



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 11, 2010

Mr. Sheldon Waeger
Manager of Production Services
Continental Resources, Inc.
PO BOX 1032
Enid, OK 73702

RE: Notice of Violation

Dear Mr. Sheldon Waeger:

Enclosed you will find a Notice of Violation (NOV) issued to Continental Resources, Inc. by the Department of Environmental Quality, Air Quality Division, for violations of permit requirements at the following production batteries: CCEU E, CCEU W, Caldwell and Toman located in Washakie County, Wyoming. The NOV was issued for the failure to: 1) flare overhead gas from heater-treaters at production batteries, and 2) maintain and operate flares during all periods of active site operation such that the flare remains effective as a viable emissions control device as required by conditions 4 and 5 of permit CT-1502.

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. Binley
Administrator
Air Quality Division

cc: Robert Gill
Greg Meeker
Nancy Vehr
Keith Guille



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

**IN THE MATTER OF THE NOTICE OF VIOLATION
ISSUED TO CONTINENTAL RESOURCES INC,
MR. SHELDON WAEGER,
MANAGER OF PRODUCTION SERVICES
PO BOX 1032
ENID, OK 73702**

DOCKET NO. 4650-10

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Continental Resources Inc. to be in violation of permit CT-1502 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 production batteries located in Washakie 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-1502 was issued to Continental Resources, Inc. on March 18, 1999. Conditions 4 and 5 require that overhead gas be routed to a flare and the flare be operated during all periods of operation.

Condition 4 of permit CT-1502 states:

"Overhead gas from heater-treaters at the production batteries listed in Table 1 of this permit shall continue to be flared to control VOC emissions and to ensure emissions of H₂S do not exceed ambient standards as described in WAQSR Section 7."

Condition 5 of this permit states:

"Continental Resources, Inc. shall maintain and operate the flares during all periods of active site operation such that the flares remain effective as a viable emissions control device. The flares shall be equipped and operated with an automatic ignitor or a continuous burning pilot which must be maintained in good working order..."

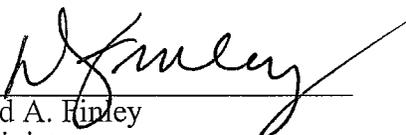
5. On October 16, 2009, Mr. John Walker, Air Quality Division Engineer, conducted inspections of CCEU E, CCEU W, Caldwell and Tolman Production Batteries and noted that overhead gas from the heater-treaters was routed to the water and oil tanks and vented. It was also noted that no flare was located at the CCEU E, CCEU W and Tolman Batteries. A small flare was located at the Caldwell Battery, but it did not have an igniter and did not appear functional. These are violations of conditions 4 and 5 of permit CT-1502.

6. Said violations consist of the failure to: 1) flare overhead gas from heater-treaters at production batteries and 2) maintain and operate flares during all periods of active site operation such that the flares remain effective as a viable emissions control device as required by conditions 4 and 5 of permit CT-1502.

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 25 day of Feb, 2010.



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.)