



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

February 13, 2009

Mr. Will Wallace
Vice President of Operations
Abraxas Petroleum Corporation
500 N Loop 1604 E, Suite 100
San Antonio, TX 78270-1007

RE: Notice of Violation

Dear Mr. Will Wallace:

Enclosed you will find a Notice of Violation (NOV) issued to Abraxas Petroleum Corporation by the Department of Environmental Quality, Air Quality Division, for Sage Grouse 3H-15-38-67 wet gas/condensate facility located in Niobrara County, Wyoming. The NOV was issued for the failure to: 1) install a thermocouple and continuous recording device within sixty days of permit issuance, 2) monitor the flare pilot using a thermocouple and continuous recording or equivalent means to detect presence of a flame, and 3) maintain and provide records to the Division upon request of when pilot flame is not present during active well site operation. These violations of permit CT-2715 were observed by Mr. Thor Nordwick on August 21, 2008.

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 Ms. Karen Godman.

Sincerely,

David A. Finley
Administrator
Air Quality Division

cc: Robert Gill
Glenn Spangler
Nancy Vehr
Keith Guille

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

**IN THE MATTER OF THE NOTICE OF VIOLATION
ISSUED TO ABRAXAS PETROLEUM CORPORATION
MR. WILL WALLACE,
VICE PRESIDENT OF OPERATIONS
500 N LOOP 1604 E, SUITE 100
SAN ANTONIO, TX 78270-1007**

DOCKET NO. 4444-09

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Abraxas Petroleum Corporation to be in violation of permit CT-2715 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 Sage Grouse 3H-15-38-67 wet gas/condensate 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 CT-2715 was issued to Abraxas Petroleum Corporation on February 11, 2002. Conditions 8, 9 & 11 require installation of monitoring equipment, continuous monitoring of pilot flare and recordkeeping of such information:

Condition 8 states:

"The presence of the flare pilot shall be monitored using a thermocouple and continuous recording device or any other equivalent device to detect the presence of a flame."

Condition 9 states:

"Abraxas Petroleum Corporation shall maintain records noting date and duration of time during active well site operation when the pilot flame is not present. Records shall be kept for a period of at least five (5) years and shall be made available to the Division upon request."

Condition 11 states:

"The thermocouple and continuous recording device shall be installed and operational within sixty (60) days of permit issuance. Abraxas Petroleum Company shall notify the Division with the date of installation of the thermocouple and continuous recording device within fifteen (15) days of such date."

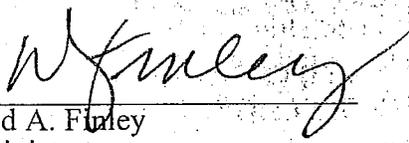
5. On August 21, 2008, Mr. Thor Nordwick, Air Quality Division Engineer/Inspector, observed that the flare was not equipped with a pilot flame system and a thermocouple and continuous monitoring device had never been installed. A review of Division records indicates that notification of installation for the thermocouple and recording device were never received. Mr. Nordwick requested records of when pilot flame was not functional, these records were never supplied. These are violations of conditions 8, 9 & 11 of permit CT-2715.

6. Said violation consists of the failure to: 1) install a thermocouple and continuous recording device within sixty days of permit issuance, 2) monitor the flare pilot using a thermocouple and continuous recording or equivalent means to detect presence of a flame, and 3) maintain and provide records to the Division upon request of when pilot flame is not present during active well site operation.

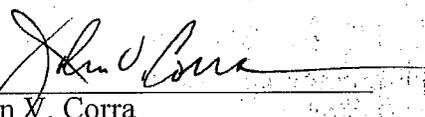
7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental 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 3rd day of MARCH, 2009.



David A. Finley
Administrator
Air Quality Division



John W. 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.)