



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 12, 2012

Mr. Rick McLaughlin
Production Engineer
Helis Oil and Gas Company, LLC
100 N. 27th Street, Suite 255
Billings, MT 59101

RE: Notice of Violation

Dear Mr. McLaughlin,

Enclosed you will find a Notice of Violation (NOV) issued to Helis Oil and Gas Company, LLC for the Hornbuckle 1-11H production facility in Converse County, Wyoming by the Department of Environmental Quality, Air Quality Division, for: 1) the installation and operation of a 190-hp Waukesha F817G pumping unit engine without a permit and without controls and 2) the failure to obtain a construction permit prior to constructing and operating the Hornbuckle 1-11H production facility, 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.

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: Robert Gill
Tanner Shatto
Nancy Vehr
Keith Guille



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

IN THE MATTER OF THE NOTICE OF VIOLATION)	
ISSUED TO HELIS OIL AND GAS COMPANY, LLC)	DOCKET NO. 4971-12
MR. RICK MCLAUGHLIN,)	
PRODUCTION ENGINEER,)	
100 N. 27TH STREET, SUITE 255)	
BILLINGS, MONTANA 59101)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Helis Oil and Gas Company, 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 Hornbuckle 1-11H located in Converse 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. On February 8, 2012, the Air Quality Division conducted the Permit Application Analysis for the Hornbuckle 1-11H production facility. During the analysis process it was found that a 190-hp Waukesha F817G pumping unit engine was installed without a permit and without controls 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.

6. The Air Quality Division issued Chapter 6, Section 2 permitting guidance for Oil and Gas Production Facilities in June 1997 with a revision in November 1998, a revision in January 2000, a revision in August 2001, and a revision related to the Jonah/Pinedale area operations dated July 2004, a revision in August 2007 and a revision in March 2010. 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 BACT for Flashing Emissions within C6 S2 Oil and Gas

Production Facilities Permitting Guidance, March, 2010, states for new facilities, "Within 60-days of the First Date of Production (FDOP), flashing emissions containing greater than or equal to 10 TPY VOC shall be controlled by at least 98%."

7. On February 8, 2012, the Air Quality Division conducted the Permit Application Analysis for the Hornbuckle 1-11H production facility. It was found that Helis Oil and Gas vented emissions and did not install controls within the 60-day requirement of the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance (March 2010). By failing to control emissions from the Hornbuckle 1-11H production facility, Helis Oil and Gas Company, LLC did not follow 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.

8. Said violations consist of 1) the installation and operation of a 190-hp Waukesha F817G pumping unit engine without a permit and without controls and 2) the failure to obtain a construction permit prior to constructing and operating the Hornbuckle 1-11H production facility, 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.

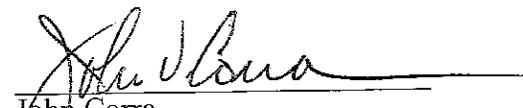
9. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental 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 12th day of MARCH, 2012.



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.)