



# 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

May 13, 2011

Mr. Ronnie K. Irani  
Chief Executive Officer/President  
RKI Exploration & Production, LLC  
3817 NW Expressway, Suite 950  
Oklahoma City, Oklahoma 73116

RE: Notice of Violation

Dear Mr. Irani:

Enclosed is a Notice of Violation issued to RKI Exploration & Production, LLC for failing to obtain a construction permit prior to constructing and operating the GW Ranch 1-02H oil and gas production site located in Laramie County, Wyoming. This violation was discovered during an inspection of this facility on April 1, 2011 conducted by Mr. Glenn Spangler and Mr. Thor Nordwick, Air Quality Division Engineers. During the inspection, it was noted that produced gas was continuously venting from an open ended pipe on the heater to the atmosphere and a follow-up file review indicated that a permit application has not been filed with the Air Quality Division. By failing to control emissions and submit a permit application for the GW Ranch 1-02H facility, RKI Exploration & Production, LLC has not followed the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance and is in direct violation of the construction permitting requirements of Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

As the Department and this Division consider the failure to comply with air quality permitting 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,

Steven A. Dietrich  
Administrator  
Air Quality Division

cc: Bob Gill, Glenn Spangler, Cynthia Madison, Nancy Vehr



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

<b>IN THE MATTER OF THE NOTICE OF VIOLATION</b>	)	
<b>ISSUED TO RKI EXPLORATION &amp; PRODUCTION, LLC</b>	)	<b>DOCKET NO. 4839-11</b>
<b>MR. RONNIE K. IRANI,</b>	)	
<b>CHIEF EXECUTIVE OFFICER/PRESIDENT</b>	)	
<b>3817 NW EXPRESSWAY, SUITE 950</b>	)	
<b>OKLAHOMA CITY, OKLAHOMA 73116</b>	)	

**NOTICE OF VIOLATION**

**NOTICE IS HEREBY GIVEN THAT:**

1. The Department of Environmental Quality, Division of Air Quality, has found RKI Exploration & Production, LLC 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 the wet gas/condensate production facility GW Ranch 1-02H located in Laramie 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."

5. The Air Quality Division issued Chapter 6, Section 2 permitting guidance for Oil and Gas Production Facilities in June 1997 with revisions in November 1998, January 2000, August 2001, August 2007 and March 2010 and a revision related to the Jonah/Pinedale area operations dated July 2004. This guidance was developed to familiarize oil and gas production facilities with the Wyoming air quality regulations and to provide guidance to these facilities on what the Air Quality Division would accept as meeting the intent of Wyoming's regulatory requirement to obtain a construction permit prior to the construction or operation of new air emission sources (Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations). Companies may follow the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance, or must, prior to construction of a new air emission source, obtain a Chapter 6, Section 2 permit. The Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance, requires facilities to control VOC emissions from storage tanks, separation vessels, etc. within 60-days of the first date of production and to submit a permit application within 90-days after the first date of production for a new facility.

6. On April 1, 2011, Mr. Glenn Spangler and Mr. Thor Nordwick, Air Quality Division Engineers, observed produced gas continuously venting from an open ended pipe on the heater to the atmosphere. A review of the permit application files also indicated that RKI Exploration &

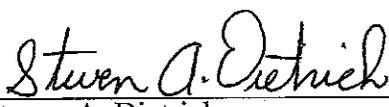
Production, LLC has not filed a permit application for this facility. In accordance with the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance, emissions from all separation vessels (e.g. gun barrels, production and test separators, production and test treaters, water knockouts, gas boots, flash separators, drip pots, etc.) at a facility which are or may be vented to atmosphere shall within 60-days of the first date of production be controlled by at least 98%, not vented through the open ended pipe on the heater treater. Also, a permit application must be filed with the Air Quality Division within 90-days of the first date of production. By failing to control emissions from the facility and failing to submit a permit application, RKI Exploration & Production, LLC has not followed the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance and is in direct violation of the construction permitting requirements of Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

7. Said violation consists of the failure to obtain a construction permit prior to constructing and operating the facility GW Ranch 1-02H, in violation of W.S. 35-11-801(c) 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 13<sup>th</sup> day of MAY, 2011.

  
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Steven A. Dietrich  
Administrator  
Air Quality Division

  
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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.)