

STATE OF COLORADO

John W. Hickenlooper, Governor
Christopher E. Urbina, MD, MPH
Executive Director and Chief Medical Officer

Dedicated to protecting and improving the health and environment of the people of Colorado

4300 Cherry Creek Dr. S. Laboratory Services Division
Denver, Colorado 80246-1530 8100 Lowry Blvd.
Phone (303) 692-2000 Denver, Colorado 80230-6928
Located in Glendale, Colorado (303) 692-3090
<http://www.cdphe.state.co.us>



Colorado Department
of Public Health
and Environment

April 4, 2011

The Corporation Company, Registered Agent
Antero Resources Pipeline Corporation
1675 Broadway Ste 1200
Denver, Colorado 80202

Certified Mail Number: 7005 1820 0000 3213 7412

RE: Order for Civil Penalty, Number: SP-110404-2

Dear The Corporation Company:

Antero Resources Pipeline Corporation is hereby served with the enclosed Order for Civil Penalty ("Penalty Order"). This Penalty Order is issued by the Colorado Department of Public Health and Environment's Water Quality Control Division (the "Division") pursuant to the authority given to the Division by §25-8-608(2) of the *Colorado Revised Statutes*. Payment of the imposed civil penalty should be made in accordance with the methods referenced in the Penalty Order and Compliance Order on Consent, Number: SC-110207-1.

If you have any questions regarding the Penalty Order or the payment method, please do not hesitate to contact Michael Harris of this office at (303) 692-3598 or by electronic mail at michael.harris@state.co.us.

Sincerely,

Russell Zigler, Legal Assistant
Compliance Assurance Section
Enforcement Unit
WATER QUALITY CONTROL DIVISION

Enclosure(s)

- cc: Garfield County Public Health Service
Antero Resources Pipeline Corporation, Attention: Gerald Alberts, Manager, Environmental & Regulatory, 1625 17th St., Suite 300, Denver, Colorado 80202
- ec: Natasha Davis, EPA Region VIII
Mark Kadnuck, Engineering Section, CDPHE
Nathan Moore, Permits Section, CDPHE
Dick Parachini, Watershed Program, CDPHE
Michael Beck, FSU, CDPHE
Michael Harris, Case Person, CDPHE



COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
DIVISION OF ADMINISTRATION
WATER QUALITY CONTROL DIVISION

ORDER FOR CIVIL PENALTY

NUMBER: SP-110404-2

IN THE MATTER OF: ANTERO RESOURCES PIPELINE CORPORATION
CDPS PERMIT NO. COR-030000
CERTIFICATION NOS. COR-03A817
GARFIELD COUNTY, COLORADO

This matter having come to my attention as the Designee of the Executive Director of the Colorado Department of Public Health and Environment, upon petition for imposition of a civil penalty by the Water Quality Control Division's Compliance Assurance Section, and pursuant to §25-8-608, C.R.S, I hereby impose a civil penalty in the amount of Twenty Six Thousand Eight Hundred Two Dollars (\$26,802.00) against Antero Resources Pipeline Corporation for the violations cited in the February 7, 2011 Compliance Order on Consent (Number: SC-110207-1). A copy of the Compliance Order on Consent is attached hereto as Exhibit A and is incorporated herein by reference. The civil penalty shall be paid within thirty (30) calendar days of the date of this Order for Civil Penalty, and as set forth in the Compliance Order on Consent.

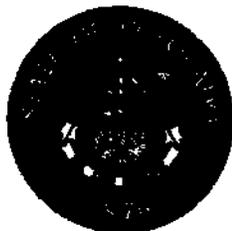
"Method of payment shall be by certified or cashier's check drawn to the order of the 'Colorado Department of Public Health and Environment,' and delivered to:

*Michael Harris
Colorado Department of Public Health and Environment
Water Quality Control Division
Mail Code: WQCD-CAS-B2
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530"*

Dated this 4th day of April 2011.

Steven H. Gunderson, Director
Water Quality Control Division
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Exhibit A



**COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
DIVISION OF ADMINISTRATION
WATER QUALITY CONTROL DIVISION**

COMPLIANCE ORDER ON CONSENT

NUMBER: SC-110207-1

**IN THE MATTER OF: ANTERO RESOURCES PIPELINE CORPORATION
CDPS PERMIT NO. COR-030000
CERTIFICATION NOS. COR-03A817
GARFIELD COUNTY, COLORADO**

The Colorado Department of Public Health and Environment ("Department"), through the Water Quality Control Division ("Division"), issues this Compliance Order on Consent ("Consent Order"), pursuant to the Division's authority under §§25-8-602 and 605, C.R.S. of the Colorado Water Quality Control Act ("the Act") §§25-8-101 to 703, C.R.S., and its implementing regulations, with the express consent of Antero Resources Pipeline Corporation ("Antero Pipeline"). The Division and Antero Pipeline may be referred to collectively as "the Parties."

STATEMENT OF PURPOSE

1. The mutual objectives of the Parties in entering into this Consent Order are to resolve, without litigation, the civil penalties associated with alleged violations cited herein and in the Notice of Violation / Cease and Desist Order (Number: SO-080523-1) that the Division issued to Antero Pipeline on May 23, 2008.

DIVISION'S FINDINGS OF FACT AND DETERMINATION OF VIOLATIONS

2. Based upon the Division's investigation into and review of the compliance issues identified herein, and in accordance with §§25-8-602 and 605, C.R.S., the Division has made the following determinations regarding Antero Pipeline and Antero Pipeline's compliance with the Act and its stormwater permit certification.
3. At all times relevant to the alleged violations identified herein, Antero Pipeline was a Delaware corporation in good standing and registered to conduct business in the State of Colorado.
4. Antero Pipeline is a "person" as defined under the Water Quality Control Act, §25-8-103(13), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2(73).

Exhibit A

5. In or around October 2006, Antero Pipeline initiated pipeline construction activities associated with oil and gas production and/or exploration on property located along U.S. Highway 6 between the towns of Rifle and Silt, in Garfield County, Colorado (the "Project").
6. On September 25, 2006, the Division received an application from Antero Pipeline for Project coverage under the Colorado Discharge Permit System ("CDPS") General Permit, Number COR-030000, for Stormwater Discharges Associated with Construction Activity (the "Permit").
7. On September 26, 2006, the Division provided Antero Pipeline Certification Number COR-03A817 authorizing Antero Pipeline to discharge stormwater from the construction activities associated with the Project to the Colorado River under the terms and conditions of the Permit. Certification Number COR-03A817 became effective September 26, 2006 and remains in effect until June 30, 2012 or until Antero Pipeline inactivates Permit coverage.
8. The Colorado River and its tributaries are "state waters" as defined by §25-8-103(19), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2 (101).
9. Pursuant to 5 CCR 1002-61, §61.8, a permittee must comply with all the terms and conditions of a permit and violators of the terms and conditions specified in a permit may be subject to civil and criminal liability pursuant to §§25-8-601 through 612, C.R.S.
10. On May 24, 2007, a representative from PG Environmental, LLC (the "Inspector") conducted an on-site inspection of the Project on behalf of the Division, pursuant to the Division's authority under §25-8-306, C.R.S., to determine Antero Pipeline's compliance with the Water Quality Control Act and the Permit. During the inspection, the Inspector interviewed Project representatives, reviewed the Project's stormwater management system records and performed a physical inspection of a portion of the Project.

Deficient and/or Incomplete Stormwater Management Plan

11. Pursuant to Part I. B. of the Permit, Antero Pipeline was required to prepare and maintain a Stormwater Management Plan ("SWMP") that identifies Best Management Practices ("BMPs") that, when implemented, will meet the terms and conditions of the Permit. The SWMP is required to identify potential sources of pollution, which may be reasonably expected to affect the quality of stormwater discharges associated with construction activity from the Project. In addition, the plan is required to describe and ensure the implementation of BMPs, which will be used to reduce the pollutants in stormwater discharges associated with construction activity.
12. Pursuant to Part I. B. of the Permit, the Project's SWMP shall include, at a minimum, the following items:
 - a. Site Description - Each plan shall provide a description of the following:
 - i. A description of the construction activity.
 - ii. The proposed sequence for major activities.
 - iii. Estimates of the total area of the site and the area of the site that is expected to undergo clearing, excavation or grading.

Exhibit A

- iv. An estimate of the runoff coefficient of the site before and after construction activities are completed and any existing data describing the soil, soil erosion potential or the quality of any discharge from the site.
 - v. A description of the existing vegetation at the site and an estimate of the percent vegetative ground cover.
 - vi. The location and description of any other potential pollution sources, such as vehicle fueling, storage of fertilizers or chemicals, etc.
 - vii. The location and description of any anticipated non-stormwater components of the discharge, such as springs and landscape irrigation return flow.
 - viii. The name of the receiving water(s) and the size, type and location of any outfall or, if the discharge is to a municipal separate storm sewer, the name of that system, the location of the storm sewer discharge, and the ultimate receiving water(s).
- b. **Site Map** - Each plan shall provide a generalized site map or maps which indicate:
- i. Construction site boundaries.
 - ii. All areas of soil disturbance.
 - iii. Areas of cut and fill.
 - iv. Areas used for storage of building materials, soils or wastes.
 - v. Location of any dedicated asphalt or concrete batch plants.
 - vi. Location of major erosion control facilities or structures.
 - vii. Springs, streams, wetlands and other surface waters.
 - viii. Boundaries of 100-year flood plains, if determined.
- c. **BMPs for Stormwater Pollution Prevention** - The plan shall include a narrative description of appropriate controls and measures that will be implemented before and during construction activities at the facility, including:
- i. **Erosion and Sediment Controls** - A description of structural site management controls (Structural Practices) which will minimize erosion and sediment transport and a description of interim and permanent stabilization practices (Non-Structural Practices), including the site-specific scheduling of the implementation of the practices.
 - ii. **Phased BMP Implementation** - The SWMP shall clearly describe the relationship between the phases of construction and the implementation and maintenance of BMPs
 - iii. **Materials Handling and Spill Prevention** - The SWMP shall identify any procedures or significant materials handled at the site that could contribute pollutants to runoff.
 - iv. **Dedicated Concrete or Asphalt Batch Plants** - The SWMP shall clearly describe and locate BMPs to control stormwater pollution from dedicated concrete batch plants or dedicated asphalt batch plants.
- d. **Final Stabilization and Long-Term Stormwater Management** - Description of the measures used to achieve final stabilization and measures to control pollutants in stormwater discharges that will occur after construction operations have been completed.
- e. **Other Controls** - Description of other measures to control pollutants in stormwater discharges, including plans for waste disposal and limiting off-site soil tracking.

Exhibit A

- f. **Inspection and Maintenance - Description of procedures to inspect and maintain in good and effective operating condition the vegetation, erosion and sediment control measures and other protective measures identified in the SWMP.**
13. **The Division has determined that Antero Pipeline failed to prepare and maintain a complete and accurate SWMP for the Project as described in paragraphs 13(a-m) below:**
- a. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the SWMP did not include an estimate of the total area of the site and the area of the site that is expected to undergo clearing, excavation or grading.**
 - b. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the SWMP did not include an estimate of the runoff coefficient of the site before and after construction activities are completed and any existing data describing the soil, soil erosion potential or the quality of any discharge from the site.**
 - c. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the SWMP did not include the location and description of other potential pollution sources at the site, including the mobile fueling operation.**
 - d. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the SWMP did not include the name of all receiving waters that were observed during the inspection and the size, type and location of all outfalls.**
 - e. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the site map did not include all construction site boundaries at the Project.**
 - f. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the site map did not include all areas of soil disturbance at the Project.**
 - g. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the site map did not include all areas of cut and fill at the Project.**
 - h. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the site map did not include all areas used for the storage of building materials, soils or wastes, including the staging areas and locations of construction materials associated with the pipeline construction activities.**
 - i. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the site map did not include the location of all BMPs at the Project, including the straw wattles implemented on the perimeter of the disturbed area for the Valley Farms E & F pipeline.**
 - j. **During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the site map did not include the location of all springs, streams, wetlands and other surface waters at the Project, including the Colorado River where it flows adjacent to Section 13 of the Project.**

Exhibit A

- k. During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the SWMP did not describe the relationship between the phases of construction and the implementation and maintenance of controls and measures.
 - l. During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the SWMP did not include specific procedures for spill prevention and response for the areas where potential spills could occur.
 - m. During the May 24, 2007 inspection, the Inspector reviewed the SWMP and identified that the SWMP did not include a description of the measures used to achieve final stabilization and measures to control pollutants in stormwater discharges that will occur after construction operations have been completed.
14. Antero Pipeline's failure to prepare and maintain a complete and accurate SWMP for the Project constitutes violation(s) of Part I. B. of the Permit.

Failure to Implement and/or Maintain Best Management Practices to Protect Stormwater Runoff

15. Pursuant to Part I. B. 3. a. (1) of the Permit, Antero Pipeline was required to minimize erosion and sediment transport from the Project. The Permit specifies that structural site management practices may include, but are not limited to: straw bales, silt fences, earth dikes, drainage swales, sediment traps, subsurface drains, inlet protection, outlet protection, gabions, and temporary or permanent sediment basins.
16. Pursuant to Part I. B. 3. a. (2) of the Permit, Antero Pipeline was required to implement interim and permanent stabilization practices, including site-specific scheduling of the implementation of the practices. The Permit specifies that site plans should ensure existing vegetation is preserved where possible and that disturbed areas are stabilized. The Permit specifies that non-structural practices may include, but are not limited to: temporary seeding, permanent seeding, mulching, geotextiles, sod stabilization, vegetative buffer strips, protection of trees, and preservation of mature vegetation.
17. The Division has determined that Antero Pipeline failed to implement and/or maintain functional BMPs at the Project as described in paragraphs 17(a-e) below:
- a. During the May 24, 2007 inspection, the Inspector observed a disturbed slope adjacent to the Section 13 ALP C Pad riser at the Project. No BMPs were observed in place to prevent erosion of the disturbed slope or to prevent sediment from discharging to the actively flowing natural drainage channel located at the toe of the slope. Consequently, erosion of the disturbed slope was observed leading down to the drainage channel.
 - b. During the May 24, 2007 inspection, the Inspector observed disturbed slopes and other areas associated with the River Ranch A pad pipeline construction at the Project. No BMPs were observed in place to stabilize the disturbed slopes and areas or to prevent sediment from discharging to the adjacent drainage swale and roadway culvert pipe crossing. Consequently, sediment discharge was observed in the adjacent drainage swale.

Exhibit A

- c. During the May 24, 2007 inspection, the Inspector observed a drainage swale and roadway culvert pipe crossing adjacent to the River Ranch A pad pipeline construction at the Project. Hay bales and a silt fence were observed in place at the inlet for the culvert pipe crossing. However, the hay bales and silt fence were not installed to act as functional BMPs, as the hay bales were not staked and the silt fence was falling over. Additionally, silt fence is not intended to be used in areas of concentrated flow.
 - d. During the May 24, 2007 inspection, the Inspector observed disturbed areas associated with the Valley Farms E & F pipeline construction at the Project. No BMPs were observed in place to stabilize the disturbed areas or to prevent sediment from discharging beyond the area of operational control.
 - e. During the May 24, 2007 inspection, the Inspector observed a down gradient natural drainage way located adjacent to the Valley Farms E & F pipeline construction at the Project. Straw wattles were observed in place on the disturbed slopes leading down toward the drainage way. However, the straw wattles were not installed to act as functional BMPs, as wattles were not trenched and gaps were observed under them. No other BMPs were observed in place to prevent run on or erosion of the disturbed slopes.
18. Antero Pipeline's failures to implement and maintain functional BMPs to protect stormwater quality during construction activities at the Project constitute violations of Part I. B. 3. a. of the Permit.

Failure to Conduct Inspections of Stormwater Management System

19. Pursuant to Part I. C. 5. a. of the Permit, for active sites where construction has not been completed, Antero Pipeline was required to make a thorough inspection of the Project's stormwater management system at least every 14 days and after any precipitation or snowmelt event that causes surface erosion.
20. Pursuant to Part I. C. 5. a. 3) of the Permit, Antero Pipeline was required to keep a record of inspections.
21. During the May 24, 2007 inspection, the Inspector requested the Project's stormwater management system records and identified that Antero Pipeline had no record of inspections being conducted at the Project.
22. Antero Pipeline's failures to conduct inspections of the Project's stormwater management system in accordance with the provisions of the Permit constitute violations of Part I. C. 5. a. of the Permit.
23. The Division acknowledges that Antero Pipeline timely and satisfactorily performed all of the obligations and actions required under the Notice of Violation / Cease and Desist Order (Number: SO-080523-1).

Exhibit A

Antero Pipeline's Position on Alleged Violations

24. The Notice of Violation / Cease and Desist Order (Number: SO-080523-1) is based on findings from a single May 24, 2007 inspection event, but some of the allegations exceeded, in number and/or seriousness, the facts of the same or similar matters described in the inspection report findings.
25. The Notice of Violation / Cease and Desist Order (Number: SO-080523-1) set out multiple findings of fact and alleged deficiencies for the same or very similar deficiency or condition. For example, six separate record deficiencies were alleged for a single deficient site map. Other examples include where the Division alleged separate failures for BMPs at disturbed slopes and again at disturbed areas for the same construction site.
26. By letter dated June 6, 2007, the Division notified Antero Pipeline of its inspection findings, and set out a procedure for Antero Pipeline to take corrective actions. Antero Pipeline followed the Division's procedure by providing a timely response to the Division on July 9, 2007 documenting its corrective and abatement actions. Because no further communication was received from the Division relating to the inspection or Antero Pipeline's July 9, 2007 response until approximately one year later, Antero Pipeline reasonably and in good faith believed it had adequately addressed the inspection findings and performed the required corrective actions almost a year prior to receiving the NOV.
27. Antero Pipeline's construction activities had ceased by late summer and early fall 2007. By the time the Notice of Violation / Cease and Desist Order (Number: SO-080523-1) was issued in May 2008, all surface disturbances associated with pipeline construction had been reseeded and vegetation re-established.
28. Of the seven facility inspection findings made by the Inspector, six were identified as having only a potential for discharge and Antero Pipeline in good faith believes that it performed corrective actions in time to prevent discharge from occurring. Moreover, the Permit required permittee Antero Pipeline to minimize, not totally eliminate, erosion and sediment transport from the project area.
29. Following the 2007 inspection and again after the issuance of the Notice of Violation / Cease and Desist Order (Number: SO-080523-1), Antero Pipeline has reviewed its internal procedures, conducted stormwater training sessions for its workers and has invested substantial time and resources to take additional steps to enhance and ensure timely compliance with Permit requirements. Antero Pipeline continues its commitment to operate in full compliance with all applicable federal, state, and local laws and regulations.
30. The Division finds that Antero Pipeline's position statement is not consistent with the information gathered in the course of the Division's inspections and investigation of the incidents described herein and the inclusion of Antero Pipeline's position statement in this order should not be construed to constitute any admission or agreement by the Division as to the content of the position statement.

Exhibit A

ORDER AND AGREEMENT

31. Based on the foregoing factual and legal determinations, pursuant to its authority under §§25-8-602 and 605, C.R.S., and in satisfaction of the civil penalties associated with the alleged violations cited herein and in the Notice of Violation / Cease and Desist Order (Number: SO-080523-1), the Division orders Antero Pipeline to comply with all provisions of this Consent Order, including all requirements set forth below.
32. Antero Pipeline agrees to the terms and conditions of this Consent Order. Antero Pipeline agrees that this Consent Order constitutes a notice of alleged violation and an order issued pursuant to §§25-8-602 and 605, C.R.S., and is an enforceable requirement of the Act. Antero Pipeline also agrees not to challenge directly or collaterally, in any judicial or administrative proceeding brought by the Division or by Antero Pipeline against the Division:
 - a. The issuance of this Consent Order;
 - b. The factual and legal determinations made by the Division herein; and
 - c. The Division's authority to bring, or the court's jurisdiction to hear, any action to enforce the terms of this Consent Order under the Act.
33. Notwithstanding the above, Antero Pipeline does not admit to any of the factual or legal determinations made by the Division herein, and any action undertaken by Antero Pipeline pursuant to this Consent Order shall not constitute evidence of fault and liability by Antero Pipeline with respect to the conditions of the Project

CIVIL PENALTY AND SUPPLEMENTAL ENVIRONMENTAL PROJECT

34. In addition to all other funds necessary to comply with the requirements of this Consent Order, Antero Pipeline shall pay One Hundred Forty Seven Thousand Six Hundred Sixty One Dollars (\$147,661.00) in the form of civil penalties and expenditures on Supplemental Environmental Projects ("SEPs") in order to achieve settlement of this matter.
35. Based upon the application of the Division's Stormwater Civil Penalty Policy (January 25, 2007), and consistent with Departmental policies for violations of the Act, Antero Pipeline shall pay Twenty Six Thousand Eight Hundred Two Dollars (\$26,802.00) in civil penalties. The Division intends to petition the Executive Director, or her designee, to impose the Twenty Six Thousand Eight Hundred Two Dollar (\$26,802.00) civil penalty for the above violation(s) and Antero Pipeline agrees to make the payment within thirty (30) calendar days of the issuance of a Penalty Order by the Executive Director or her designee. Method of payment shall be by certified or cashier's check drawn to the order of the "Colorado Department of Public Health and Environment," and delivered to:

Michael Harris
Colorado Department of Public Health and Environment
Water Quality Control Division
Mail Code: WQCD-B2-CAS
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

Exhibit A

36. Antero Pipeline shall also perform the SEP identified below. Antero Pipeline's total expenditure for the SEP shall be not less than One Hundred Twenty Thousand Eight Hundred Fifty Nine Dollars (\$120,859.00).
37. Antero Pipeline shall undertake the following SEP, which the Parties agree is intended to secure significant environmental or public health protection and improvements:
38. Antero Pipeline shall donate One Hundred Twenty Thousand Eight Hundred Fifty Nine Dollars (\$120,859.00) to Garfield County, Colorado. The funds will be used for a pilot wood-stove exchange program, as further described in Attachment A. Antero Pipeline shall make the payment of One Hundred Twenty Thousand Eight Hundred Fifty Nine Dollars (\$120,859.00), and shall include with the donation a cover letter identifying the monies for the above-described project within thirty (30) days of the effective date of this Consent Order. Antero Pipeline shall provide the Division with a copy of the cover letter and check within thirty (30) calendar days of the effective date of this Consent Order. Antero Pipeline shall not deduct the payment of the SEP donation provided for in this paragraph for any tax purpose or otherwise obtain any favorable tax treatment of such payment or project
39. Antero Pipeline hereby certifies that, as of the date of this Consent Order, it is not under any existing legal obligation to perform or develop the SEP. Antero Pipeline further certifies that it has not received, and will not receive, credit in any other enforcement action for the SEP. In the event that Antero Pipeline has, or will receive credit under any other legal obligation for the SEP, Antero Pipeline shall pay One Hundred Twenty Thousand Eight Hundred Fifty Nine Dollars (\$120,859.00) to the Division as a civil penalty within thirty (30) calendar days of receipt of a demand for payment by the Division. Method of payment shall be as specified in paragraph 35 above.
40. Antero Pipeline will be deemed to have met its obligations regarding performance of the SEP upon presentation of a cover letter and copy of the check identifying the monies for the above-described project, provided that it does so within thirty (30) calendar days of the effective date of this Consent Order. In the event that Antero Pipeline fails to comply with any of the terms or provisions of this Consent Order relating to the payment of the SEP donation, Antero Pipeline shall be liable for penalties as follows:
 - a. Payment of a penalty in the full amount of One Hundred Twenty Thousand Eight Hundred Fifty Nine Dollars (\$120,859.00). The Division, in its sole discretion, may elect to reduce this penalty for environmental benefits created by the partial performance of the SEP.
 - b. Antero Pipeline shall pay this penalty within thirty (30) calendar days of receipt of written demand by the Division. Method of payment shall be as specified in paragraph 35 above.
41. Antero Pipeline shall include the following language in any public statement, oral or written, making reference to the SEP: "This project was undertaken in connection with the settlement of an enforcement action taken by the Colorado Department of Public Health and Environment for alleged violations of the Colorado Water Quality Control Act."

Exhibit A

SCOPE AND EFFECT OF CONSENT ORDER

42. The Parties agree and acknowledge that this Consent Order constitutes a full and final settlement of the civil penalties associated with the violations alleged herein and in the May 23, 2008, Notice of Violation / Cease and Desist Order (Number: SO-080523-1).
43. This Consent Order is subject to the Division's "Public Notification of Administrative Enforcement Actions Policy," which includes a thirty-day public comment period. The Division and Antero Pipeline each reserve the right to withdraw consent to this Consent Order if comments received during the thirty-day period result in any proposed modification to the Consent Order.
44. This Consent Order constitutes a final agency order or action upon the date when the Executive Director or her designee imposes the civil penalty following the public comment period. Any violation of the provisions of this Consent Order by Antero Pipeline, including any false certifications, shall be a violation of a final order or action of the Division for the purpose of §25-8-608, C.R.S., and may result in the assessment of civil penalties of up to ten thousand dollars per day for each day during which such violation occurs.
45. Notwithstanding paragraph 33 above, the violations described in this Consent Order will constitute part of Antero Pipeline's compliance history for purposes where such history is relevant. This includes considering the violations described above in assessing a penalty for any subsequent violations against Antero Pipeline. Antero Pipeline agrees not to challenge the use of the cited violations for any such purpose.

LIMITATIONS, RELEASES AND RESERVATION OF RIGHTS AND LIABILITY

46. Upon the effective date of this Consent Order, and during its term, this Consent Order shall stand in lieu of any other enforcement action by the Division with respect to civil penalties for the specific instances of violations cited herein and in the May 23, 2008 Notice of Violation / Cease and Desist Order (Number: SO-080523-1). The Division reserves the right to bring any action to enforce this Consent Order, including actions for penalties or the collection thereof, and/or injunctive relief.
47. This Consent Order does not grant any release of liability for any violations not specifically cited herein.
48. Nothing in this Consent Order shall preclude the Division from imposing additional requirements in the event that new information is discovered that indicates such requirements are necessary to protect human health or the environment.
49. Upon the effective date of this Consent Order, Antero Pipeline releases and covenants not to sue the State of Colorado or its employees, agents or representatives as to all common law or statutory claims or counterclaims arising from, or relating to, the violations of the Act specifically addressed herein.
50. Nothing in this Consent Order shall constitute an express or implied waiver of immunity otherwise applicable to the State of Colorado, its employees, agents or representatives.

Exhibit A

NOTICES

51. Unless otherwise specified, any report, notice or other communication required under the Consent Order shall be sent to:

For the Division:

Colorado Department of Public Health and Environment
Water Quality Control Division / WQCD-CADM-B2
Attention: Michael Harris
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530
Telephone: 303.692.3598
E-mail: michael.harris@state.co.us

For Antero Pipeline:

Antero Resources Pipeline Corporation
Attention: Gerald Alberts, Manager, Environmental & Regulatory
1625 17th St., Suite 300
Denver, CO 80202
E-mail: jalberts@anteroresources.com

MODIFICATIONS

52. This Consent Order may be modified only upon mutual written agreement of the Parties.

NOTICE OF EFFECTIVE DATE

53. This Consent Order shall be fully effective, enforceable and constitute a final agency action upon the date when the Executive Director or her designee imposes the civil penalty following closure of the public comment period referenced in paragraph 43. If the penalty as described in this Consent Order is not imposed, or an alternate penalty is imposed, this Consent Order becomes null and void.

BINDING EFFECT AND AUTHORIZATION TO SIGN

54. This Consent Order is binding upon Antero Pipeline and its corporate subsidiaries or parents, their officers, directors, employees, successors in interest, and assigns. The undersigned warrant that they are authorized to legally bind their respective principals to this Consent Order. In the event that a party does not sign this Consent Order within thirty (30) calendar days of the other party's signature, this Consent Order becomes null and void. This Consent Order may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Consent Order.

Exhibit A

FOR ANTERO RESOURCES PIPELINE CORPORATION:

Mark Mauz Date: 2-1-2011
Mark Mauz, VP of Gathering, Marketing, & Transportation

FOR THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT:

Lori M. Gerzina Date: 2/7/2011
Lori M. Gerzina, Manager
Compliance Assurance Section
WATER QUALITY CONTROL DIVISION

Exhibit A
Attachment A

**SUPPLEMENTAL ENVIRONMENTAL PROJECTS (SEP)
PROPOSAL/AGREEMENT**

The regulated entity, identified below, submits the following SEP application to the Colorado Department of Public Health and Environment (the department) for SEP consideration.

Enforcement Action Information	Antero Resources Pipeline Corporation Case No.: SO-080523-1
Regulated Entity Contact Information	Gerald Alberts, Manager, Environmental & Regulatory Antero Resources Pipeline Corporation 1625 17th St., Suite 300 Denver, CO 80202 gjalberts@anteroresources.com
3rd Party SEP Recipient Contact	Paul R. Reaser Senior Environmental Health Specialist Garfield County Public Health 195 West 14 th St. Rifle, CO 81601 970-625-5200 x-8123 preaser@garfield-county.com
CDPHE Contact Person	Rachel Wilson-Roussel, Office of Environmental Integration and Sustainability, 303-692-2976
Geographical Area to Benefit Most Directly From Project	Garfield County (Colorado River Valley, Roaring Fork River Valley, and Crystal River Valley Air Sheds)
Project Title	Garfield County's Pilot Woodstove Exchange Program
Project Type	Third Party SEP Donation
SEP Category	Pollution Prevention
Project Summary	This pilot woodstove exchange program will help to start reducing fine particle pollution and promote energy efficiency, in Garfield County, by assisting homeowners with funds to remove outdated, high emitting woodstoves and fireplaces. The SEP funds will be used to pay the entire portion (not to exceed \$3200) of the purchase and installation of a modern EPA certified low emission woodstove, fireplace insert, pellet stove, or a natural gas space heating stove or fireplace insert for low income residents. This project will test the validity and feasibility for implementing a potentially larger project/program in the future. In addition, successful applicants will also be eligible to receive full benefits (at no cost) through the NWCCOG Weatherization Assistance Program.

**Exhibit A
Attachment A**

<p>Project Description</p>	<p>Project Objectives: This pilot woodstove exchange program will test the validity and feasibility for implementing a potentially larger project/program in the future. We will begin taking some initial steps toward:</p> <ul style="list-style-type: none">• Partnering with the NWCCOG to weatherize low income homes to reduce their fuel consumption and heating costs• Identifying other groups within our community (elderly, disabled, etc.) who may benefit from such a program• Seeking other potential partners in our community• Locating additional sources of funding• Envisioning the development of a more detailed project plan• Envisioning the implementation of a full scale, countywide, wood stove change out campaign• Identifying potential variables to measure the success of such a program <p>Need in Community: The percentage of persons below poverty level in Garfield County (2008) is approximately 7.4% or 4041 people. This equates to approximately 1600 households in Garfield County at or below the poverty level. This project is intended to assist low income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs (See Wood Stove Exchange Income Guidelines).</p> <p>Project Tasks:</p> <ol style="list-style-type: none">1. A Qualifying Application form must be completed and returned to Garfield County Public Health (GCPH). Supporting documentation such as income verification, cost estimate, a picture of the old wood burner, etc. must be attached. All information must be provided in order to approve the application.2. Once all application materials are received, GCPH will schedule a brief in person interview at the applicant's home.3. GCPH will issue a rebate letter stating the amount awarded to the applicant. The letter may be used to demonstrate reimbursement resources to a contractor.4. The old wood stove must be dismantled and discarded. A receipt from a metals recycler or landfill must be provided.5. A certified building inspector must inspect the new installation. City or County Building Permits will be issued for these projects at no charge.6. The Installation Certification form must be returned to GCPH when the installation has been completed. All the required information must accompany the form. Rebate payments are made once per month payable to the vendor. <p>Key Program Points:</p> <ul style="list-style-type: none">• The rebate shall not exceed the cost of purchase and installation.• Applications will be accepted until all the SEP funds are used.• NWCCOG is the local administering agency under the Weatherization Assistance Program and requires a separate application process. <p>Criteria for Participation:</p> <ul style="list-style-type: none">• The exchange program is only applicable to residences located in Garfield County.
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	<ul style="list-style-type: none"> • The program does not apply to any new construction, must be replacement of an existing woodstove or fireplace. • The existing woodstove must be an older, non-certified solid wood burning stove. • Existing fireplaces are also included in the program, including replacement of a non-certified insert. • Grant recipients must be the owner of the home that is used as a primary residence; no secondary/vacation cottages or shop/garages are included in this program. • Rental property owners can use the program for multiple locations, given that they meet the above criteria, to a maximum grant of \$3200. • Maximum homeowner grants are limited to \$3200, including replacement of multiple appliances at a single residence. • County and City Building Permits and Inspection requirements must be followed as required for woodstove and insert installations. 															
<p align="center">Expected Environmental and/or Public Health Benefits</p>	<p>Environmental and public health benefits include reduction of PM10 and PM2.5 during the winter months when air quality concerns are at their greatest in Garfield County. Certified wood stoves emit from 70 to 90% less particulate emissions than high-emission uncertified wood stoves or fireplaces, and natural gas or propane heaters or fireplace inserts release up to 98% less particulate than high-emitting wood heating.</p> <ol style="list-style-type: none"> 1. $(\text{Total SEP Funds}) / (\text{Average Cost per Stove} + \text{Average Cost per Installation}) = \text{Est. Number of Woodstoves Exchanged}$ <ul style="list-style-type: none"> • $(\\$107,000)/(\\$3200) = \text{approx. } 33 \text{ Woodstoves Exchanged}$ 2. Approximately 1.65 tons PM2.5 reduction per year 3. Approximately 1.65 tons PM10 reduction per year 															
<p align="center">Project Budget</p>	<table border="1"> <thead> <tr> <th align="center">Category</th> <th align="center">Description</th> <th align="center">Cost</th> </tr> </thead> <tbody> <tr> <td>Reimbursements (88%)</td> <td>Purchase and installation of more efficient stoves, inserts, chimneys, and other equipment upgrades</td> <td align="right">\$107,000</td> </tr> <tr> <td>Advertising (2%)</td> <td>Outreach to community about program</td> <td align="right">\$2000</td> </tr> <tr> <td>Project Administration (~10%)</td> <td>Cost to administer program</td> <td align="right">\$11,859</td> </tr> <tr> <td align="right" colspan="2">Total:</td> <td align="right">\$120,859</td> </tr> </tbody> </table>	Category	Description	Cost	Reimbursements (88%)	Purchase and installation of more efficient stoves, inserts, chimneys, and other equipment upgrades	\$107,000	Advertising (2%)	Outreach to community about program	\$2000	Project Administration (~10%)	Cost to administer program	\$11,859	Total:		\$120,859
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<p>Budget Discussion</p>	<p>There are currently no additional funding sources for this project.</p>															
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	<p align="center">Biannual Status Report Due:</p>	<p align="center">October 1, 2011 or 6 months from project start date.</p>
	<p align="center">Projected Completion Date:</p>	<p align="center">April 1, 2012 or one year from project start date.</p>
	<p align="center">SEP Completion Report Due:</p>	<p align="center">May 31, 2012 or 30 days from project completion date.</p>
<p align="center">Reporting</p>	<p><u>Biannual Status Reports</u></p> <p>The third party SEP recipient will submit a biannual project status report to the department's SEP Coordinator. Status reports will include the following information:</p> <ul style="list-style-type: none"> • A description of activities completed to date; • A budget summary table listing funds expended to date by budget category; and • A discussion of any anticipated changes to the project scope or timeline. 	
	<p><u>Final SEP Completion Report</u></p> <p>The SEP Completion report will be submitted within 30 days of project completion and contain at a minimum:</p> <ul style="list-style-type: none"> • A detailed description of the project as implemented; • A summary table identifying project deliverables and tasks along with the associated completion date; • A description of any operating problems encountered and the solutions thereto; • A full expense accounting including itemized costs, documented by copies of purchase orders, contracts, receipts or canceled checks; • Certification and demonstration that the SEP has been fully implemented pursuant to the provisions of the Settlement Agreement and this SEP Agreement; • A description of the environmental and public health benefits resulting from implementation of the SEP along with quantification of the outcomes and benefits; <p>Additional information may include:</p> <ul style="list-style-type: none"> • Examples of brochures, educational or outreach materials developed or produced as part of the SEP; and • Photographs documenting the project. 	
<p align="center">Other Relevant Information</p>	<p>Supporting Documents:</p> <ul style="list-style-type: none"> • Wood Stove Exchange Income Guidelines Form • Qualifying Application Form • Wood Stove Installation Certification Checklist 	
<p>Has the applicant entered into any prior commitments to fund this project, voluntary or otherwise? If yes, please explain.</p>	<p align="center">No.</p>	