



Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

CERTIFIED MAIL

March 17, 2010

Mr. Rick McLaughlin
Helis Oil and Gas Company
100 North Street, Suite 255
Billings, MT 59101

RE: Notice of Violation, Docket Number 4658-10

Dear Mr. McLaughlin:

Enclosed is a copy of Notice of Violation, Docket Number 4658-10, for the unpermitted discharge of oil produced water into waters of the state by Helis Oil and Gas Company (Helis). On March 5, 2010 the Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD) responded to a release by Helis that had occurred on March 4, 2010. The release resulted in oil produced water entering an ephemeral drainage and flowing towards Donkey Creek and a livestock water impoundment. This is a violation of the Wyoming Environmental Quality Act (Act) and the Wyoming Water Quality Rules and Regulations (WWQRR).

While neither the attached Notice of Violation nor this letter constitutes an order, it is the recommendation of this office that you take action to eliminate the alleged violation as follows:

1. Helis should ensure that oil produced water is only discharged to waters of the state through permitted discharge points in accordance with the WWQRR.
2. Helis should inform the WQD of the steps taken to prevent this type of an unpermitted discharge from occurring again in the future. This information shall be received by the WQD within 21 days of the date of this letter.

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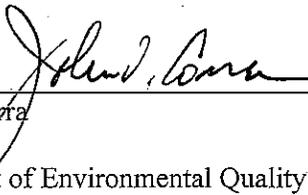
Herschler Building • 122 West 25th Street • Cheyenne, WY 82002 • <http://deq.state.wy.us>

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|--|---|---|---|--|--|---|
| ADMIN/OUTREACH (307) 777-7937 FAX 777-3610 | ABANDONED MINES (307) 777-6145 FAX 777-6462 | AIR QUALITY (307) 777-7391 FAX 777-5616 | INDUSTRIAL SITING (307) 777-7369 FAX 777-5973 | LAND QUALITY (307) 777-7756 FAX 777-5864 | SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973 | WATER QUALITY (307) 777-7781 FAX 777-5973 |
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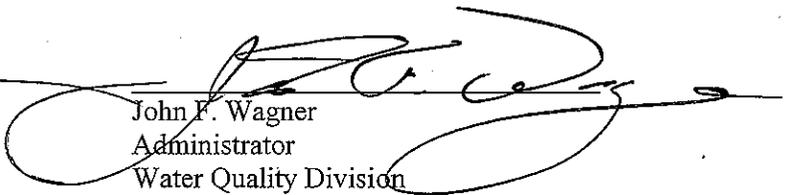


Helis Oil and Gas Company
March 17, 2010
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The WQD has the authority to resolve violations with an out-of-court settlement agreement through the payment of a penalty by Helis. If Helis wishes to pursue resolution of the previously noted violation through such an agreement, please contact Mr. Kevin M. Wells, WYPDES Natural Resources Program Manager at (307) 777-8669, or Mr. Brian K. Lovett, WYPDES Natural Resources Program Supervisor at (307) 777-5630, within 21 days of the date of this letter to discuss resolution to this matter.



John V. Corra
Director
Department of Environmental Quality



John F. Wagner
Administrator
Water Quality Division

JVC/JFW/KMW/bb/10-0217

Enclosure: Notice of Violation

cc: Lee Hanley, 8ENF-W-NP, EPA Region 8 (PDF)
James B. Eisenhauer, WYPDES Inspection Coordinator, Sheridan DEQ Office (PDF)
Bill DiRienzo ► Kevin M. Wells (PDF)
IPS (for scanning) ► Docket 4658-10
Keith Guille, DEQ Public Information Officer (PDF File Only)

BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF)
VIOLATION ISSUED TO:)

Helis Oil and Gas Company)
100 North Street, Suite 255.)
Billings, MT 59101)
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)
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DOCKET NUMBER 4658-10

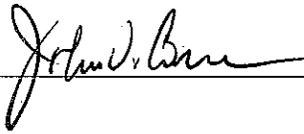
NOTICE OF VIOLATION

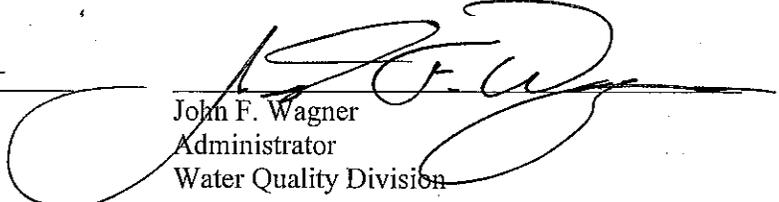
NOTICE IS HEREBY GIVEN THAT:

1. Helis Oil and Gas Company (Helis) is the owner/operator of an oil production facility and re-injection line located in the NW1/4 of the NE1/4 of section 14, Township 49 North, Range 69 West in Campbell County, Wyoming.
2. On March 4, 2010 the Wyoming Department of Environmental Quality (DEQ) /Water Quality Division (WQD) was notified of a release, by the landowner, which had occurred from a re-injection line operated by Helis. The estimated volume of the release of production water was undetermined at the time of the report.
3. The DEQ visited the site on March 5, 2010 to document the release and observed production water and the flow path at the release site. The flow path of the discharged water flowed down an ephemeral draw towards a livestock impoundment. The ephemeral drainage(s) are tributary to Donkey Creek (class 2ABww). According to the release report submitted by the landowner (Elgin Faber) the released water traveled approximately 1/2 mile and then was contained by an earth dam installed by Helis, which prevented the released water from reaching the livestock impoundment. Kissack Water Service was brought on site to perform remediation work using a vacuum truck to clean up any material left by the release. The unpermitted release is a violation of the Wyoming Environmental Quality Act (Act) and the Wyoming Water Quality Rules and Regulations (WWQRR).
4. Oil produced water is considered "pollution" as defined in W.S. 35-11-103 (c)(i);
5. The Department of Environmental Quality has no record of authorization to discharge for the observed location.
6. By discharging pollution into waters of the state, Helis is in violation of W.S. 35-11-301 (a)(i) and Chapter 2 of the Wyoming Water Quality Rules and Regulations which state that no person, except when authorized by a permit issued by the Department of Environmental Quality, shall cause, threaten or allow the discharge of any pollution or wastes into the waters of the state;
7. Pursuant to Wyoming Statute 35-11-901(a), any person who violates, or any director, officer or agent of a corporate permittee who willingly and knowingly authorizes, orders or carries out the violation of any provision of the Environmental Quality Act (Act), or any rule, regulation, standard or permit adopted hereunder or who violates any determination or order of the council pursuant to this act or any rule, regulation, standard, permit, license or variance is subject to a penalty not to exceed ten thousand dollars and no cents (\$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. The penalty may be recovered in a civil action brought by the Attorney General in the name of the People of the State of Wyoming. Nothing herein shall preclude the department from negotiating stipulated settlements involving the payment of a penalty, implementation of compliance schedules or other settlement conditions, in lieu of litigation.

NOTHING IN THIS NOTICE OF VIOLATION (NOV) shall be interpreted to in any way limit or contravene any other remedy available under the Environmental Quality Act, nor shall this NOV be interpreted as being a condition precedent to any other enforcement action.

Signed this 18 day of MARCH, 2010


John V. Corra
Director
Department of Environmental Quality


John F. Wagner
Administrator
Water Quality Division

PLEASE DIRECT ALL INQUIRIES TO: Kevin M. Wells, WYPDES Natural Resources Program Manager at the Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4th Floor West, 122 West 25th Street, Cheyenne, Wyoming 82002. Telephone 307-777-8669.

JVC/JFW/KMW/bb/10-0217

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