



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

September 12, 2013

Mr. Jeffrey L. Ingerson
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154-0496

RE: Notice of Violation

Dear Mr. Ingerson:

Enclosed you will find a Notice of Violation (NOV) issued to Chesapeake Operating, Inc. 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 Smith Creek Unit 32-70 8-2H facility, located in Converse County, Wyoming. These are violations of permit CT-14063. These violations were observed by Mr. Chris Hanify on August 1, 2013.

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: Karen Godman
Chris Hanify
Jeremiah Williamson
Keith Guille



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

IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO CHESAPEAKE OPERATING, INC.) DOCKET NO. 5188-13
MR. JEFFREY L. INGERSON)
PO BOX 18496)
OKLAHOMA CITY, OK 73154-0496)

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Chesapeake Operating, Inc. to be in violation of permit CT-14063. This permit was 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 for the Smith Creek Unit 32-70 8-2H facility located in Converse 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-14063 was issued to Chesapeake Operating, Inc. on February 25, 2013 for the Smith Creek Unit 32-70 8-2H facility. Conditions 12 and 17 require control of emissions as follows:

Condition 12: "Vapors from all oil tanks, all active produced water tanks and all truck loading operations, including tank flash and S/W/B vapors, shall be routed to the combustion device ..."

Condition 17: "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 well is producing such that the emissions are controlled at all times..."

5. On August 1, 2013, Mr. Chris Hanify, Air Quality Division Engineer/Inspector, observed that two combustors were not working. Subsequent information provided by Chesapeake Operating, Inc. noted venting of approximately 1.24 tons of VOCs. Venting vapors and not routing vapors to an emission control device are violations of conditions 12 and 17 of permit CT-14063.

6. Said violations consist of venting vapors and not routing vapors to the emission control devices at the Smith Creek Unit 32-70 8-2H facility located in Converse County, Wyoming. Venting vapors and not routing vapors to control devices are violations of permit CT-14063.

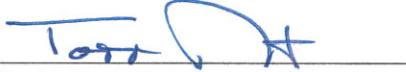
7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental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