



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

May 14, 2014

Mr. Kent Edney
President
Nextraction Energy Corporation
254-250 6th Ave. SW
P.O. Box 20004 Bow Valley
Calgary, Alberta, T3K 5E9
Canada

RE: Notice of Violation

Dear Mr. Edney:

Enclosed you will find a Notice of Violation (NOV) issued to Nextraction Energy Corporation by the Department of Environmental Quality, Air Quality Division, for failing to comply with permit requirements for operating emission controls, notifying the Division of installation of additional equipment, and installation of pneumatic pumps rather than the permitted electric pumps at the Noble 6-24 facility, located in Sublette County, Wyoming. These are violations of permit CT-10646. These violations were observed by Ms. Brandi O'Brien and Ms. Jamie Brewer on February 28 and April 25, 2014, respectively.

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 Ann Shed, 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 Ann Shed.

Sincerely,

Steven A. Dietrich
Administrator
Air Quality Division

cc: Fred Di Lella, Tony Hoyt, Ann Shed, Jamie Brewer, Elizabeth Lyon, Keith Guille



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

IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO NEXTRACTION ENERGY CORPORATION.) DOCKET NO. 5417-14
MR. KENT EDNEY, PRESIDENT,)
254-250 6TH AVE. SW)
P.O. BOX 20004 BOW VALLEY)
CALGARY, ALBERTA, T3K 5E9)
CANADA)

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Nextraction Energy Corporation (Nextraction) to be in violation of permit CT-10646 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 in the operation of the Noble 6-24 well site located in Sublette County, Wyoming.

2. W.S. 35-11-801 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-10646 was issued to Nextraction on November 30, 2011. Condition 14 states:

"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 February 28, 2014 & April 25, 2014, Air Quality Engineers, Ms. Brandi O'Brien and Ms. Jamie Brewer, respectively, conducted inspections of the facility. On both occasions, the engineers noted that no emission control systems or devices were in use. Neither of the combustors were lit, therefore emissions from the tanks and dehydration unit were not being controlled. During the April 25, 2014 inspection, Ms. Brewer further noted tank emissions due to venting from the Enardo valve and the leaking check valve. Based on this information, Nextraction is in violation of condition 14 of permit CT-10646.

6. Permit CT-10646 was issued to Nextraction on November 30, 2011. Condition 11 states:

"Vapors from the condensate tanks, including tank flash and S/W/B vapors, shall be routed to the vapor recovery unit to eliminate VOC and HAP emissions..."

7. On April 25, 2014, Air Quality Engineer, Ms. Jamie Brewer conducted an inspection of the facility. At this time, Ms. Brewer noted that there was no vapor recovery unit on site. Based on this information, Nextraction is in violation of condition 11 of permit CT-10646.

8. Permit CT-10646 was issued to Nextraction on November 30, 2011. Condition 16 states:

“Nextraction Energy Corporation shall provide notification to the Division of additional equipment or emissions and provide certification of control and monitoring installation dates, on the appropriate form provided by the Division. (Form AQD-Pinedale 1, currently available on the DEQ website). When modifying this facility, Nextraction Energy Corporation shall follow the emission control, reporting and monitoring requirements under the active guidance at the time of modification.”

9. On April 25, 2014, Air Quality Engineer, Ms. Jamie Brewer conducted an inspection of the facility. At this time, Ms. Brewer noted that Nextraction had an additional 0.085 MMBtu/hr indirect heater operating at this location. Based on this information, Nextraction is in violation of condition 16 of permit CT-10646.

10. Permit CT-10646 was issued to Nextraction on November 30, 2011. Condition 19 states:

“The heat trace pump and Kimray Model 4015 PV glycol circulation pump shall be electric driven.”

11. On April 25, 2014, Air Quality Engineer, Ms. Jamie Brewer conducted an inspection of the facility. At this time, Ms. Brewer noted that both the heat trace pump and the glycol circulation pump were pneumatic, not electric. Based on this information, Nextraction is in violation of condition 19 of permit CT-10646.

12. Said violations consists of: 1) failing to operate emission control equipment , 2) failing to notify the Division of the installation of additional equipment, 3) installing pneumatic pumps rather than the permitted electric driven heat trace pump and glycol circulation pump.

13. 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.

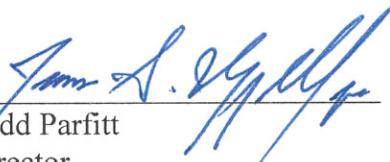
14. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any case of the failure to correct or remedy an alleged violation, the Director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible.

Nextraction Energy Corporation
Notice of Violation, Docket # 5417-14
Page 3

DATED this 16th day of MAY, 2014.



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 East, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)