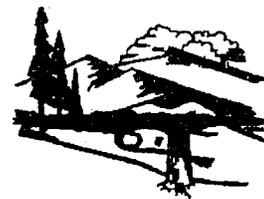




Department of Environmental Quality



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

September 20, 2007

Mr. Monte K. Olson
Exxon Mobil Corporation
PO BOX 4358
Houston, TX 77210-4358

Re: Notice of Violation

Dear Mr. Olson,

Enclosed you will find a Notice of Violation (NOV) issued to Exxon Mobil Corporation for the failure to comply with NO_x emission limits (both ppm and lbs/hr) as required by permit MD-771. This was discovered through the Division's review of Continuous Emission Monitoring (CEM) Reports submitted by Exxon Mobil Corporation for the Shute Creek Plant, which showed NO_x emissions were exceeded between October 2005 and June 2007. Noncompliance with NO_x emission limits are a violation of Condition 8 of permit MD-771. Also, Exxon Mobil Corporation failed to comply with the NO_x emission limits required by New Source Performance Standards (NSPS), 40 CFR Part 60, Subpart GG, Standards of Performance for Stationary Gas Turbines (§60.330-§60.335) from April 2006 through March 2007 as discovered through the Division's review of Exxon Mobil Corporation's Shute Creek Plant NSPS, Subpart GG NO_x Excess Emissions Reports (CEM Reports).

After a thorough review of the June 26, 2007 letter submitted by Exxon Mobil, I do not believe that Exxon Mobil is entitled to immunity under W.S. 35-11-1105 & 1106. Contained within the statutes governing audit privilege and exceptions is a section (W.S. 35-11-1106(b)) which specifically addresses voluntary reports of violations and also what is defined as not voluntary. This section states that reporting a violation is mandatory if required by this act, any departmental rule or regulation, federal law or regulation, local ordinance or resolution, any order of the council or by any court and is therefore not voluntary under this section. By regulation applicability and by condition 13 of permit MD-771, Exxon Mobil is required to comply with all applicable requirements of 40 CFR Part 60, Subpart GG, Standards of Performance for Stationary Gas Turbines (§60.330-§60.335).

Permit MD-771 requires Exxon Mobil to install, calibrate, operate and maintain a Continuous Emission Monitoring (CEM) system for measuring NO_x emissions. 40 CFR Part 60, §60.334 describes the monitoring and excess emission requirements applicable to the Shute Creek Plant turbines. For each affected unit using continuous emission monitoring equipment, 40 CFR Part 60, §60.334(j) requires submittal of excess emission and monitor downtime reports in accordance with 40 CFR Part 60, §60.7(c). The reporting which the Air Quality Division used to establish noncompliance with the NSPS NO_x emission limits is the reporting required by 40 CFR Part 60, §60.7(c). Since NSPS NO_x excess emission reporting is mandatory as described above, Exxon Mobil is not entitled to protection under Wyoming's Environmental Audit Privilege and Immunity Law.

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

ADMIN/OUTREACH
(307) 777-7937
FAX 777-3610

ABANDONED MINES
(307) 777-6145
FAX 777-6462

AIR QUALITY
(307) 777-7391
FAX 777-5616

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



As the Department and this Division consider the failure to comply with air quality permit requirements and NSPS standards to be a serious matter, I am recommending that 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 issue prior to action on the referral by 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 Karen Godman.

Sincerely,



David A. Finley
Administrator
Air Quality Division

cc: Robert Gill
Karen Godman
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 EXXON MOBIL CORPORATION,
MR. MONTE K. OLSON, PO BOX 4358,
HOUSTON, TEXAS 77210-4358**

**DOCKET NO.
4147-07**

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Exxon Mobil Corporation to be in violation of permit MD-771 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 and to be in violation of Chapter 5, Section 2 of the Wyoming Air Quality Standards and Regulations in the operation of the Shute Creek Plant located in Lincoln County, Wyoming.

2. W.S. 35-11-801 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-771 was issued to Exxon Mobil Corporation on June 19, 2002. This permit is a specific modification to the Shute Creek Plant, to include the construction of a co-generation facility, consisting of three (3) 35.8 MW combined cycle GE Frame 6 combustion turbines. Condition 12 defines Nitrogen Oxides (NO_x) exceedances for these turbines using Continuous Emission Monitoring (CEM) equipment as any 30-day rolling average of NO_x emissions which exceeds the parts per million (ppm) or pounds per hour (lbs/hr) limits established in this permit. Condition 8 establishes the limits for NO_x as 8.0 ppm @ 15% O₂ on a 30-day rolling average and 16.0 lbs/hr on a 30-day rolling average.

5. The Air Quality Division's review of Exxon Mobil Corporation's Shute Creek Plant CEM reports show substantial noncompliance rates for NO_x (percent of quarterly operations in noncompliance with the NO_x ppm or lbs/hr emission limit) during the following quarters: 4th Quarter 2005 reports showed the Turbine A noncompliance rate at 100% for both the ppm and lbs/hr limit, the Turbine B noncompliance rate at 100% for both the ppm and lbs/hr limit, and the Turbine C noncompliance rate at 100% for the ppm limit and the noncompliance rate at 81.7% for the lbs/hr limit; 1st Quarter 2006 reports showed the Turbine A noncompliance rate at 84.3% for the ppm limit and the noncompliance rate at 35.1% for the lbs/hr limit, the Turbine B noncompliance rate at 100% for both the ppm and lbs/hr limit, and the Turbine C noncompliance rate at 100% for the ppm limit and the noncompliance rate at 64.8% for the lbs/hr limit; 2nd Quarter 2006 reports showed the Turbine A noncompliance rate at 75.5% for the ppm limit and the noncompliance rate at 74.2 % for the lbs/hr limit, the Turbine B noncompliance rate at 100% for both the ppm and lbs/hr limit, and the Turbine C noncompliance rate at 100% for the ppm limit and the noncompliance rate at 42 % for the lbs/hr limit; 3rd Quarter 2006 reports showed the Turbine A noncompliance rate at 100% for both the

ppm and lbs/hr limit, the Turbine B noncompliance rate at 100% for both the ppm and lbs/hr limit, and the Turbine C noncompliance rate at 100% for both the ppm and lbs/hr limit; 4th Quarter 2006 reports showed the Turbine A noncompliance rate at 100% for both the ppm and lbs/hr limit, the Turbine B noncompliance rate at 100% for both the ppm and lbs/hr limit, and the Turbine C noncompliance rate at 100% for both the ppm and lbs/hr limit; 1st Quarter 2007 reports showed the Turbine A noncompliance rate at 88.2% for the ppm limit and the noncompliance rate at 86% for the lbs/hr limit, the Turbine B noncompliance rate at 97% for the ppm limit and the noncompliance rate at 78.9% for the lbs/hr limit, and the Turbine C noncompliance rate at 100% for both the ppm and lbs/hr limit; 2nd Quarter 2007 reports showed the Turbine A noncompliance rate at 76.8% for the ppm limit and the noncompliance rate at 22.4% for the lbs/hr limit, the Turbine B noncompliance rate at 100% for the ppm limit and the noncompliance rate at 80.3% for the lbs/hr limit, and the Turbine C noncompliance rate at 100% for the ppm limit and the noncompliance rate at 98.6% for the lbs/hr limit.

6. Said violations consist of the failure to comply with the NO_x ppm emission limit as required by condition 8 of permit MD-771 and the failure to comply with the NO_x lbs/hr emission limit as required by condition 8 of permit MD-771.

7. W.S. 35-11-201 of the Environmental Quality Act states, "No person shall cause, threaten or allow discharge or emission of any air contaminant in any form so as to cause pollution which violates rules, regulations and standards adopted by the council."

8. Chapter 5, Section 2 of the Wyoming Air Quality Standards and Regulations includes the general provisions for and adopts certain New Source Performance Standards (NSPS) for New Stationary Sources by reference including 40 CFR Part 60, Subpart GG, Standards of Performance for Stationary Gas Turbines (§60.330-§60.335). The three (3) 35.8 MW combined cycle GE Frame 6 combustion turbines are affected sources under NSPS, Subpart GG and are therefore subject to the general provision requirements of Chapter 5, Section 2 and the requirements of NSPS, Subpart GG.

9. 40 CFR Part 60, Subpart GG §60.332 sets NO_x emission limits for affected stationary gas turbines through a mathematical equation. For the three combined cycle GE Frame 6 combustion turbines at the Exxon Mobil Shute Creek Plant, the NO_x emission limit calculates to 97 ppm (at ISO standard day conditions as defined within NSPS, Subpart GG).

10. 40 CFR Part 60, Subpart GG §60.334(j)(1)(iii)(A), states "For turbines using NO_x and diluent CEMS: An hour of excess emissions shall be any unit operating hour in which the 4-hour rolling average NO_x concentration exceeds the applicable emission limit in 60.332(a)(1) or (2). For the purposes of this subpart, a "4-hour rolling average NO_x concentration" is the arithmetic average of the average NO_x concentration measured by the CEMS for a given hour ... and the three unit operating hour average NO_x concentrations immediately preceding that unit operating hour."

11. The Air Quality Division's review of Exxon Mobil Corporation's Shute Creek Plant NSPS, Subpart GG Continuous Emission Monitoring (CEM) reports show noncompliance rates for NO_x (percent of quarterly operations in noncompliance with the NO_x NSPS, Subpart GG ppm limit) during the following quarters: 2nd Quarter 2006 reports showed the Turbine A noncompliance rate at 6.1% and the Turbine C noncompliance rate at 3.3 %; 3rd Quarter 2006 reports showed the Turbine A noncompliance rate at 6.5%, the Turbine B noncompliance rate at 10.7%, and the Turbine C noncompliance rate at 9.2%; 4th Quarter 2006 reports showed the Turbine A noncompliance rate at 5.1%; 1st Quarter 2007 reports showed the Turbine A noncompliance rate at 6.9%.

12. Said violation consists of the failure to comply with the NO_x emission limit of 97 ppm as required by Chapter 5, Section 2 of the Wyoming Air Quality Standards and Regulations and NSPS, Subpart GG, Standards of Performance for Stationary Gas Turbines.

13. 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.

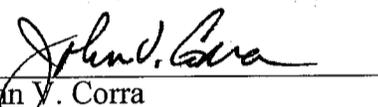
14. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any

case of 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 21 day of Sept., 2007.



David A. Finley
Administrator
Air Quality Division



John V. 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)