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

March 24, 2015

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

RE: Notice of Violation
Docket #5559-15

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 failure to permit, control emissions, conduct monitoring, and report emissions at the State 12-16PH facility located in Campbell County, Wyoming. By failing to permit, control emissions, conduct monitoring, and report emissions, 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.

As the Department and this Division consider the failure to comply with air quality permitting requirements to be a serious matter, I am considering recommending the Department refer these violations 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 Ms. Ann Shed.

Sincerely,

Steven A. Dietrich

Steven A. Dietrich
Administrator
Air Quality Division

cc: Fred DiLella
Ann Shed
Landon Brown
Elizabeth Lyon
Tanner Shatto

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. 5559-15**
BENJAMIN J. DAVIS	)	
845 12th STREET WEST	)	
BILLINGS, MT 59102	)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Air Quality Division, 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(a)(i) of the Wyoming Air Quality Standards and Regulations (WAQSR) in the construction and operation of the State 12-16PH facility located in Campbell 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 WAQSR 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 WAQSR 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 the Chapter 6, Section 2 permitting guidance for Oil and Gas Production Facilities in June 1997 with revisions in November 1998, January 2000, August 2001, August 2007, March 2010 and September 2013. 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 WAQSR). 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. A permit application must be filed within 90 days after the first date of production. In addition the Chapter 6, Section 2 guidance requires a continuous pilot monitoring system for emissions monitoring and emissions reporting.

6. On November 5, 2014, the Air Quality Division received an application from Ballard Petroleum Holdings, LLC for the State 12-16PH facility. It was noted that the facility became operational September 22, 2013. In accordance with the Oil and Gas Production Facilities Permitting Guidance, Ballard Petroleum Holdings, LLC should have submitted a permit application by December 21, 2013. The permit application was submitted ten months and two weeks late. By failing to permit the State 12-16PH 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 WAQSR.

7. In accordance with the Oil and Gas Production Facilities Permitting Guidance, within 60-days of the first date of production, flashing emissions containing greater than or equal to 10 TPY of VOCs shall be controlled by at least 98%. Tank emissions at this facility were calculated to be 50.7 TPY of VOC using a declined production rate of 353.6 BPD.

8. Tank emissions should have been controlled by November 21, 2013. The tank emissions at the facility were not controlled until October 17, 2014 which is approximately ten months and three weeks

late; therefore the emissions control, monitoring and reporting requirements under the Oil and Gas Production Facilities Permitting Guidance were also not met. By failing to control emissions, conduct monitoring, and report emissions as required, 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 WAQSR.

9. Said violations consist of the failure to permit, control emissions, conduct monitoring, and report emissions at the State 12-16PH 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 WAQSR.

10. 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.

11. 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 MARCH, 2015.

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.)