



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

December 15, 2009

Ms. Lisa Norton
Environmental Division
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Re: Notice of Violation

Dear Ms. Norton:

Enclosed you will find a Notice of Violation (NOV) issued to Yates Petroleum Corporation by the Department of Environmental Quality, Air Quality Division for the failure to obtain a construction permit prior to commencing construction and operation of four 400 bbl condensate tanks at the Hi-Line #9 Injection Facility located in Sweetwater County, Wyoming. These violations were discovered during an inspection of the facility conducted on July 13, 2009.

As the Department and this Division consider the failure to comply with air quality regulatory 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: Robert Gill
Nancy Vehr
Tony Hoyt
Keith Guille



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

**IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO YATES PETROLEUM CORPORATION)
MS. LISA NORTON,)
ENVIRONMENTAL DIVISION DIRECTOR,)
105 SOUTH FOURTH STREET)
ARTESIA, NM 88210)**

DOCKET NO. 4613-09

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Yates Petroleum Corporation (Yates) 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 four 400 bbl condensate tanks at the Hi-Line #9 Injection Facility 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."

6. During the inspection of the Hi-Line #9 Injection Facility conducted July 13, 2009, Mr. Nick Czarnecki, Air Quality Engineer noted that four 400 bbl condensate tanks were installed and commenced operation at the Hi-Line SWD #9 Injection Facility. The Air Quality Division's document review further determined that the four 400 bbl condensate tanks were constructed without a valid permit.

7. Said violations consists of the failure to obtain a construction permit prior to commencing construction of the four 400 bbl condensate tanks at the Hi-Line SWD #9 Injection Facility in violation of W.S. 35-11-801 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.

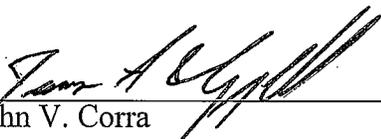
9. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any case of the failure to correct or remedy an alleged violation, the Director of the Department of

Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible.

DATED this 22nd day of December, 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.)