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 14, 2012

Mr. Tracy Butzen
Samson Oil and Gas USA Inc.
1331 17th Street, Suite 710
Denver, CO 80202

RE: Notice of Violation

Dear Mr. Butzen:

Enclosed you will find a Notice of Violation (NOV) issued to Samson Oil and Gas USA Inc. by the Department of Environmental Quality, Air Quality Division, for the failure to obtain an air quality permit prior to commencing construction/installation of the 157 hp Caterpillar 4.4 ACERT TA engine (S/N: E5M00480) located at the Defender US 33-#2-29H well in Goshen County Wyoming in violation of W.S. 35-11-801 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 J. 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

Steven A. Dietrich
Administrator
Air Quality Division

cc: Robert Gill
Glenn Spangler
Nancy Vehr
Keith Guille

BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF VIOLATION	)	
ISSUED TO SAMSON OIL AND GAS USA INC.,	)	**DOCKET NO. 4975-12**
MR. TRACY BUTZEN,	)	
1331 17TH STREET, SUITE 710,	)	
DENVER, CO 80202	)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Samson Oil and Gas USA Inc. 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 of the 157 hp Caterpillar 4.4 ACERT TA engine (S/N: E5M00480) located at the Defender US 33-#2-29H well in Goshen 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. A permit application for the Defender US 33-#2-29H well was received by the Division on February 16, 2012. During communication between the Division and Samson Oil and Gas USA Inc., it was discovered that Samson installed a 157 hp Caterpillar 4.4 ACERT TA engine (S/N: E5M00480) and had not obtained a permit prior to construction/installation of the engine.

6. Said violation consists of the failure to obtain an air quality permit prior to commencing construction/installation of the 157 hp Caterpillar 4.4 ACERT TA engine in violation of W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

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.

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 14th day of MARCH, 2012.

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.)