



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

July 30, 2007

Mr. Harold W. Patton Jr.
President
Asher Associates, Inc.
5910 South University Blvd, Suite 18370
Littleton, Colorado 80121

RE: Notice of Violation

Dear Mr. Patton:

Enclosed you will find a Notice of Violation (NOV) issued to Asher Associates, Inc. by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirement for re-injection of produced gas and failure to utilize flares at each facility to control vapors from storage tanks of the Bright Pool Oil & Gas Production Facility and Beaver Hole Pool Oil & Gas Production Facility located in Niobrara County, Wyoming. Both of these constitute violations of permit MD-309.

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 Ms. Karen Godman, Air Quality Compliance Program Principal, at 307-777-8601 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
Glenn Spangler
Nancy Vehr
Keith Guille



**BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

**IN THE MATTER OF THE NOTICE OF VIOLATION
ISSUED TO ASHER ASSOCIATES, INC.,
MR. HAROLD W. PATTON JR., PRESIDENT,
5910 SOUTH UNIVERSITY BLVD, SUITE 18370
LITTLETON, COLORADO 80121**

**DOCKET NO.
4136-07**

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Asher Associates, Inc. (Asher) to be in violation of permit MD-309 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 for Bright Pool Oil & Gas Production Facility (Bright Pool Facility) & Beaver Hole Pool Oil & Gas Production Facility (Beaver Hole Pool Facility) located in Niobrara 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-309 was issued to Asher Associates, Inc. on February 3, 1997. Condition 4 states:

"That Asher Associates, Inc. shall re-inject all produced gas from both facilities (Bright Pool & Beaver Hole) as stated in the permit application."

5. On June 25, 2007 inspections of both facilities were conducted by Mr. Glenn Spangler, District Engineer and Mr. Thor Nordwick, Air Quality Engineer. During the inspection of the Bright Pool Facility, it was observed that the produced gas from the site was being flared. And during the inspection of the Beaver Hole Pool Facility, it was observed that the electric produced gas injection compressor had been removed. Failure of both facilities to re-inject the produced gas constitute violations of condition 4 of permit MD-309.

6. Permit MD-309 incorporates all commitments within the Permit Application through Condition 2, which states:

"That all commitments and descriptions set forth in the application for this permit, unless superseded by a specific condition of this permit, are incorporated herein by this reference and are enforceable as conditions of this permit."

7. Asher Associates, Inc submitted the Permit Application and the Division's review process for this permit outlined the purpose of application. Within the permitting process, Asher asserted that all emissions from the tanks go directly to the flare and are burned.

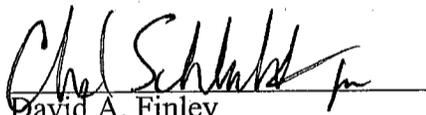
8. During permitting, the Division considered the control of H₂S emissions by flaring and conversion to SO₂ as BACT for the Bright Pool and Beaver Hole Pool facility storage tank emissions. Piping for the vapor recovery was installed on the tanks. However, tank emissions at the time of the inspection were being vented directly to the atmosphere through an unlit secondary flare. Therefore, the storage tank emissions were not controlled as considered by permit MD-309.

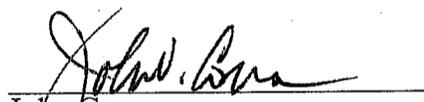
9. Said violations consist of 1) failure to re-inject produced gas from the Bright Pool & Beaver Hole facilities, and 2) failure to route storage tank emissions to a functional flare, as described during permitting of the facilities.

10. 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.

11. 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 14th day of August, 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.)