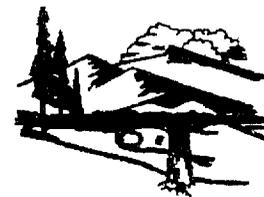




Department of Environmental Quality



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 26, 2007

Mr. Richard L. Blankenship
EH & S Group Lead
McMurry Oil Company
370 17th Street, Suite 1700
Denver, CO 80202

RE: Notice of Violation

Dear Mr. Blankenship:

Enclosed you will find a Notice of Violation (NOV) issued to McMurry Oil Company by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirement for routing vapors to the common combustion device for the Yellow Point 9-12 PAD located in Sublette County, Wyoming. This violation of permit MD-1145 was observed by Ms. Jennifer Frazier on January 8, 2007.

Another issue, not currently addressed in this Notice of Violation, but of great concern was observed during this inspection. The Enardo valves were observed to vent vapors when the separator dumped to the condensate tanks. At this point, I'm deferring further action on this 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

Herschler Building • 122 West 25th Street • Cheyenne, WY 82002 • <http://deq.state.wy.us>

ADMIN/OUTREACH (307) 777-7758 FAX 777-3810	ABANDONED MINES (307) 777-6145 FAX 777-6162	AIR QUALITY (307) 777-7391 FAX 777-5816	INDUSTRIAL SITING (307) 777-7369 FAX 777-5973	LAND QUALITY (307) 777-7756 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973	WATER QUALITY (307) 777-7781 FAX 777-5973
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**BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

**IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO MCMURRY OIL COMPANY,)
MR. RICHARD L. BLANKENSHIP,)
EH & S GROUP LEAD,)
370 17TH STREET, SUITE 1700)
DENVER, COLORADO 80202)**

DOCKET NO. 4020-07

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found McMurry Oil Company to be in violation of permit MD-1145 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 Yellow Point 9-12 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-1145 dictates control of vent vapors from Tri-Ethylene Glycol (TEG) dehydration units through conditions 7 & 8.

Condition 7 states:

"Reboiler still vent vapors from the two 10.0 MMCFD TEG dehydration units shall be directed to the B-TEX control systems consisting of overhead condensers for collection of condensed liquids and combustion devices for incineration of non-condensable vapors to reduce the mass content of total HAPs and VOCs in the gases vented to the devices by at least 95 percent by weight."

Condition 8 states:

"Glycol flash separator vapors from the two 10 MMCFD TEG dehydration units, which are not used as fuel for equipment burners, shall be routed to the B-TEX control system combustion devices for incineration to reduce the mass content of total HAPs and VOCs in the gases vented to the devices by at least [95] percent by weight."

5. On January 8, 2007, Ms. Jennifer Frazier, Air Quality Division Inspector, observed visible emissions from the dehydration unit. The valve was observed open and continuously venting vapors to the atmosphere. Not routing vapors from the dehydrator unit to the combustion device is a violation of conditions 7 & 8 of permit MD-1145.
6. Said violation consists of not routing vapors from the dehydration units to the combustion device.

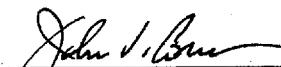
7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental 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 7th day of Feb., 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.)