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**FILED**

**JUL 06 2020**

**Jim Ruby, Executive Secretary  
Environmental Quality Council**

ATTORNEYS FOR PETITIONER

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

In the Matter of: )  
Citation Oil & Gas Corp. ) Docket No. \_\_\_\_\_  
Air Quality Permit No. P0027430 )  
NWD 2 Tank Battery (F004576) )

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**PETITION FOR REVIEW AND REQUEST FOR HEARING**

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Citation Oil & Gas Corp. (“Citation”) appeals Permit No. P0027430 issued by the Wyoming Department of Environmental Quality (the “DEQ”), Air Quality Division (“AQD”), on June 9, 2020. Citation petitions the Wyoming Environmental Quality Council (the “Council”) to review the DEQ’s Permit Conditions adopted in Permit No. P0027430. DEQ acted outside of its statutory and regulatory authority, arbitrarily and capriciously, without substantial evidence, and failed to follow applicable process and procedure in adopting several Permit Conditions in Permit No. P0027430. A copy of Permit No. P0027430 is attached to this Petition as **Exhibit A**. In compliance with the DEQ’s General Rules of Practice and Procedure, Chapter 2, Section 4, Citation sets forth the following in this Petition:

## STATEMENT OF FACTS

1. Citation is an oil and gas acquisition, development, and production company operating out of Houston, Texas. Citation maintains a Rocky Mountain Regional Office in Gillette, Wyoming at 1016 East Lincoln Gillette, WY 82716. Citation's legal counsel is Matthew J. Micheli and Macrina M. Jerabek, Holland & Hart LLP, 2515 Warren Avenue, Suite 450, Cheyenne, Wyoming 82001.

2. In March 2018, Citation voluntarily disclosed to the DEQ potential areas of noncompliance discovered during an audit conducted pursuant to the Audit Privilege and Immunity Provisions in the Wyoming Environmental Quality Act (Wyo. Stat. Ann. §§ 35-11-1105 through 1106), and set forth the corrective actions and a schedule for completing these actions.

3. Following Citation's voluntary disclosure, Citation met with the AQD to discuss the results of the audit and potential corrective action. During that meeting, the AQD agreed to treat the facilities at issue as existing facilities with no modifications. Unfortunately, no written audit term agreement was prepared for this particular audit.

4. Following that meeting and in a continued effort to resolve the matter in accordance with Wyo. Stat. Ann. §§ 35-11-1105 through 1106, in April 2018 Citation supplemented its voluntary disclosure, including a proposed Compliance Plan as requested by the AQD.

5. Consistent with the commitments made in the Audit and voluntary disclosure, Citation submitted several permit applications, including an application for a minor source air permit for the NWD 2 Tank Battery (F004576) located in Park County, Wyoming. In its application, Citation noted:

Pursuant to the audit disclosures of Citation Oil & Gas Corp. (Citation), including without limitation the initial audit disclosure of March 21, 2018 and subsequent correspondence and meetings, Citation is submitting this New Source Review air permit application for the approval of an existing site. As a result of Citation's audit and the State of Wyoming's approval, this application authorizes the site based on operations as existing today; no construction applications or modifications to existing permits are being proposed. Existing equipment that is on site but out of service is not included in this application and will remain out of service unless and until authorized.

NWD 2 Tank Battery (F004576), *Purpose of Application.*

6. On June 9, 2020, the DEQ issued Permit No. P0027430. Permit No. P0027430 includes several improper Permit Conditions which Citation now petitions the Council to review. Specifically, Permit No. P0027430 includes various improper Conditions relating to evaluations of facility leaks, fugitive emissions, monitoring, training, inspections, notification, and reporting requirements. *See Exhibit A, Conditions 7-13, 20.*

7. The DEQ acted outside of its authority, arbitrarily and capriciously, without substantial evidence, and in violation of applicable process and procedure in adopting these Permit Conditions.

8. As indicated in the March 2018 commitment and reflected in Citation's permit application, NWD 2 Tank Battery (F004576) is an existing site that has not been modified. Citation's application sought approval of the existing site, based on operations as existing at the time of application; indeed, Citation specifically provided that no modifications to the Tank Battery that would trigger additional requirements had occurred and no construction applications or modifications to existing permits were proposed.

9. Absent a modification to NWD 2 Tank Battery (F004576), 40 CFR part 60, subpart OOOO, 40 CFR part 60, subpart OOOOa, and Best Available Control Technology

(BACT) remain inapplicable. Any Permit Condition requiring compliance with the same is improper.

10. The Council is authorized, pursuant to Wyoming Statute § 35-11-112(a)(iv), to hear appeals arising the issuance of air quality permits and has the power under W.S. § 35-11-112(c)(ii) to modify Permit No. P0027430 and remove any inappropriate Permit Conditions.

11. Citation, therefore, requests that the Council review and set for hearing its appeal of the improper Permit Conditions in Permit No. P0027430.

### **RELIEF REQUESTED**

Citation respectfully requests that the Council review the DEQ's improper requirements and Conditions in Permit No. P0027430, and that the Council modify Permit No. P0027430 by vacating the improper Permit Conditions noted above. Citation further reserves the right to amend this Petition, clarify, and/or supplement additional grounds for review.

Dated July 6, 2020.



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**ATTORNEYS FOR PETITIONER**

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 6th day of July, 2020, in accordance with the requirements of Chapter 2, Section 4(a) of the Department of Environmental Quality Rules of Practice and Procedure, this Petition for Review and Request for Hearing, was filed via hand delivery on:

Chairman of the Environmental Quality Council,  
2300 Capitol Ave.  
Hathaway Bldg. 1st, Room 136  
Cheyenne, WY 82002

and served via registered mail, return receipt requested, on the following, and delivered by hand as well:

Todd Parfitt  
Director of the Department of Environmental Quality  
200 West 17th Street  
Cheyenne, WY 82002

Nancy E. Vehr  
Administrator of the Air Quality Division  
Department of Environmental Quality  
200 West 17th Street  
Cheyenne, WY 82002

James Kaste  
Deputy Attorney General State of Wyoming  
123 Capitol Building  
Cheyenne, WY 82002

  
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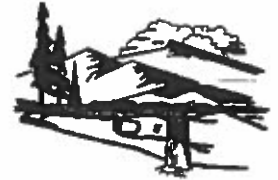


Mark Gordon, Governor

**EXHIBIT A**

**Department of Environmental Quality**

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



Todd Parfitt, Director

Date: June 9, 2020

Ms. Lee Ann Elsom  
Regulatory Compliance Manager  
Citation Oil & Gas Corporation  
14077 Cutten Road  
Houston, TX 77002

Permit No. **P0027430**

Dear Ms. Elsom:

The Division of Air Quality of the Wyoming Department of Environmental Quality has completed final review of Citation Oil & Gas Corporation's (CMP000177) application to modify the NWD 2 Tank Battery (F004576) by updating the equipment list, with one smokeless flare to control volatile organic compound and hazardous air pollutant emissions associated with the oil tanks and active produced water tanks, located in the SE1/4SE1/4 of Section 3, T47N, R100W, approximately seven (7) miles south-southeast of Meeteetse, in Park County, Wyoming.

Following this agency's proposed approval of the request as published April 30, 2020 and in accordance with Chapter 6, Section 2(m) of the Wyoming Air Quality Standards and Regulations, the public was afforded a 30-day period in which to submit comments concerning the proposed modification, and an opportunity for a public hearing. No comments were received during the public comment period. Therefore, on the basis of the information provided to us, approval to modify the NWD 2 Tank Battery as described in the application is hereby granted pursuant to Chapter 6, Section 2 of the regulations with the following conditions:

1. Authorized representatives of the Division of Air Quality be given permission to enter and inspect any property, premise or place on or at which an air pollution source is located or is being installed for the purpose of investigating actual or potential sources of air pollution and for determining compliance or non-compliance with any rule, regulation, standard, permit or order.
2. All substantive commitments and descriptions set forth in the application for this permit, unless superseded by a specific condition of this permit, are incorporated herein by this reference and are enforceable as a condition of this permit.
3. A permit to operate in accordance with WAQS&R Chapter 6, Section 2(a)(iii) is required after a 120-day start-up period in order to operate this facility.
4. All notifications, reports and correspondence required by the permit shall be submitted to the Stationary Source Compliance Program Manager. Submissions may also be done electronically through <https://airimpact.wyo.gov> to satisfy requirements of this permit.
5. All records required under this permit shall be kept for a period of at least five (5) years and shall be made available to the Division upon request.

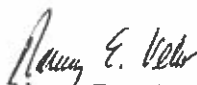
6. Effective upon permit issuance, this permit shall supersede Air Quality Permit wv-229 for the NWD 2 Tank Battery.
7. Periodic training on the proper operation of equipment, systems and devices used to contain, control, eliminate or reduce pollution shall be provided to company personnel whose primary job is to regularly ensure that facility production equipment is functional. The training shall provide these personnel with the ability to recognize, correct and report all instances of malfunctioning equipment, systems and devices associated with air pollution control. These equipment, systems and devices include, but are not limited to combustion units, reboiler overheads condensers, hydrocarbons liquids storage tanks, drip tanks, vent lines, connectors, fittings, valves, relief valves, hatches and any other appurtenance employed to, or involved with, eliminating, reducing, containing or collecting vapors and transporting them to a pollution control system or device.
8. Trained personnel shall perform, at a minimum, a quarterly site evaluation of the operation of the air pollution control equipment, systems and devices under Condition 7. The first quarterly site evaluation shall be conducted within the second quarter after permit issuance.
9. At least one of the quarterly evaluations per calendar year under Condition 8 shall include an evaluation of the facility for leaks from the equipment, systems and devices under Condition 7 using an optical gas imaging instrument. Monitoring utilizing the no detectable emissions test methods and procedures in 40 CFR §60.5416(b)(1) through (8) may be utilized to satisfy the requirements of this condition for the equipment, systems, and devices under Condition 7 in lieu of using an optical gas imaging instrument.
10. Notification shall be provided to the Division at least fifteen (15) days prior to the quarterly evaluation under Condition 8.
11. An annual preventative maintenance program shall be instituted to inspect and replace equipment, systems and devices under Condition 7 as necessary to ensure their proper operation.
12. Results of all inspections, evaluations and periodic monitoring shall be documented and maintained for review by the Division upon request. Digital files of any optical gas imaging instrument evaluations need not be maintained.
13. Citation Oil & Gas Corporation shall follow the fugitive emission monitoring requirements under 40 CFR part 60, Subpart OOOOa for fugitive VOC emissions from a production site as published in the federal register on June 3, 2016 (Federal Register Vol. 81 pg. 35824-35941).
14. Vapors from all oil tanks and all active produced water tanks, including tank flash and S/W/B vapors, shall be routed to the flare to reduce the mass content of VOCs, HAPs and H<sub>2</sub>S in the tank vapors vented to the device by at least ninety-eight percent (98%) by weight for at least one (1) year following the date of installation of the control device, after which time the device may be removed upon Division approval without permit modification provided it can be demonstrated that the current, uncontrolled, annualized VOC emission rate from the oil tanks is less than, and will remain less than four (4) tons per year.

15. The presence of the flare pilot flame shall be monitored using a thermocouple and continuous recording device or any other equivalent device to detect and record the presence of the flame. Records shall be maintained noting periods during active well site operation when the pilot flame is not present. The records shall contain a description of the reason(s) for absence of the pilot flame and steps taken to return the pilot flame to proper operation.
16. The continuous pilot monitoring system under Condition 15 shall be installed and operational within sixty (60) days of permit issuance. Citation Oil & Gas Corporation shall notify the Division within fifteen (15) days of installation of the continuous pilot monitoring system.
17. The flare shall be designed, constructed, operated and maintained to be smokeless, per Chapter 3, Section 6(b)(i) of the WAQSR, with no visible emissions except for periods not to exceed a total of five (5) minutes during any two (2) consecutive hours as determined by 40 CFR part 60, appendix A, Method 22.
18. Emission control equipment, including the VOC and HAP emission control system or device, all vent lines, connections, fittings, valves, relief valves, hatches or any other appurtenance employed to contain and collect vapors and transport them to the emission control system or device, shall be maintained and operated during any time the well is producing such that the emissions are controlled at all times. Records shall be maintained noting dates and durations of times during such operation when any VOC or HAP emissions control system or device or the associated containment and collection equipment is not functioning to control emissions as required by this permit.
19. Citation Oil & Gas Corporation shall maintain records that the manufacturer-designed VOC destruction efficiency of the flare is at least ninety-eight percent (98%).
20. Citation Oil & Gas Corporation, LLC shall comply with all applicable requirements of 40 CFR part 60, subpart OOOO.

It must be noted that this approval does not relieve you of your obligation to comply with all applicable county, state, and federal standards, regulations or ordinances. Special attention must be given to Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations, which details the requirements for compliance with Condition 3. Any appeal of this permit as a final action of the Department must be made to the Environmental Quality Council within thirty (30) days of permit issuance per Section 8, Chapter 1, General Rules of Practice and Procedure, Department of Environmental Quality.

If we may be of further assistance to you, please feel free to contact this office.

Sincerely,

  
Nancy E. Vehr  
Administrator  
Air Quality Division

  
Todd Parfitt  
Director  
Dept. of Environmental Quality

NV/hb



**Wells Producing to NWD 2 Tank Battery**

Facility	¼ ¼	Section	Township (N)	Range (W)	Latitude	Longitude	Startup
LBB DSU C-052236A 26	SE SE	3	47	100	44.06611	-108.83771	2/8/71
NW Dome C-052236A 28	SE SW	3	47	100	44.06556	-108.84667	3/28/71
NW Dome C-064382 29	NW NE	10	47	100	44.0625	-108.84139	9/14/71
NWD State 33	NW SW	2	47	100	44.07056	-108.83278	12/31/84
NWD DSU C-045633 34	SW SW	2	47	100	44.06556	-108.83209	11/28/78
LBB NWD 35	NE SW	2	47	100	44.06931	-108.82722	1/10/80
LBB NWD C-045633 10	SE SW	2	47	100	44.06521	-108.82701	2/16/80
NWD 43	NW SW	2	47	100	44.06916	-108.8334	3/24/14

**EQUIPMENT LIST**

- one (1) heater treater w/ 1.25 MMBtu/hr heater
- two (2) heater treaters w/ 0.75 MMBtu/hr heaters
- one (1) heater treater w/ 0.5 MMBtu/hr heater
- three (3) 400-bbl oil storage tanks
- two (2) 400-bbl produced water tanks
- one (1) 400-bbl water knockout tank
- one (1) smokeless flare w/ continuous pilot monitoring system (oil tank, active produced water tank and water knockout tank control)