



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

July 12, 2011

Mr. H. James Sewell
Staff Environmental Engineer
Shell Western Exploration & Production, Inc. LP
4582 S. Ulster Street Parkway, Suite 500
Denver, CO 80237

RE: Notice of Violation

Dear Mr. Sewell:

Enclosed you will find a Notice of Violation (NOV) issued to Shell Western Exploration & Production, Inc. LP by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirement for routing vapors from condensate tanks to combustion devices for the Rainbow 32 PAD and Rainbow 7-31 PAD located in Sublette County, Wyoming. These violations of permits MD-1365 and MD-6164 were observed by Ms. Jennifer Frazier on May 13, 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
Jennifer Frazier
Tony Hoyt
Nancy Vehr
Keith Guille



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

IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO SHELL WESTERN EXPLORATION & PRODUCTION) **DOCKET No. 4861-11**
MR. H. JAMES SEWELL,)
STAFF ENVIRONMENTAL ENGINEER,)
4580 SOUTH ULSTER STREET PARKWAY, SUITE 500)
DENVER, COLORADO 80237)

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Shell Western Exploration & Production Inc. LP to be in violation of permits MD-1365 and MD-6164 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 Rainbow 32A PAD and Rainbow 7-31 PAD located in 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 MD-1365 was issued on May 2, 2006. Condition 7 requires that vapors from the five 200-barrel condensate storage tanks, including the LP separator flash, tank flash and S/W/B vapors, shall be routed to a combustion device to reduce mass content of VOCs in the LP separator flash, tank flash and S/W/B vapors vented to the device by at least ninety-eight percent (98%).

5. Permit MD-6164 was issued on October 16, 2007. Condition 7 requires the vapors from the two 400-barrel condensate tanks, including tank flash and S/W/B vapors, shall be routed to a combustion device to reduce the mass content of VOCs and HAPs in the tank vapors vented to the device by at least ninety-eight (98%) percent. Condition 10 requires that emission control equipment, including the VOC and HAP emission control systems or devices, reboiler overheads condensers and all vent lines, connections, fittings, valves, relief valves, hatches or any other appurtenance employed to contain and collect vapors and transport them to the emission control system or device, shall be maintained and operated during any time the wells are producing such that emissions are controlled at all times.

6. On May 13, 2011, Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed venting vapors from leaking thief hatches at both facilities. These are violations of condition 7 of permit MD-1365 and conditions 7 & 10 of permit MD-6164.

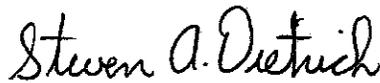
7. Said violation consists of the failure to route vapors from condensate tanks to combustion devices at the Rainbow 32A PAD and Rainbow 7-31 PAD located in Sublette County, Wyoming.

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.

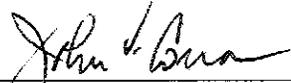
Shell Western Exploration & Production, Inc. LP
Notice of Violation
Page 2

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 12th day of JULY, 2011.



Steven A. Dietrich
Administrator
Air Quality Division



John V. 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.)