



# 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 10, 2008

Mr. Tom Fitzsimmons  
Executive Vice President/C.O.O.  
Nielson & Associates, Inc.  
PO BOX 2850  
Cody, WY 82414

RE: Notice of Violation

Dear Mr. Fitzsimmons:

Enclosed is a Notice of Violation issued to Nielson & Associates, Inc. for failing to obtain a construction permit prior to constructing and operating the Petrogulf State 36-1-5, 36-2-5 and 36-8-5 wet gas/condensate production facility located in Sublette County, Wyoming. This violation was discovered during an inspection of this facility and during the Air Quality Division's review of Nielson & Associate's permit application for the facility. By failing to comply with emission control requirements and to submit a timely permit application for the Petrogulf State multiple wellsite facility, Nielson & Associates, Inc. has not followed 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.

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, Jennifer Frazier, Nancy Vehr, Keith Guille



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

**IN THE MATTER OF THE NOTICE OF VIOLATION  
ISSUED TO NIELSON & ASSOCIATES, INC  
MR. TOM FITZSIMMONS,  
EXCEXTIVE VICE PRESIDENT/C.O.O  
PO BOX 2850, CODY, WY 82414**

**DOCKET NO. 4361-08**

**NOTICE OF VIOLATION**

**NOTICE IS HEREBY GIVEN THAT:**

1. The Department of Environmental Quality, Division of Air Quality, has found Nielson & Associates, Inc. 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 and operation of the Petrogulf State 36-1-5, 36-2-5 and 36-8-5 wet gas/condensate production facility located in Sublette 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, and a revision related to the Jonah/Pinedale area operations dated July 2004. 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, multiple well facilities within the Jonah Pinedale Anticline area are required to install emission controls for hydrocarbon storage tanks and dehydrator units upon the first date of production and to submit a complete Chapter 6, Section 2 permit application within 40-days of 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.

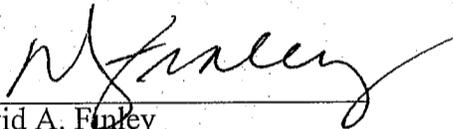
6. On February 20, 2008, Ms. Jennifer Frazier, Air Quality Division Inspector, observed visible emissions from one of the thief hatches located at the Petrogulf State facility, wells 36-1-5, 36-2-5 and 36-8-5. She also noted that the pilot flame on the combustor was not lit. In accordance with the Jonah and Pinedale Anticline, Addendum to C6 S2 Oil and Gas Production Facilities Permitting Guidance, July 28, 2004, emissions from the hydrocarbon liquid storage tanks, pressure vessels and new dehydration units should have been controlled upon first date of production. Additionally, Nielson & Associates filed a Chapter 6, Section 2 permit application for this facility on March 26, 2008. The Air Quality Division's review of the permit application for the above listed facility showed that Nielson & Associates, Inc. submitted a permit application for this facility approximately twenty-two (22) months past the permit application due date. By failing to comply with the emission control requirements and to provide a timely permit application, Nielson & Associates, Inc. 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 violations consists of the failure to obtain a construction permit prior to constructing and operating the Petrogulf State 36-1-5, 36-2-5 and 36-8-5 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.

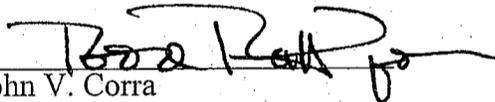
8. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental 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 12 day of September, 2008.



David A. Finley  
Administrator  
Air Quality Division



John V. Corra  
Director  
Department of Environmental Quality

Please direct all inquiries to David Finley, Administrator, Division of Air Quality, Department of Environmental Quality, Herschler Building, 4th Floor, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)