection of public health, safety, and welfare, and to prevent and mitigate significant adverse environmental impacts. Soil that does not meet concentrations in Table 910-1 shall be remediated. Ground water that does not meet concentrations in Table 910-1 shall be remediated in accordance with a Site Investigation and Remediation Workplan, Form 27.

Denied. Please see response to Alleged Violation 1.

III. Additional Narrative

The presence of elevated arsenic levels alone does not demonstrate that a release of E&P waste occurred. There is no additional analytical evidence (such as other elevated organic or inorganic levels) of an unreported release of E&P waste.

As required by the NOAV, Encana has reviewed the operational history at the pad to identify possible releases and potential sources of elevated arsenic, and has determined that each spill that occurred on the K20OU well pad was reported to the appropriate agency if required and all appropriate remediation measures for each spill were performed. None of the spills affected the cut slope from which the samples that are the basis for the NOAV were taken. A list of past spills is provided in Attachment A.

Notwithstanding the foregoing, Encana has conducted additional sampling on the cut slope in question, and laboratory analytical results will be submitted to COGCC following sample analysis. Encana has conducted the additional sampling to confirm the absence of additional organic and inorganic exceedences of Table 910-1 levels, which will provide additional confirmation that no unreported spill occurred on the pad.

IV. Supporting Documentation for denials stated in Section II

Attachment A—List of Spills on K20OU Well Pad

Attachment A
to Simple Answer to NOAV

List of Spills on K200U Well Pad

K200U Pad (Built early 2009)

Date	Incident Characterization Commodity (Volume)	Incident Description Activity – Cause (Type)	Reporting Agency - Incident #
08/25/2009	Drilling mud (3 BBL)	Drilling – overfilled mud tank (human error)	NA
03/30/2010	Produced water (<1 gal)	Completions – leaking hammer union (equipment failure)	NA
02/03/2011	Drilling mud (3 BBL)	Drilling – failed valve on mud tank (equipment failure)	NA
06/15/2011	Septic (10 gal)	Drilling – failed line coupling (equipment failure)	NA
07/22/2011	Used oil (105 gal)	Drilling – tote fell off fork lift (human error)	CDPHE: 2011-0506
07/29/2011	Drilling mud (4.5 BBL)	Drilling – pump assembly failure (equipment failure)	NA
08/30/2011	Drilling mud (1 BBL)	Drilling – line failure at mud tank elbow (equipment failure)	NA
10/08/2011	Engine coolant (2 gal)	Completions – line failure on truck (equipment failure)	NA
10/11/2011	Produced water (2 BBL)	Completions – pressure relief valve failure (equipment failure)	NA
10/14/2011	Diesel (2 gal)	Completions – fuel tank overflow (human error)	NA
10/22/2011	Produced water (3 BBL)	Completions – tank overflow (human error)	NA
11/20/2011	Produced water (106 BBL)	Completions – valve left open (human error)	Form 19 Submitted: Incident # Pending
11/21/2011	Produced water (3 BBL)	Completions – chocksan failure (equipment failure)	NA
11/25/2011	Produced water (4 BBL)	Completions – chocksan failure (equipment failure)	NA
11/27/2011	Produced water (2 BBL)	Completions – chocksan failure (equipment failure)	NA
12/26/2011	Produced water (3 BBL)	Completions – chocksan failure (equipment failure)	NA
12/27/2011	Produced water (8 BBL)	Completions – pump failure (equipment failure)	Form 19 Submitted: Incident # Pending
01/05/2012	Produced water (1 BBL)	Completions – tank overflow (human error)	NA
01/07/2012	Produced water (1 BBL)	Completions – leaking overflow (human error)	NA