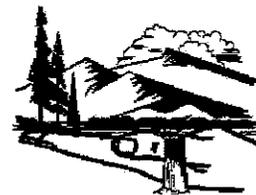




# Department of Environmental Quality

*To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.*



Matthew H. Mead, Governor

John Corra, Director

March 22, 2011

Ms. Arlene Valliquette  
Land Regulatory Manager  
Merit Energy Company  
13727 Noel Road  
Dallas, TX 75251

RE: Notice of Violation

Dear Ms. Valliquette:

Enclosed you will find a Notice of Violation (NOV) issued to the Merit Energy Company by the Department of Environmental Quality, Air Quality Division, for failing to control VOC and HAP emissions from the glycol dehydration unit as required by permit MD-1046A. This violation of permit MD-1046A was observed by Mr. Jeff Hancock on January 4, 2011.

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,

Steven A. Dietrich  
Administrator  
Air Quality Division

cc: Robert Gill  
Chris Hanify  
Nancy Vehr  
Keith Guille



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

**IN THE MATTER OF THE NOTICE OF VIOLATION )  
ISSUED TO MERIT ENERGY COMPANY, ) DOCKET NO. 4818-11  
MS. ARLENE VALLIQUETTE, )  
LAND REGULATORY MANAGER, )  
13727 NOEL ROAD, DALLAS TEXAS 75251 )**

**NOTICE OF VIOLATION**

**NOTICE IS HEREBY GIVEN THAT:**

1. The Department of Environmental Quality, Division of Air Quality, has found Merit Energy Company to be in violation of permit MD-1046A 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 in the operation of the Sand Dunes Muddy Unit (SDMU) located in Converse 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 MD-1046A was issued to Merit Energy Company on September 20, 2007. Condition 13 of permit MD-1046A states: "Process equipment, including the vapor recovery unit and all vent lines, connections, fittings, valves, relief valves, hatches or any other appurtenance employed to contain and eliminate vapors and transport them to the process equipment, shall be maintained and operated during any time the facility is producing such that the emissions are eliminated at all times. Records shall be maintained noting dates and durations of times during such operation when any VOC or HAP containment and collection equipment is not functioning to eliminate emissions as described in the application for this permit..."

5. On January 4, 2011, Mr. Jeff Hancock, Air Quality Division Inspector, noted steam coming from the dehydrator building. Further inspection revealed that a check valve on the top of the overhead still was leaking. Therefore, not all the gas was going to the flare. This is a direct violation of Condition 13 of permit MD-1046A.

6. Said violations consist of failing to control VOC and HAP emissions from the glycol dehydration unit as required by permit MD-1046A.

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.

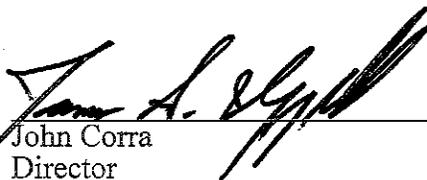
Merit Energy Company  
Notice of Violation  
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8. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any case of the failure to correct or remedy an alleged violation, the Director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible.

DATED this 23<sup>rd</sup> day of MARCH, 2011.



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.)