



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 24, 2014

Mr. Benjamin J. Davis
Regulatory & Operations Technician
Ballard Petroleum Holdings, LLC
845 12th Street West
Billings, MT 59102

RE: Notice of Violation

Dear Mr. Davis:

Enclosed you will find a Notice of Violation (NOV) issued to Ballard Petroleum Holdings, LLC by the Department of Environmental Quality, Air Quality Division, for failing to obtain a construction permit prior to constructing and operating the Leavitt Federal Trust 21-7TH production facility in Campbell County, Wyoming in violation of W.S. 35-11-801(c) of the Wyoming Environmental Quality Act and Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations. By failing to control emissions from the Leavitt Federal Trust 21-7TH production facility, Ballard Petroleum Holdings, LLC did not follow the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance and is in direct violation of the construction permitting requirements of Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

As the Department and this Division consider the failure to comply with air quality permitting 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 DiLella
Ann Shed
Tanner Shatto
Elizabeth Lyon
Landon Brown



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

**IN THE MATTER OF THE NOTICE OF VIOLATION)
ISSUED TO BALLARD PETROLEUM HOLDINGS, LLC) DOCKET NO. 5458-14
MR. BENJAMIN J. DAVIS,)
REGULATORY & OPERATIONS TECHNICIAN)
845 12TH STREET WEST)
BILLINGS, MT 59102)**

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Ballard Petroleum Holdings, LLC to be in violation of 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 construction and operation of the sweet crude oil and natural gas production facility, Leavitt Federal Trust 21-7TH, located in Campbell County, Wyoming.

2. W.S. 35-11-801(c) states, "A permit to construct is required before the construction or modification of any industrial facility capable of causing or increasing air or water pollution in excess of standards established by the department is commenced."

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. Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations states, "Any person who plans to construct any new facility or source, modify any existing facility or source, or to engage in the use of which may cause the issuance of or an increase in the issuance of air contaminants into the air of this state shall obtain a construction permit from the State of Wyoming, Department of Environmental Quality, before any actual work is begun on the facility."

5. The Air Quality Division issued Chapter 6, Section 2 permitting guidance for Oil and Gas Production Facilities in June 1997 with a revision in November 1998, a revision in January 2000, a revision in August 2001, a revision in August 2007, and a revision in March 2010. This guidance was developed to familiarize oil and gas production facilities with the Wyoming air quality regulations and to provide guidance to these facilities on what the Air Quality Division would accept as meeting the intent of Wyoming's regulatory requirement to obtain a construction permit prior to the construction or operation of new air emission sources (Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations). Companies may follow the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance, or must, prior to construction of a new air emission source, obtain a Chapter 6, Section 2 permit. The BACT for Flashing Emissions within C6 S2 Oil and Gas Production Facilities Permitting Guidance, March, 2010, states, "Total emissions from any facility or source shall not exceed major source levels prior to emission control installation. Major source levels are 10 TPY of any single HAP, 25 TPY of any combination of HAP or 100 TPY of any regulated pollutant. Flash emissions prior to control installation will be determined using approved emission models or methods based on actual reported production and operating conditions. Reported production includes that sold during well completion activities which are reported to WOGCC. Flash emissions are directly proportional to production rates, provided operational parameters remain consistent, so it is acceptable to prorate emissions based on production."

6. On September 5, 2014, the Air Quality Division conducted the Permit Application Analysis for the Leavitt Federal Trust 21-7TH production facility. The application was received approximately one (1) year and three (3) months late. Included in the analysis are the calculations of VOCs emitted prior to control installation using data submitted by Ballard Petroleum Holdings, LLC and E & P Tanks V2.0 software. The VOC emissions were 535.0 tons in 2013. The VOC emissions prior to control installation are above major source and Prevention of Significant Deterioration (PSD) limits of 100 TPY VOC and 250 TPY VOC, respectively. The guidance requires controls be installed prior to the source becoming a major source. By failing to control emissions from the Leavitt Federal Trust 21-7TH production facility, Ballard Petroleum Holdings, LLC has not followed the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance and is in direct violation of the construction permitting requirements of Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

7. Said violation consists of the failure to obtain a construction permit prior to constructing and operating the Leavitt Federal Trust 21-7TH production facility in violation of W.S. 35-11-801(c) of the Wyoming Environmental Quality Act and Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

8. 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.

9. 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 24th day of SEPTEMBER, 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.)