No Sale of Gas Field with Polluted Well Water

MEAD GRUVER,Associated Press

CHEYENNE, Wyo. (AP) — A company has called off its purchase of a central Wyoming gas field where the U.S. Environmental Protection Agency has been investigating groundwater pollution and is preparing to release a report soon on the possible sources.

Midland, Texas-based Legacy Reserves LP announced earlier this month it was buying an undisclosed number of gas wells and related assets in the Pavillion area in Fremont County from Calgary, Alberta-based Encana Corp. for $45 million.

The week after the sale announcement, the EPA said it had found high levels of benzene and other contaminants in two wells drilled to test for groundwater pollution in the Pavillion area. Previous EPA investigations found hydrocarbons in 17 local water wells.

Legacy isn't prepared to complete the transaction amid the ongoing EPA investigation, an Encana spokesman said Monday.

"Although Encana retained responsibility for any outcome resulting from the ongoing groundwater investigation undertaken by EPA, due to the continued attention surrounding the investigation, and uncertainty regarding further development, Legacy is not prepared to go forward with the transaction," spokesman Doug Hock said in a prepared statement.

Legacy President Steven Pruett did not return a message seeking comment.

Some Pavillion residents blame the oil and gas industry for the pollution. They suggest that hydraulic fracturing — a process that pumps pressurized water, sand and chemicals underground to open fissures and improve the flow of gas — may have opened pathways for contaminants to get into their wells.

Encana maintains the contamination is naturally occurring.

Groups including Pavillion Area Concerned Citizens expressed concern about Encana's sale to Legacy. They suggested that Encana was trying to shed responsibility for the pollution — an allegation Encana denied.

Even so, at least one Pavillion resident said Monday he was glad the sale was off.

"With everything going on here, I think Encana should see this through to the end. It shouldn't be sold off to somebody else," said John Fenton with Pavillion Area Concerned Citizens.

The EPA has not speculated on what has caused the groundwater to become

polluted at the relatively shallow level of water wells. EPA officials say they will get into that with a draft report within the next few weeks.

Encana has agreed to clean up four old waste pits left over from oil and gas development before its involvement in Pavillion. The voluntary cleanup is being done in cooperation with the Wyoming Department of Environmental Quality.

State regulators say the property owner always is the one responsible for contamination on any given property.

"It doesn't change in the sense we're still working toward resolving any of these issues of possible contamination," department spokesman Keith Guille said of the sale being called off.

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