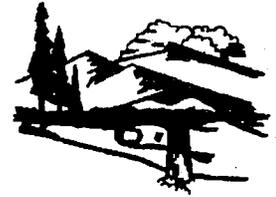




# Department of Environmental Quality



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 26, 2009

Mr. James G. Hohenstein  
Warrior Energy Holdings, Inc.  
633 17<sup>th</sup> Street, Suite 1970  
Denver, CO 80202

RE: Notice of Violation

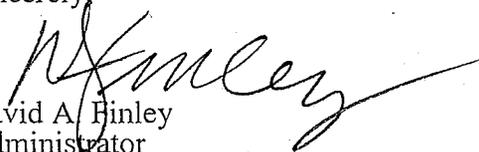
Dear Mr. Hohenstein:

Enclosed you will find a Notice of Violation (NOV) issued to Warrior Energy Holdings, Inc. by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirement to maintain and operate the combustion device during all periods of active well site operation for the Strike 9-18E and Strike 15-8E gas/condensate production facilities located in Sweetwater County, Wyoming. These are violations of permit CT-4354 and CT-4370.

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 307-777-3774 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. Binley  
Administrator  
Air Quality Division

cc: Robert Gill  
Jennifer Frazier  
Tony Hoyt  
Nancy Vehr  
Keith Guille

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

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|--|---|---|---|--|--|---|
| ADMIN/OUTREACH<br>(307) 777-7937<br>FAX 777-3610 | ABANDONED MINES<br>(307) 777-6145<br>FAX 777-6462 | AIR QUALITY<br>(307) 777-7391<br>FAX 777-5616 | INDUSTRIAL SITING<br>(307) 777-7369<br>FAX 777-5973 | LAND QUALITY<br>(307) 777-7756<br>FAX 777-5864 | SOLID & HAZ. WASTE<br>(307) 777-7752<br>FAX 777-5973 | WATER QUALITY<br>(307) 777-7781<br>FAX 777-5973 |
|--|---|---|---|--|--|---|



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

**IN THE MATTER OF THE NOTICE OF VIOLATION  
ISSUED TO WARRIOR ENERGY HOLDINGS, INC.  
MR. JAMES G. HOHENSTEIN,  
633 17<sup>TH</sup> STREET, SUITE 1970  
DENVER, COLORADO 80202**

)  
) **DOCKET NO. 4441-09**  
)  
)

**NOTICE OF VIOLATION**

**NOTICE IS HEREBY GIVEN THAT:**

1. The Department of Environmental Quality, Division of Air Quality, has found Warrior Energy Holdings, Inc. to be in violation of permits CT-4354 and CT-4370 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 Strike 9-18E and Strike 15-8E gas/condensate production facilities located in Sweetwater 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-4354 was issued to EOG Resources Inc. on July 31, 2006. Permit CT-4370 was issued to EOG Resources, Inc. on August 18, 2006. On August 11, 2008 ownership and responsibility for these two facilities transferred to Warrior Energy Holdings, Inc. Condition 7 of both permits state:

"EOG Resources, Inc. shall maintain and operate the smokeless combustion device during all periods of active well site operation such that it remains effective as a viable control device...."

5. On August 30, 2008, Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed that combustors on both Strike 9-18E and Strike 15-8E were inoperable (not lit).

6. Said violations consist of:

a. The failure to maintain and operate the combustor at Strike 9-18E during periods of active well site operations in violation of condition 7 of permit CT-4354, and

b. The failure to maintain and operate the combustor at Strike 15-8E during periods of active well site operations in violation of condition 7 of permit CT-4370.

Warrior Energy Holdings Inc.

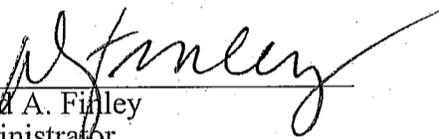
Notice of Violation

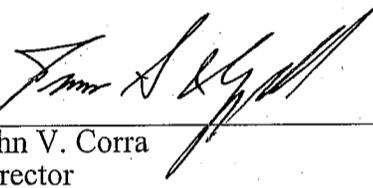
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7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the 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 26 day of February, 2009.

  
\_\_\_\_\_  
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.)