Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

January 24, 2007

Mr. H. James Sewell
Staff Environmental Engineer
Shell Rocky Mountain Production, LLC
4582 S. Ulster Street Parkway, Suite 500
Denver, CO 80237

RE: Notice of Violation

Dear Mr. Sewell:

Enclosed you will find a Notice of Violation (NOV) issued to Shell Rocky Mountain Production, LLC by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirement for routing vapors from the dehydrator to the combustor for the Falcon 36 PAD located in Sublette County , Wyoming. This violation of permit MD-1347 was observed by Ms. Jennifer Frazier on January 3, 2007.

Another issue, not currently addressed in this Notice of Violation, but of great concern was combustor functionality. It was observed that one of the two combustors was not operational at the time of the site visit. At this point, I'm deferring further action on the combustor issue pending a review and proposal of measures to correct this type of problem by each Jonah/Pinedale operator.

As the Department and this Division consider the failure to comply with air quality permit conditions to be a serious matter, I am considering recommending the Department refer this violation to the State Attorney General's office requesting a suit be filed in District Court to recover appropriate penalties. If you would like to discuss settlement of this Notice of Violation prior to referral to the Attorney General's office, please contact Mr. Robert Gill, Air Quality Compliance Program Manager, at 307-777-3774 no later than ten (10) days after receipt of this letter.

Should you have any questions or comments regarding this matter, please feel free to contact me or Mr. Robert Gill.

Sincerely,

David A. Finley
Administrator
Air Quality Division

cc: Robert Gill
Jennifer Frazier
Tony Hoyt
Nancy Vehr
Keith Guille

BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF VIOLATION	)	
ISSUED TO SHELL ROCKY MOUNTAIN PRODUCTION, LLC,	)	**DOCKET NO.** 4008-07
MR. H. JAMES SEWELL,	)	
STAFF ENVIRONMENTAL ENGINEER,	)	
4582 SOUTH ULSTER STREET PARKWAY, SUITE 500	)	
DENVER, COLORADO 80237	)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Shell Rocky Mountain Production, LLC to be in violation of permit MD-1347 issued in accordance with W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations at the Falcon 36 PAD located in Sublette County, Wyoming.

2. W.S. 35-11-801(a) states, "In granting permits, the Director may impose such conditions as may be necessary to accomplish the purpose of this act which are not inconsistent with the existing rules, regulations and standards."

3. Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations prescribes the applicability and procedures for issuing permits to sources under Wyoming's construction and modification permitting program.

4. Permit MD-1347 was issued to Shell Rocky Mountain Production, LLC on April 4, 2006. Condition 8 of permit MD-1347 states:

> "For the four 4.0 MMCFD TEG dehydration units with overheads condensers, reboiler still vent vapors shall be directed to the condensers. Condensed still vent liquids shall be collected and routed to a liquids storage tank. Non-condensible reboiler vapors shall be routed to the two combustion devices for incineration. Condensation and incineration of the reboiler still vent vapors shall reduce the mass content of total HAPs and VOCs in the vapors vented to the devices by at least ninety-five percent (95%) by weight."

5. On January 3, 2006, Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed the valve from one dehydration unit open and venting vapors to the atmosphere.

6. Said violation consists of not routing vapors from the dehydration unit to the combustion device. This is a direct violation of Condition 8 of permit MD-1347.

7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental Quality Act] ... is subject to a penalty not to exceed ten thousand dollars ($10,000.00) for each violation for each day during which the violation continues, a temporary or permanent injunction, or both a penalty and an injunction.

8. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any

case of the failure to correct or remedy an alleged violation, the Director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible.

DATED this 31 day of JAN, 2007.

David A. Finley
Administrator
Air Quality Division

John Corra
Director
Department of Environmental Quality

Please direct all inquiries to David A. Finley, Administrator, Division of Air Quality, Department of Environmental Quality, Herschler Building, 2nd Floor, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)