

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

November 1, 2007

Mr. Chris Smith
Field Environmental Coordinator
BP America Production Company
PO BOX 157,
Wamsutter, WY 82336

RE: Notice of Violation
Docket No. 4167-07

Dear Mr. Smith:

Enclosed is a Notice of Violation issued to BP America Production Company for failing to obtain a construction permit prior to constructing the Chain Lakes 29-1 facility. This violation was discovered during a review of the permit application for the Chain Lakes 29-1 facility. BP America Production Company constructed and began operating the Chain Lakes 29-1 facility on March 31, 2007. A Notice of Installation was filed for the facility on May 21, 2007; a permit application was filed on October 1, 2007; and emission controls were not installed until June 4, 2007. Emissions from this facility were shown to exceed major source levels prior to installation of controls.

As the Department and this Division consider the failure to comply with air quality permitting requirements 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 Ms. Karen Godman.

Sincerely,

David A. Finley
Administrator
Air Quality Division

cc: Bob Gill
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 BP AMERICA PRODUCTION COMPANY,)
MR. CHRIS SMITH,)
FIELD ENVIRONMENTAL COORDINATOR,)
P.O. BOX 157, WAMSUTTER, WY 82336)**

**DOCKET NO.
416 7-07**

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found BP America Production Company (BP America) to be in violation of W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations in the construction of the wet gas/condensate production facility Chain Lakes 29-1 located in Sweetwater County, Wyoming.

2. W.S. 35-11-801(c) states, "A permit to construct is required before the construction or modification of any industrial facility capable of causing or increasing air or water pollution in excess of standards established by the department is commenced."

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. Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations states, "Any person who plans to construct any new facility or source, modify any existing facility or source, or to engage in the use of which may cause the issuance of or an increase in the issuance of air contaminants into the air of this state shall obtain a construction permit from the State of Wyoming, Department of Environmental Quality, before any actual work is begun on the facility."

5. The Air Quality Division issued Chapter 6, Section 2 permitting guidance for Oil and Gas Production Facilities in June 1997 with a revision in November 1998, a revision in January 2000, a revision in August 2001, a revision on July 28, 2004 and August 2007. The applicable revision of this guidance would be the July 28, 2004; as the well was spudded prior to September 1, 2007. This guidance was developed to familiarize oil and gas production facilities with the Wyoming air quality regulations and to provide guidance to these facilities on what the Air Quality Division would accept as meeting the intent of Wyoming's regulatory requirement to obtain a construction permit prior to the construction or operation of new air emission sources (Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations). To be eligible for the permitting process under the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance, a facility is required to submit a complete "Notice of Installation" within 40 days of the first date of production, comply with the "presumptive BACT" requirements (install storage tank controls within 120-days of the first date of production and/or install dehydration unit controls within 45-days of the first date of production and before "major source" levels are emitted), and to submit a complete Chapter 6, Section 2 permit application within 180-days of the first date of production. Additional cautions within the permitting guidance state that facilities cannot emit regulated air pollutants at rates which equal or exceed the major source levels.

6. A review of the Air Quality Division files indicates that BP America constructed and began operating the Chain Lakes 29-1 facility on March 31, 2007. BP America Production Company failed to install emission controls before emissions exceeded major source levels for volatile organic compounds. By failing to control emissions from the Chain Lakes 29-1 facility to less than major source levels, BP America has not complied with the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance and is in direct violation of the construction permitting requirements of Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

7. Said violation consists of the failure to obtain a construction permit prior to constructing the Chain Lakes 29-1 facility in violation of W.S. 35-11-801(c) of the Wyoming Environmental Quality Act and Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

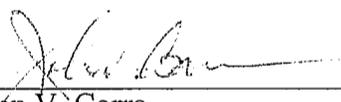
8. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental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

9. 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 2 day of Nov, 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.)