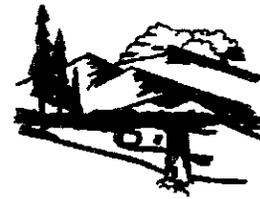




Department of Environmental Quality



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 29, 2010

Mr. Kirk Steinle
Environmental & Regulatory Compliance
BP America Production Company
P.O. BOX 157
Wamsutter, WY 82336

RE: Notice of Violation

Dear Mr. Steinle:

Enclosed you will find a Notice of Violation (NOV) issued to BP America Production Company by the Department of Environmental Quality, Air Quality Division, for failing to comply with permit requirements to control VOC emissions and not routing vapors from the condensate tanks to combustion devices for the Coal Bank 17-1,2,3,4 PAD and Coal Bank 21-3,4,5 PAD located in Carbon County, Wyoming and for the Frewen 19-04 facility located in Sweetwater County, Wyoming. These are violations of permits CT-1346, CT-1414 and CT-2935.

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,

Steven A. Dietrich
Administrator
Air Quality Division

cc: Robert Gill
Chris Hanify
Nancy Vehr
Keith Guille
Tony Hoyt



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

IN THE MATTER OF THE NOTICE OF VIOLATION)	
ISSUED TO BP AMERICA PRODUCTION COMPANY)	DOCKET NO. 4741-10
MR. KIRK STEINLE,)	
ENVIRONMENTAL & REGULATORY COMPLIANCE)	
PO BOX 157)	
WAMSUTTER, WY 82336)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found BP America Production Company, to be in violation of permits CT-1346, CT-1414 and CT-2935 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 Coal Bank #21-3,4,5 PAD, Coal Bank 17-PAD, located in Carbon County, Wyoming and for the Frewen 19-04 facility located in Sweetwater Sublette 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-1346 was issued to Amoco Production Company on February 3, 1998. This permit then underwent a name change to BP America Production Company on September 8, 2010. Condition 4 of permit CT-1346 dictates control of vent vapors from tanks as follows:

"VOC emissions from the two 400 BBL condensate tanks shall be controlled by a smokeless combustion chamber until such time that uncontrolled VOC emissions from the tank are below 15 tons per year. Approval from the Division shall be required prior to removing the control device."

5. Permit CT-1414 was issued to Amoco Production Company on September 23, 1998. This permit then underwent a name change to BP America Production Company on September 8, 2010. Condition 4 of permit CT-1414 dictates control of vent vapors from tanks as follows:

"VOC emissions from the 400 barrel condensate storage tanks shall be controlled by a smokeless combustion chamber, at least until such time the total amount of uncontrolled VOC emissions from the tanks is below 15 tons per year. Approval from the Division shall be required prior to removing the control device."

6. Permit CT-2935 was issued to BP America Production Company on July 30, 2002. Condition 5 of permit CT-2935 dictates control of vent vapors from tanks as follows:

"Vapors from the 400-barrel condensate storage tank shall be routed to a smokeless combustion

device for 98 percent control of VOC emissions for at least one year following the date of installation of the control device, after which time the control may be removed provided it can be demonstrated that the previous 30-day, uncontrolled, annualized VOC emission rate is less than 30 tons per year. No prior authorization or permit modification is required by the Division for control device removal, however, the applicant must notify the Division of removal date and certify the uncontrolled emission rate, including method of calculation, within 30-days of removal.”

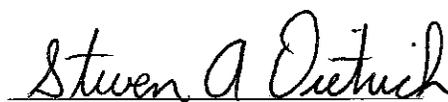
7. In a letter from BP America Production Company dated August 30, 2010, the company disclosed that Smokeless Combustion Chambers (SCCs) were removed when the 30 day annualized uncontrolled VOC emission rate exceeded the SCC permit removal threshold. Specifically, the following facilities 1) Coal Bank 17-1,2,3,4 PAD had a 30 day annualized uncontrolled VOC emission rate of 48.04 tons per year while the SCC permit removal threshold was 15 tons per year, 2) Coal Bank 21-3,4,5 PAD had a 30 day annualized uncontrolled VOC emission rate of 39.84 tons per year while the SCC permit removal threshold was 15 tons per year and 3) Frewen 19-04 facility had a 30 day annualized uncontrolled VOC emission rate of 46.06 tons per year while the SCC permit removal threshold was 30 tons per year. The operation of these facilities without SCCs constitutes violations of permits CT-1346, CT-1414 and CT-2935.

8. Said violations consist of failing to control VOC emissions and not routing vapors from the condensate tanks to combustion devices at the Coal Bank 17-1,2,3,4 PAD, Coal Bank 21-3,4,5 PAD and Frewen 19-04 facility.

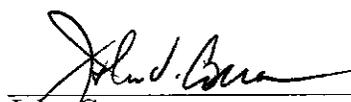
9. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental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

10. 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 29th day of SEPTEMBER, 2010.



Steven A. Dietrich
Administrator
Air Quality Division



John Corra
Director
Department of Environmental Quality

Please direct all inquiries to Steven A. Dietrich, Administrator, Division of Air Quality, Department of Environmental Quality, Herschler Building, 2nd Floor, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)