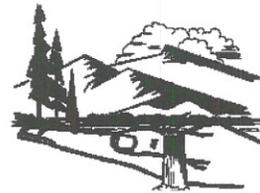




Department of Environmental Quality

*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 21, 2014

Mr. Mike W. Taylor
Lone Star Land & Energy II, LLC
2300 Highland Village Road, Suite 400
Highland Village, TX 75077

RE: Notice of Violation

Dear Mr. Taylor:

Enclosed you will find a Notice of Violation (NOV) issued to Lone Star Land & Energy II, LLC by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirements for NOx and CO emission limits and initial performance testing at the State 15-65-8-1H facility located in Laramie County, Wyoming. These violations of permit CT-12707 were observed by Ms. Carla Mlinar on May 17, 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. 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 Ms. Ann Shed.

Sincerely,

Steven A. Dietrich
Administrator
Air Quality Division

cc: Fred Di Lella
Ann Shed
Glenn Spangler
Elizabeth Lyon
Keith Guille



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

**IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO LONE STAR LAND & ENERGY II, LLC) DOCKET NO. 5422-14
MR. MIKE W. TAYLOR, PRINCIPAL)
2300 HIGHLAND VILLAGE ROAD, SUITE 400)
HIGHLAND VILLAGE, TX 75077)**

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Lone Star Land and Energy II, LLC to be in violation of permit CT-12707 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 State 15-65-8-1H facility located in Laramie 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-12707 was issued to Lone Star Land and Energy II, LLC on March 19, 2012. Condition 15 states:

"The Arrow A54 engine shall be limited to the values in the following table:"

Engine	NO _x			CO		
	g/hp-hr	lb/hr	tpy	g/hp-hr	lb/hr	tpy
Arrow A54	1.0	0.2	0.7	1.0	0.2	0.7

5. On May 17, 2013 Ms. Carla Mlinar, Air Quality Division Engineer/Inspector, conducted an inspection of the facility. During the inspection, Ms. Mlinar was verbally informed that the Arrow A54 engine failed emission testing. Test values for NO_x and CO were not reported to the Division.
6. Permit CT-12707 was issued to Lone Star Land and Energy II, LLC on March 19, 2012. Condition 17(ii) states:

"The Air Quality Division shall be notified within twenty-four (24) hours of any engine where the testing/monitoring required by (i) of this condition shows operation outside the permitted emission limits. By no later than seven (7) calendar days of such testing/monitoring event, the owner or operator shall repair and retest/monitor the affected engine to demonstrate that the engine has been returned to operation within the permitted emission limits. Compliance with this permit condition regarding repair and retesting/monitoring shall not be deemed to limit the authority of the Air Quality Division to cite the owner or operator for an exceedance of the permitted emission limits for any testing/monitoring required by (i) of this condition which shows noncompliance."
7. Initial performance tests were conducted May 7, 2013 and failed. Ms. Carla Mlinar was notified verbally of the failed testing during the May 17, 2013 inspection. Retesting for the initial performance tests was conducted September 2, 2013. The results of the retest were reviewed by the Division and accepted.
8. Said violations consists of: 1) failed initial performance tests; 2) failure to retest within the permitted time frame at the State 15-65-8-1H facility. These are violations of conditions 15 and 17 of permit CT-12707.
7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the

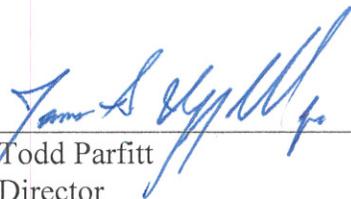
Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental Quality Act] ... is subject to a penalty not to exceed ten thousand dollars (\$10,000.00) 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 19th 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, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)