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

Todd Parfitt, Director

January 9, 2013

Ms. Lisa Norton
Environmental Division Director
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

RE: Notice of Violation

Dear Ms. Norton:

Enclosed you will find a Notice of Violation (NOV) issued to Yates Petroleum Corporation by the Department of Environmental Quality, Air Quality Division, for failing to comply with permit requirements for routing vapors to the emission control device and venting vapors at the Blue Rim State #9, #11 Production Facility and the Blue Rim State 15 PAD Facility, located in Sublette County, Wyoming. These are violations of permits MD-10131 and MD-12083. These violations were observed by Ms. Jennifer Frazier on October 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 307-777-3774 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 YATES PETROLEUM CORPORATION,	)	**DOCKET NO. 5104-13**
MS. LISA NORTON,	)	
ENVIRONMENTAL DIVISION DIRECTOR	)	
105 SOUTH FOURTH STREET	)	
ARTESIA, NM 88210	)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Yates Petroleum Corporation to be in violation of permits MD-10131 and MD-12083 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 Blue Rim State #9, #11 Production Facility and the Blue Rim State 15 PAD Facility, both 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-10131 was issued to Yates Petroleum Corporation on April 29, 2010 for the Blue Rim State #9, #11 Production Facility. Permit MD-10131 dictates control of vent vapors through condition 17 as follows:

Condition 17 states:

> "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 the emissions are controlled at all times…"

5. On October 26, 2012, Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed venting vapors from the thief hatch on the last condensate tank on the right as ascending the catwalk. Venting vapors and not routing vapors to the emission control device are violations of condition 17 of permit MD-10131.

6. Permit MD-12083 was issued to Yates Petroleum Corporation on December 6, 2011 for the Blue Rim State 15 PAD Facility. Permit MD-12083 dictates control of vapors from produced water tanks through condition 13 as follows:

Condition 13 states:

> "Vapors from all condensate tanks and all active produced water tanks, including tank flash and S/W/B vapors, shall be routed to the combustion device..."

7. On October 26, 2012, Mr. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed venting vapors from two open top produced water tanks. Venting vapors and not routing vapors to the emission control device are violations of condition 13 of permit MD-12083.

8. Said violations consist of venting vapors and not routing vapors to the emission control devices at the Blue Rim State #9, #11 Production Facility and the Blue Rim State 15 PAD Facility located in Sublette County, Wyoming. These are violations of permits MD-10131 and MD-12083.

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 9th day of JANUARY, 2013.

Steven A. Dietrich
Administrator
Air Quality Division

Todd Parfitt
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.)