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 8, 2012

Mr. Kevin Matthews
Fidelity Exploration & Production Company
1700 Lincoln Street, Suite 2800
Denver, CO 80203

RE: Notice of Violation

Dear Mr. Matthews:

Enclosed you will find a Notice of Violation (NOV) issued to Fidelity Exploration & Production Company by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirement to route vapors to the combustion device at the Latham Draw Federal 41-26 production facility located in Sweetwater County, Wyoming. This violation of permit CT-8988 was observed by Mr. Jeff Wendt on April 26, 2012.

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

Steven A. Dietrich
Administrator
Air Quality Division

cc: Robert Gill
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 FIDELITY EXPLORATION & PRODUCTION CO.,	) **DOCKET NO. 4995-12**
MR. KEVIN MATTEWS,	)
1700 LINCOLN STREET, SUITE 2800,	)
DENVER, COLORADO 80203	)

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Fidelity Exploration & Production Company to be in violation of permit CT-8988 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 Latham Draw Federal 41-26 production facility located in Sweetwater 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 CT-8988 was issued for the Latham Draw Federal 41-26 production facility to EnCana Oil & Gas (USA) on May 15, 2009. This facility was then acquired by Fidelity Exploration & Production Company on June 4, 2010. Condition 9 requires vapors to be controlled as follows:

Condition 9:

> "Emission control equipment, including the VOC and HAP emission control system or device, 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 the emissions are controlled at all times."

5. On April 26, 2012, Mr. Jeff Wendt, Air Quality Division Engineer, observed venting vapors from a fully open Enardo valve on the condensate tank. Not routing vapors from the condensate tank to the combustion device is a violation of condition 9 of permit CT-8988.

6. Said violation consists of failing to route vapors from the condensate tanks to the combustion device in violation of permit CT-8988.

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 8th day of MAY, 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.)