

Wyoming Environmental Quality Council

2300 Capitol Ave.

Hathaway Bldg. 1st, Room 136

Cheyenne, WY 82002

Phone: (307) 777-7170

eqc-all@wyo.gov

Requesting a Hearing regarding Docket No. 5975-19, CORRECTED

FILED

APR 14 2020

Jim Ruby, Executive Secretary
Environmental Quality Council
April 11, 2020

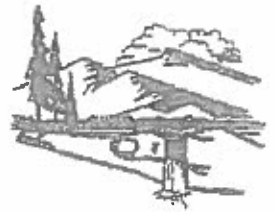
In accordance with § 35-11-701 (c)(ii) of the Environmental Quality Act, a hearing is requested to the Environmental Quality Council within ten (10) days of notice being served. This request for a hearing is made in accordance with Chapter 2, Section 4 of the Department of Environmental Quality's Rules of Practice and Procedure:

- Eric D. Koval as President of Black Diamond Energy of Delaware, Inc. is hereby requesting a contested case hearing and protesting this Notice of Violation and Order Docket Number 5975-19, Corrected ENF001636-ENF001639, ENF001641-ENF001644 and hereby is attaching both the original, and corrected written petition with service to the Council and copies of this document to Todd Parfitt Director of the Department of Environmental Quality.
- I Eric D. Koval as President of Black Diamond Energy of Delaware, Inc. hereby initiate a contested case and serve the petition by registered mail, return receipt requested. Hereafter all service shall be proved in accordance with the Wyoming Rules of Civil Procedure.
- The petition for hearing sets forth: Eric D. Koval as President of Black Diamond Energy of Delaware, Inc. 307-684-7085, IR@BLACKDIAMONDENERGY.COM, 26022 Sebey Ridge Lane, Katy Texas 77494; is hereby requesting a contested case hearing and protesting this Notice of Violation and Order Docket Number 5975-19, Corrected ENF001636-ENF001639, ENF001641-ENF001644.
- a concise statement and exhibits are attached to this request for hearing which shall expose the inaccurate statements made in the order, and reveal overzealous behavior, and bad faith negotiation of the Air Quality Division with BDED. Black Diamond Energy of Delaware has not violated Chapter 6, Section 2 of WAQSR. This was originally pointed out in a polite discussion with Ann Shed regarding the original ambush Notice of Violation "NOV" dated February 14, 2020 that the Mickelson Creek 43-20 facility is permitted with permit number (F010935). In the latest NOV dated March 31, 2020 the violation of Chapter 6, Section 2 of WAQSR is for the Castle Creek 43-21 well. This well too is permitted with permit number (F010933).
- A document dump to BDED by the AQD-DEQ in the previous week reveals telling information regarding the field inspections done by Cindi Etcheverry and Staff Polk on 9/13/2018, 5/15/2019 and lastly 6/25/2019. As was discussed and stated to Ann Shed, the (F010922) permit, was deemed to remain as an Encana possession going back prior to 2005 and Encana was required to plug and abandoned the well in 2015. This information was related to Ms. Etcheverry by Joe Breznai long ago, but no record of his email submittals or telephone discussions were included in the document dump of March 2020. I have petitioned Randall Nielson our contract operator whom resides in Big Piney to resubmit the estimated emissions for each permit that ALL fall below the exemption limit.
- The contested case is deemed commenced on the date of filing the petition with the Council April 11, 2020. This order shall be stayed pending final determination from the Environmental Quality Council per Wyo. Stat. Ann. § 35-11-701(c)(ii).



Department of Environmental Quality

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



Mark Gordon, Governor



Todd Parfitt, Director

March 31, 2020

Mr. Eric D. Koval
Black Diamond Energy of Delaware, Inc.
26022 Sebey Ridge Lane
Katy, TX 77494

CERTIFIED MAIL

RE: Notice of Violation D#5975-19, Corrected

Dear Mr. Koval:

Enclosed you will find a corrected Notice of Violation (NOV) and Order issued to Black Diamond Energy of Delaware, Inc. (Black Diamond) by the Department of Environmental Quality, Air Quality Division, for the failure to operate the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, Mickelson Creek 43-20, Castle Creek 21-28, Castle Creek 32-27, Castle Creek 41-27, and Castle Creek 43-21 facilities in accordance with the WAQSR, as required in Chapter 8, Section 6, Upper Green River Basin permit by rule for existing sources; and failure to permit the Castle Creek 43-21 facility in violation of Chapter 6, Section 2 of the WAQSR.

Corrections have been made to paragraphs 7, 9 and 11.

As the Department and this Division consider the failure to comply with applicable requirements to be a serious matter, I have referred this violation to the State Attorney General's office.

This NOV contains Orders requiring Black Diamond to keep all facilities shut in until such time that they are in compliance with Wyoming Air Quality Standards and Regulations.

Should you have any questions or comments regarding this matter, please feel free to contact me or Ms. Ann Shed at (307) 777-7391.

Sincerely,

Nancy E. Vehr
Administrator
Air Quality Division

- cc: Ann Shed
- Lars O. Lone
- Legal Files, Black Diamond Energy of Delaware, Inc.: Beemers Bluff 24-19 (F010922), Castle Creek 22-27 (F010924); Castle Creek 23-22 (F010926); Castle Creek 34-22 (F010928); Mickelson Creek 43-20 (F010935); Castle Creek 21-28 (F010923); Castle Creek 32-27 (F010927); and Castle Creek 41-27 (F010930)
- ec: Keith Guille
- Casey Kurnath
- Jeff Wendt and Cindi Etcheverry

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

APR 14 2020

Jim Ruby, Executive Secretary
Environmental Quality Council

**IN THE MATTER OF THE NOTICE OF VIOLATION)
AND ORDER ISSUED TO)
BLACK DIAMOND ENERGY OF DELAWARE, INC.)
ERIC D. KOVAL)
26022 SEBEY RIDGE LANE)
KATY, TX 77494)**

**) DOCKET NO. 5975-19, COR
) ENF001636 - ENF001639
) ENF001641 – ENF001644
)**

NOTICE OF VIOLATION AND ORDER

NOTICE IS HEREBY GIVEN THAT:

1. The Wyoming Department of Environmental Quality, Air Quality Division (Division), has found Black Diamond Energy of Delaware, Inc. (Black Diamond) to be in violation of W.S. 35-11-801 of the Wyoming Environmental Quality Act; and Chapter 6, Section 2 and Chapter 8, Section 6 of the Wyoming Air Quality Standards and Regulations (WAQRS), in the operation of the Beemers Bluff 24-19 (F010922), Castle Creek 22-27 (F010924), Castle Creek 23-22 (F010926), Castle Creek 34-22 (F010928), Mickelson Creek 43-20 (F010935), Castle Creek 21-28 (F010923), Castle Creek 32-27 (F010927), Castle Creek 41-27 (F010930), and Castle Creek 43-21 facilities (Facilities), located in Sublette 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, September 2013, May 2016, and December 2018. 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, and within 60 days emissions must be controlled.

6. On June 30, 2015, the Chapter 8, Section 6, Upper Green River Basin permit by rule for

existing sources went into effect and applies to all PAD and single-well oil and gas production facilities or sources, and all compressor stations, located in the Upper Green River Basin (UGRB) ozone nonattainment area. The compliance date for Chapter 8, Section 6 was January 1, 2017.

7. On September 13, 2018, Division personnel conducted site visits to the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, and Castle Creek 43-21 facilities. The Division inspector found that the facilities were not in compliance with the Chapter 8, Section 6, Upper Green River Basin permit by rule requirements. The Division inspector also found that the Castle Creek 43-21 facility was never permitted, in violation of Chapter 6, Section 2 of the WAQSR.

8. On September 20, 2018, Division personnel contacted Mr. Joe Breznai by phone to discuss the existing source rule. The Division personnel followed up with an email on that same date to further discuss the Chapter 8, Section 6 rules and requirements, a copy of which was attached to the email. Mr. Breznai was asked to provide a compliance timeline and a list of corrective actions to come into compliance with Chapter 8, Section 6. The timeline and corrective actions have not been provided.

9. On May 15, 2019, Division personnel conducted follow-up site visits to the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, Mickelson Creek 43-20, and Castle Creek 43-21 facilities. All sites were shut-in and remained out of compliance with Chapter 8, Section 6 requirements.

10. On June 25, 2019, Division personnel conducted site visits to the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, and Mickelson Creek 43-20 facilities. Site visits were also conducted to the Castle Creek 21-28, Castle Creek 32-27 and Castle Creek 41-27 facilities. The Division inspector found that the facilities were not in compliance with the Chapter 8, Section 6, Upper Green River Basin permit by rule requirements.

11. The Black Diamond Energy of Delaware, Inc. alleged violations consist of the failure to operate the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, Mickelson Creek 43-20, Castle Creek 21-28, Castle Creek 32-27, Castle Creek 41-27, and Castle Creek 43-21 facilities in accordance with the WAQSR, as required in Chapter 8, Section 6, Upper Green River Basin permit by rule for existing sources; and failure to permit the Castle Creek 43-21 facility in violation of Chapter 6, Section 2 of the WAQSR.

12. 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.

13. 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.

WHEREFORE IT IS HEREBY ORDERED THAT:

1. All facilities owned and operated by Black Diamond Energy of Delaware, Inc. in the Upper Green River Basin shall remain shut in until such time that they are in compliance with all applicable requirements of Chapter 6, Section 2 and Chapter 8, Section 6 of the Wyoming Air Quality Standards and Regulations.

THIS ORDER is final unless, not later than ten (10) days after the date that this Notice of Violation and Order is served, Black Diamond Energy of Delaware, Inc. requests, in writing, a hearing before the Environmental Quality Council. If such a request is filed, this order shall be stayed pending a final determination from the Environmental Quality Council. Wyo. Stat. Ann. § 35-11-701(c)(ii). Staying this order will not stay any pending deadlines created by federal statutes.

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

ORDERED this 31st day of March, 2020.



Nancy E. Vehr
Administrator
Air Quality Division



Todd Parfitt
Director
Department of Environmental Quality

Please direct all inquiries to Nancy E. Vehr, Administrator, Division of Air Quality, Department of Environmental Quality, 200 W. 17th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7391)



The State
of Wyoming



Department of Environmental Quality

Jim Geringer, Governor

Herschler Building • 122 West 25th Street • Cheyenne, Wyoming 82002

ADMIN/OUTREACH (307) 777-7758 FAX 777-3610	ABANDONED MINES (307) 777-6145 FAX 777-6482	AIR QUALITY (307) 777-7391 FAX 777-5816	INDUSTRIAL SITING (307) 777-7369 FAX 777-6937	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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STATE OF WYOMING
Department of Environmental Quality - Air Quality Division
Oil and Gas Production Chapter 6, Section 2(k)(viii) Waiver
November 30, 2000
AP-V91

Company Name: North American Resource Company

Mailing Address: 1700 Broadway, Suite 2000, Denver, Colorado 80290

Company Official: Pat Marx Title: Senior Petroleum Engineer

Facility Name: Castle Creek Well Field County: Sublette
(fourteen wells)

Legal Description: see attachment

Lat/Long Coordinates: see attachment

Facility Equipment: Each site has similar equipment and generally includes:

- well head
- three-phase production unit with 0.5 MMBtu/hr natural gas-fired burner
- above ground storage tanks, some with 0.5 MMBtu/hr burners
- pneumatically operated pumps and control devices

Date Facilities Became Operational: 1979-1999 Date NOIs Received: none received

Presumptive BACT: N/A Controls Installed: no controls required

Estimated Emissions (tpy)
(worst-case site - Castle Creek 14-27)

NOx:	<u>1.3</u>	CO:	<u>0.2</u>
VOC:	<u>3.1</u>	HAP:	<u>0.3</u>

Reviewing Engineer: Cynthia Madison

This waiver is for fourteen existing oil and gas wellsite facilities in the Castle Creek well field. These sites, owned and operated by North American Resource Company, produce sweet gas and crude oil. None of the emission sources at these facilities is controlled.

All produced gas is directed to the Castle Creek Compressor Station, also owned by North American Resource Company and submitted under application AP-V91, but considered under a separate permitting action. Produced water and oil are stored in on-site tanks and later collected by truck for transportation to sales and disposal.

The facilities listed in this waiver meet the requirements of Chapter 6, Section 2(c)(v), Best Available Control Technology, and emissions are considered insignificant in terms of ambient impact and rate per Chapter 6, Section 2(k)(viii) of the Wyoming Air Quality Standards and Regulations.

Condition of operation per Section 35-11-110 of the Wyoming Environmental Quality Act:

Written notification be submitted to the Division if any condition or source within the application is modified which would result in significant changes to the stated facility emissions.

The Division is issuing this waiver based on the information submitted in the application. Any deviation in the operation of these facilities from that represented in the application which could result in significant pollutant emissions and impact will be a violation of the Wyoming Environmental Quality Act and the Wyoming Air Quality Standard & Regulations. Violations could result in enforcement actions and penalties under the law.



Dan Olson
Administrator
Air Quality Division

cc: Tony Hoyt
Cynthia Madison

Pollutant Emission Summary

In 2015/2016, Black Diamond Energy of Delaware, Inc. made an honest conscientious effort to reduce VOC's, HAP, NOx and Carbon Monoxide emissions associated with natural gas production in the Castle Creek Field, in an effort to comply with the spirit of the June 30, 2015 Chapter 8, Section 6 Upper Green River permit for existing sources. BDED agreed to remove its 180 HP natural gas compressor, take all dehydrators out of service and further agreed to the AQD-DEQ to only produce in the months of May through November thereby absolutely ceasing any chance of emissions during the ozone non-attainment days in the winter. In exchange for these concessions by BDED, the AQD-DEQ granted a verbal waiver acknowledging that existing equipment and tanks already on site, produced way below the threshold amount, and did not exceed 0.2 tons per year for any VOC, HAP, NOx or CO. Thus the original waiver issued in 2000 by the AQD-DEQ remained effective. Below is an update of the rounded up 0.1 TPY for each constituent calculated using average per year BOPD/MCFD from the past three years only producing in the months promised to the AQD-DEQ.

Tabulated Equipment/Emission Summary

Well Name (BOPD / MCFD gas) Site Equipment List	Emissions 1,2,3,4,5 (TPY)			
	VOC	HAPs	NO _x	CO
Castle Creek 14-27 (0.0 / 1) F010921 6 oil/water tank 1 3-phase separator with 0.5 MMBtu/hr burner 2 0.5 MMBtu/hr tank heaters 1 0.012 MMBtu/hr catalytic heater	0.1	insig	0.1	insig
Beemers Bluff 24-19 (0.0/0.0) F010922 WELL PLUGGED AND ABANDONED IN 2015	0.0	0.0	0.0	0.0
Castle Creek 21-28 (0.1 / 13) F010923 1 oil/water tank 1 3-phase separator with 0.455 MMBtu/hr burner glycol dehydration unit (not in service) 1 135-bbl methanol tank 10.012 MMBtu/hr catalytic heater	0.1	insig	0.1	insig
Castle Creek 22-27 (0.01/1) F010924 4 oil/water tanks 1 3-phase separator with 0.5 MMBtu/hr burner 3 0.5 MMBtu/hr tank heaters glycol dehydration unit (not in service) 2 catalytic heaters (0.012 & 0.018 MMBtu/hr) 1 135 bbl methanol tank	0.1	0.1	0.1	0.1
Castle Creek 22-28 (0.01/8.4)F010925 2 oil/water tanks 1 3-phase separator with 0.75 MMBtu/hr line heater 10.012 MMBtu/hr catalytic heater	0.1	insig	0.1	0.1
Castle Creek 23-22 (1.2 / 16.5) F010926 REMOVED 180 Hp Caterpillar G342 compressor engine (covered under separate permit) 4 oil/water tanks 1 3-phase separator with 0.5 MMBtu/hr line heater 2 catalytic heaters (0.012 and 0.018 MMBtu/hr) 3 0.5 MMBtu/hr tank heaters	0.1	0.1	0.1	0.1

Well Name (BOPD / MCFD gas) Permit # Site Equipment List	Emissions 1,2,3,4 (TPY)			
	VOC	HAPs	NQx	CO
Castle Creek 32-27 (.01/11.6) F010927 6 oil/water tanks 1 3-phase separator-with 0.5 MMBtu/hr line heater 6 0.5 MMBtu/hr tank heaters 2 catalytic heaters (0.012 MMBtu/hr)	0.1	0.1	0.1	0.1
Castle Creek 34-22 (.01/ 0.4) F010928 6 oil/water tanks 1 3-phase separator with 0.5 MMBtu/hr line heater 6 0.5 MMBtu/hr tank heaters 2 pneumatic pumps 1 catalytic heater with 0.018 MMBtu/hr burner 1 135-bbl methanol tank	0.1	0.1	0.1	0.1
Castle Creek 34-28 (.1/10.6) F010929 4 oil/water tanks 1 3-phase separator with ,0.455 MMBtu/hr line heater 1 pneumatic pump glycol dehydration unit (not in service) 1 catalytic heater with 0.0-6 MMBtu/hr burner	0.1	0.1	0.1	insig
Castle Creek 41-27 (0.0/ 0.0) F010930 2 water tanks AWAITING APPROVAL FOR CONVERSION TO INJECTION WELL	0.1	0.1	0.1	0.1
Castle Creek 42-28 (0.0/ 0.6) F010931 4 oil/water tanks 1 3-phase separator with 0.5 MMBtu/hr line heater 4 0.5 MMBtu/hr tank heaters calcium chloride dehydration unit (not in service)	0.1	0.1	0.1	0.1
Castle Creek 43-21 (0.2/12.5) F010933 3 oil/water tank 1 3-phase separator with 0.5 MMBtu/hr line heater 2 pneumatic pumps 1 catalytic heater with 0.012 MMBtu/hr burner	0.1	0.1	0.1	insig
Maki Creek #1 (0 /0) F010934 WELL PLUGGED AND ABANDONED IN 2015	0.0	0.0	0.0	0.0
Castle Creek 43-20 (0.0/15.5) F010935 1 oil/water tanks 1 3-phase separator with 0.5 MMBtu/hr line heater 1-calcium chloride dehydrator (not in service)	insig	insig	0.1	insig

1 rounded to the nearest 0.1 ton

2 does not include insignificant amounts of VOCs and HAPs from burners

3 includes 0.1 TPY VOCs and 0.01 TPY HAPs . - overstated loading losses associated with 10 BPD oil

4 truck loading and fugitive emissions are insignificant at single wellsite facilities

5 HAPs assumed to be 10% of VOCs

Current
 Operating
 Facility Type
 Evaluator(s)
 Visit Date
 Site Visit Type

5
 MEMO

Site Visit ID	Facility ID	Current Facility Name	Operating	Facility Type	Evaluator(s)	Visit Date	Site Visit Type	MEMO
SITE003010	F010922	Beemers Bluff 24-19	Operating	Production Site	Cindi Etcheverry	9/13/2018	Chapter 8, Section 6	Production at this facility is unknown. Pneumatic controllers and pumps are high bleed. Not entirely sure which tank(s) the well is producing into. The tanks at this facility are combo tanks, condensate and produced water. These tanks are not controlled. If the operator is producing this well, modifications will be required to come into compliance with the C856 rules. I will check with operator to find status of this well.
SITE003794	F010922	Beemers Bluff 24-19	Operating	Production Site	Cindi Etcheverry	5/15/2019	Compliance Evaluation	Facility is shut in, no modifications have been completed for compliance with C856. LLC's have been modified to be low/intermittent bleed. This facility was not in operation during last site visit.
SITE003909	F010922	Beemers Bluff 24-19	Operating	Production Site	Cindi Etcheverry,	6/25/2019	Compliance Evaluation	The LLC's were modified to be low/intermittent bleed, however, the two (2) liquid level controllers were stuck open and were continuously venting emissions.
SITE003906	F010923	Castle Creek 21-28	Operating	Production Site	Etcheverry, Staff Polk	6/25/2019	Compliance Evaluation	Production at this facility is shut-in at this time. Pneumatic controllers and pumps are high bleed. The tank battery has four (4) combo tanks, condensate and produced water. These tanks are not controlled. If the operator decides to produce this well, modifications will be required to come into compliance with the C856 rules.
SITE003009	F010924	Castle Creek 22-27	Operating	Production Site	Cindi Etcheverry	9/13/2018	Chapter 8, Section 6	Facility is shut in, no modifications have been completed for compliance with C856. This facility is shut in.
SITE003795	F010924	Castle Creek 22-27	Operating	Production Site	Cindi Etcheverry	5/15/2019	Complaint Investigation	The pneumatics are high bleed. Tank is a combination condensate and produced water and is not controlled. The well is being produced and it appears a truck has recently offloaded the tank. There is an additional tank battery with six (6) tanks. These tanks are also combo tanks and are not controlled.
SITE003920	F010924	Castle Creek 22-27	Operating	Production Site	Cindi Etcheverry	6/25/2019	Compliance Evaluation	Facility is shut in, no modifications have been completed for compliance with C856.
SITE003007	F010926	Castle Creek 23-22	Operating	Production Site	Etcheverry	9/13/2018	Chapter 8, Section 6	Facility is shut in, no modifications have been completed for compliance with C856.
SITE003796	F010926	Castle Creek 23-22	Operating	Production Site	Cindi Etcheverry	5/15/2019	Compliance Evaluation	Facility is shut in, no modifications have been completed for compliance with C856.
SITE003908	F010926	Castle Creek 23-22	Operating	Production Site	Etcheverry, Staff Polk	6/25/2019	Compliance Evaluation	During last site visit this facility was not in operation. It is now in operation and has had low/intermittent bleed LLC's installed, however, the two (2) LLC's were continuously venting. The LLC's on site have not been modified and are continuously bleeding. The Fisher 4201ZR is continuously bleeding.
SITE003914	F010927	Castle Creek 32-27	Operating	Production Site	Etcheverry,	6/25/2019	Compliance Evaluation	Production at this facility is shut-in at this time. Pneumatic controllers and pumps are high bleed. The tank battery has combo tanks, condensate and produced water. These tanks are not controlled. If the operator decides to produce this well, modifications will be required to come into compliance with the C856 rules.
SITE003008	F010928	Castle Creek 34-22	Operating	Production Site	Etcheverry	9/13/2018	Chapter 8, Section 6	Production at this facility is shut-in at this time. Pneumatic controllers and pumps are high bleed. The tank battery has combo tanks, condensate and produced water. These tanks are not controlled. If the operator decides to produce this well, modifications will be required to come into compliance with the C856 rules.
SITE003797	F010928	Castle Creek 34-22	Operating	Production Site	Cindi Etcheverry	5/15/2019	Compliance Evaluation	Facility is shut in, no modifications have been completed for compliance with C856.
SITE003911	F010928	Castle Creek 34-22	Operating	Production Site	Etcheverry,	6/25/2019	Compliance Evaluation	Facility was not in operation at time of site visit. LLC's have not been modified to be low/intermittent bleed.
SITE003912	F010930	Castle Creek 41-27	Operating	Production Site	Etcheverry,	6/25/2019	Compliance Evaluation	This facility does not have production equipment on site. I does have 2 - 400 bbl condensate and production water combo tanks.
SITE004320	F010935	Mickelson Creek 43-20	Operating	Production Site	Cindi Etcheverry,	5/15/2019	Compliance Evaluation	In operation, venting from pneumatic controller.
SITE003905	F010935	Mickelson Creek 43-20	Operating	Production Site	Cindi Etcheverry, Staff Polk	6/25/2019	Chapter 8, Section 6	As a follow-up to my previous site visits, Staff and I observed the facility was not in operation at the time of visit. However, if this facility does become active the facility will need to come into compliance with C856.

STATE OF WYOMING
OIL AND GAS CONSERVATION COMMISSION
Office of State Oil and Gas Supervisor
P. O. Box 2640
Casper Wyoming 82602

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill, or deepen. Form 1 is provided for such proposals.)

12 API No.	49-035-20500
13 County:	Sublette
Submit Single Digit for State - Instructions on the reverse	
If a Split Estate Location Change Provide Form 1A.	
5 Lease No.	WYW60642
6 Unit Agreement or CA:	
7 Farm or Lease Name:	Beamers Bluff
8 Well No.:	24-19
9 Reservoir:	
10 Field Name:	Maki Creek
11 Quarter-Quarter, Section, Township and Range:	
SESW	19 T 33N R 114W
14 Elevation:	8,156 GL
16 Latitude:	42.81091
17 Longitude:	-110.50119

1. Type Well:

Oil Gas CBM Dry Hole Injection Other

2. Operator: EnCana Oil & Gas (USA) Inc.

3. Address: 370 17th Street, Suite 1700, Denver, CO 80202

4. Phone Number (w/ area code): (720) 876-5339 Email:

5. Footages: SHL 960' FSL 1977' FWL BHL.

jevin.croteau@encana.com

18 CHECK APPROPRIATE BOXES TO INDICATE THE NATURE OF NOTICE, REPORT, OR OTHER DATA

Type of Submission: <input type="checkbox"/> Notice of Intent <input checked="" type="checkbox"/> Subsequent Report <input type="checkbox"/> Change of Address. <small>List Old & New Below</small> Split Estate? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If this is a Split Estate location change or Fed Lease owner change file Form 1A		Type of Action: <input type="checkbox"/> Change Plans <input type="checkbox"/> Convert to injection <input type="checkbox"/> Idle <input type="checkbox"/> Location or Site Change <input type="checkbox"/> Federal Lease Owner Change			<input type="checkbox"/> Fracture Treat/ Enhance <input checked="" type="checkbox"/> Plug and Abandon <input type="checkbox"/> Perforate <input type="checkbox"/> Recomplete/ Plugback <input type="checkbox"/> Reclaim <input type="checkbox"/> Rename			<input type="checkbox"/> Repair Well <input type="checkbox"/> Shut-in <input type="checkbox"/> Start / Resume Production <input type="checkbox"/> Temporarily Abandoned <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Other		
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19. Describe the proposed or completed operations: Clearly state all pertinent dates and details, including estimated start date of proposed work. Form 3 is required following completion and recompletion procedures. Attach additional sheets if necessary, referencing API No., Well Name and Legal Location.

Encana Oil and Gas (USA) Inc. has completed wellbore abandonment of the subject well. The operation was completed on Oct. 15, 2015. Plugs were set at the following depths:

- 7185' 9 BBLs Squeeze CICR and 45 sxs 15.8 # Class G
- 5367' 6 BBLs Balance Plug 30 sxs 15.8 # Class G
- 4850' 8 BBLs Balance Plug 40 sxs 15.8 # Class G
- 2456' 3 BBLs Balance Plug 15 sxs 15.8 # Class G
- 200' 15 BBLs Circulated in Production, Intermediate and Surface casing and annuli 75 sxs 15.8 # Class G
- Surface 33 BBLs Circulated in Production, Intermediate and Surface casing and annuli 165 sxs 15.8 # Class G

20 I hereby certify that the foregoing as to any work or operation performed is a true and correct report of such work or operations

Name (Printed or Typed): Jevin Croteau Title: Regulatory Lead

21 Signature: [Signature] Date: 11/10/2015

(The space below is for State office use)

Approval Date: _____

Approved By: _____

Approvals sent: _____

(Federal well)

Conditions of approval:

ACCEPTED FOR THE RECORD 11-14-15



January 19, 2016

Mr. Brett Middleton
Environmental Specialist
Encana Oil & Gas (USA) Inc.
143 Diamond Avenue
Parachute, CO 81635

**RE: Final Reclamation Support
Beamers Bluff 24-19 (49-035-20500)
Sublette County, Wyoming
SESW Section 19, T33N-R114W**

Dear Mr. Middleton,

Apex Companies, LLC (Apex) is pleased to present this letter summarizing the site characterization and remediation efforts carried out in support of final reclamation of a well pad, referenced above, approximately 40 miles west of the town of Pinedale, Wyoming.

On October 25 and 26, 2015 an Apex Field Coordinator traveled to the location to conduct field observations and collect soil samples to determine whether soil impacts were present on the location before earthwork and stabilization was carried out in support of final reclamation. Using a GPS with coordinate data acquired from aerial imagery, hand tools were used to dig test pits looking for soils with visible staining and odor. Four (4) soil samples were collected and analyzed for organic, inorganic, and metal constituents of concern. See attached lab summary data and reports for detailed information on analyzed constituents.

One (1) test pit at the former site of the separator had visibly stained soils and strong odor. Lab results confirmed these observations with TPH concentrations at 9000 parts per million (ppm). A subsequent conversation with a Wyoming Oil and Gas Conservation Commission (WOGCC) Natural Resource Manager indicated that the allowable concentration based on the location of the well pad was no more than 7000 ppm, and that a Sundry should be submitted documenting the discovery of impacted soils and successful remediation of identified impacts.

On October 27 and 28, earthwork contractors removed all black stained soils from beneath the separator footprint. Approximately 20 cubic yards of material in a lens six inches (6") thick was removed from an approximately 200 square foot area. On October 30, an Apex Field Coordinator collected samples from the bottom of the excavation, sidewalls, and from the stockpiled material. The field coordinator confirmed that all visible black stained soils were removed from the excavation. The excavated material was transported offsite for disposal at the Waste Connections (R360) site in LaBarge, WY on November 2, 2015. Attached is a site diagram illustrating sample collection points, area of excavation, and general location of the project site.

Apex appreciates the opportunity to provide environmental consulting services to Encana Oil & Gas (USA) Inc. with this project. Should you have any questions or require additional information, please don't hesitate to contact me.

Sincerely,
Apex Companies, LLC

A handwritten signature in black ink, appearing to read 'Chris Hines'.

Chris Hines
Project Manager
970-263-8679
chris.hines@apexcos.com

Attachments

1. Site Diagram and Location Map
2. Lab Data Summary Table
3. Lab Reports

Eric D. Koval

From: ir@blackdiamondenergy.com
Sent: Thursday, February 20, 2020 5:23 PM
To: ann.shed@wyo.gov
Subject: Our telephone conversation yesterday

Dear Ann,

Thank you for taking my call yesterday. Hopefully you have had time to find the answers to my questions that I had yesterday.

As we discussed, yesterday you found the permit to the Mickelson Creek 43-20 well within the Castle Creek file. I see on the very next page after the cover letter the permit # (F010935) is highlighted in numbered paragraph #1 for the 43-20 well. I am assuming that Nancy E. Vehr's DEQ cover letter (the end of the first paragraph) "failure to permit the Mickelson Creek 43-20 facility in violation of Chapter 6, Section 2 of the WAQSR." was stated in error, and will be corrected, and the State Attorney's Office will be notified of the error.

The remaining questions that remain unanswered are as follows:

- 1) Who was the author of this "Notice of Violation and Order", and who at the State Attorney General's office was this referred. Please send an entire copy of all documents or reports sent to the State Attorney General's office.
- 2) Numbered Paragraph 1. it states (Black Diamond) to be in violation of W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 8, Section 6 of the Wyoming Air Quality Standards and Regulations (WAQRS) in the operation of the Beemers Bluff 24-19 (F010922)...et al.
- 3) No where in the entire document does it denote what violation of W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 8, Section 6 of the Wyoming Air Quality Standards and Regulations (WAQRS) has been committed. Please specifically state how or why the DEQ alleges violations at each permitted site denoted.
- 4) Numbered Paragraph 8. states "Division personnel" contacted Joe Breznai by phone to discuss the existing source rule. "Division personnel" followed up with an email. Please provide the "Division personnel's" name and a copy of the email sent to Joe Breznai. Unfortunately, Joe Breznai does not remember whom he spoke with however he does remember stating that if it was the WY DEQ's wish to limit emissions in the Upper Green River during the winter time, BDED would voluntarily shut in production from November 1 to May 1 giving no chance for ANY emissions in the Castle Creek for BDED. He related that the Compressor was to be removed and that even without shutting in the wells during wintertime, the well facilities were well below the exemption limit of emissions.
- 5) Numbered Paragraph 9. states "Division personnel" conducted follow-up site visits on May 15, 2019 to the Beemers Bluff 24-19...et al. Please provide the "Division personnel's" name(s) who conducted these site visits and a copy of their report. Paragraph 9. correctly states the wells were shut in, however "remained out of compliance". No specific reason or stated violation by BDED by well facility is given by the WY DEQ.
- 6) Numbered Paragraph 10. states "Division personnel" conducted site visits on June 25, 2019 to the Beemers Bluff 24-19...et al. Please provide the "Division personnel's" name(s) who conducted these site visits and a copy of their report. No specific reason or stated violation by BDED by well facility is given by

the WY DEQ for being "out of compliance with Chapter 8, Section 6 Upper Green River Basin permit by rule requirements".

7) Numbered Paragraph 11. states "BDED alleged violations consist of failure to operate the Beemers Bluff 24-19...et al... in accordance with the WAQSR as required in Chapter 8, Section 6 Upper Green River Basin permit by rule for existing sources.". AGAIN No specific reason or stated violation by BDED by well facility is given by the WY DEQ for "failure to operate..."

It is at this time I am requesting the WY DEQ to **specifically state the alleged violation(s)** not disclosed to BDED in which (Black Diamond) is to be in violation of W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 8, Section 6 of the Wyoming Air Quality Standards and Regulations (WAQRS) in the operation of each facility highlighted: the Beemers Bluff 24-19 (F010922)...et al.

Thank you for your immediate attention to this matter.

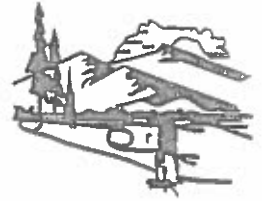
Sincerely,

Eric Koval



Department of Environmental Quality

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



Mark Gordon, Governor



Todd Parfitt, Director

February 14, 2020

Mr. Eric D. Koval
Black Diamond Energy of Delaware, Inc.
26022 Sebey Ridge Lane
Katy, TX 77494

CERTIFIED MAIL

RE: Notice of Violation D#5975-19

Dear Mr. Koval:

Enclosed you will find a Notice of Violation (NOV) and Order issued to Black Diamond Energy of Delaware, Inc. (Black Diamond) by the Department of Environmental Quality, Air Quality Division, for the failure to operate the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, Mickelson Creek 43-20, Castle Creek 21-28, Castle Creek 32-27, Castle Creek 41-27, and Castle Creek 43-21 facilities in accordance with the WAQSR, as required in Chapter 8, Section 6, Upper Green River Basin permit by rule for existing sources; and failure to permit the Mickelson Creek 43-20 facility in violation of Chapter 6, Section 2 of the WAQSR.

As the Department and this Division consider the failure to comply with applicable requirements to be a serious matter, I have referred this violation to the State Attorney General's office.

This NOV contains Orders requiring Black Diamond to keep all facilities shut in until such time that they are in compliance with Wyoming Air Quality Standards and Regulations.

Should you have any questions or comments regarding this matter, please feel free to contact me or Ms. Ann Shed at (307) 777-7391.

Sincerely,

Nancy E. Vehr
Administrator
Air Quality Division

- cc: Ann Shed
- Lars O. Lone
- Legal Files, Black Diamond Energy of Delaware, Inc.: Beemers Bluff 24-19 (F010922), Castle Creek 22-27 (F010924); Castle Creek 23-22 (F010926); Castle Creek 34-22 (F010928); Mickelson Creek 43-20 (F010935); Castle Creek 21-28 (F010923); Castle Creek 32-27 (F010927); and Castle Creek 41-27 (F010930)
- ec: Keith Guille
- Casey Kurnath
- Jeff Wendt and Cindi Etcheverry

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

IN THE MATTER OF THE NOTICE OF VIOLATION)
AND ORDER ISSUED TO)
BLACK DIAMOND ENERGY OF DELAWARE, INC.) DOCKET NO. 5975-19
ERIC D. KOVAL) ENF001636 - ENF001640
26022 SEBEY RIDGE LANE) ENF001643 - ENF001644
KATY, TX 77494)

NOTICE OF VIOLATION AND ORDER

NOTICE IS HEREBY GIVEN THAT:

1. The Wyoming Department of Environmental Quality, Air Quality Division (Division), has found Black Diamond Energy of Delaware, Inc. (Black Diamond) to be in violation of W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 8, Section 6 of the Wyoming Air Quality Standards and Regulations (WAQRS) in the operation of the Beemers Bluff 24-19 (F010922), Castle Creek 22-27 (F010924), Castle Creek 23-22 (F010926), Castle Creek 34-22 (F010928), Mickelson Creek 43-20 (F010935), Castle Creek 21-28 (F010923), Castle Creek 32-27 (F010927), Castle Creek 41-27 (F010930), and Castle Creek 43-21 facilities (Facilities), located in Sublette 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, September 2013, May 2016, and December 2018. 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, and within 60 days emissions must be controlled.

6. On June 30, 2015, the Chapter 8, Section 6, Upper Green River Basin permit by rule for existing sources went into effect and applies to all PAD and single-well oil and gas production facilities or sources, and all compressor stations, located in the Upper Green River Basin (UGRB) ozone nonattainment area. The compliance date for Chapter 8, Section 6 was January 1, 2017.
7. On September 13, 2018, Division personnel conducted site visits to the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, and Castle Creek 43-21 facilities. The Division inspector found that the facilities were not in compliance with the Chapter 8, Section 6, Upper Green River Basin permit by rule requirements.
8. On September 20, 2018, Division personnel contacted Mr. Joe Breznai by phone to discuss the existing source rule. The Division personnel followed up with an email on that same date to further discuss the Chapter 8, Section 6 rules and requirements, a copy of which was attached to the email. Mr. Breznai was asked to provide a compliance timeline and a list of corrective actions to come into compliance with Chapter 8, Section 6. The timeline and corrective actions have not been provided.
9. On May 15, 2019, Division personnel conducted follow-up site visits to the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, and Castle Creek 43-21 facilities. All sites were shut-in and remained out of compliance with Chapter 8, Section 6 requirements. Additionally, a site visit was conducted at the Mickelson Creek 43-20 facility. The Division inspector found that the Mickelson Creek 43-20 facility was not permitted, in violation of Chapter 6, Section 2 of the WAQSR.
10. On June 25, 2019, Division personnel conducted site visits to the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, and Mickelson Creek 43-20 facilities. Site visits were also conducted to the Castle Creek 21-28, Castle Creek 32-27 and Castle Creek 41-27 facilities. The Division inspector found that the facilities were not in compliance with the Chapter 8, Section 6, Upper Green River Basin permit by rule requirements.
11. The Black Diamond Energy of Delaware, Inc. alleged violations consist of the failure to operate the Beemers Bluff 24-19, Castle Creek 22-27, Castle Creek 23-22, Castle Creek 34-22, Mickelson Creek 43-20, Castle Creek 21-28, Castle Creek 32-27, Castle Creek 41-27, and Castle Creek 43-21 facilities in accordance with the WAQSR, as required in Chapter 8, Section 6, Upper Green River Basin permit by rule for existing sources; and failure to permit the Mickelson Creek 43-20 facility in violation of Chapter 6, Section 2 of the WAQSR.
12. 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.
13. 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.

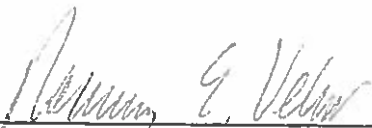
WHEREFORE IT IS HEREBY ORDERED THAT:

1. All facilities owned and operated by Black Diamond Energy of Delaware, Inc. in the Upper Green River Basin shall remain shut in until such time that they are in compliance with all applicable requirements of Chapter 6, Section 2 and Chapter 8, Section 6 of the Wyoming Air Quality Standards and Regulations.


THIS ORDER is final unless, not later than ten (10) days after the date that this Notice of Violation and Order is served, Black Diamond Energy of Delaware, Inc. requests, in writing, a hearing before the Environmental Quality Council. If such a request is filed, this order shall be stayed pending a final determination from the Environmental Quality Council. Wyo. Stat. Ann. § 35-11-701(c)(ii). Staying this order will not stay any pending deadlines created by federal statutes.

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

ORDERED this 14th day of February, 2020.



Nancy E. Vehr
Administrator
Air Quality Division



Todd Parfitt
Director
Department of Environmental Quality

Please direct all inquiries to Nancy E. Vehr, Administrator, Division of Air Quality, Department of Environmental Quality, 200 W. 17th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7391)