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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. P0027432)
Tensleep 2 Tank Battery (F004572))

PETITION FOR REVIEW AND REQUEST FOR HEARING

Citation Oil & Gas Corp. (“Citation”) appeals Permit No. P0027432 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. P0027432. 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. P0027432. A copy of Permit No. P0027432 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 Tensleep 2 Tank Battery (F004572) located in Park County, Wyoming. In its application, Citation noted:

Pursuant to the audit discourses 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.

Tensleep 2 Tank Battery (F004572), *Purpose of Application*.

6. On June 9, 2020, the DEQ issued Permit No. P0027432. Permit No. P0027432 includes several improper Permit Conditions which Citation now petitions the Council to review. Specifically, Permit No. P0027432 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.*

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, Tensleep 2 Tank Battery (F004572) 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 Tensleep 2 Tank Battery (F004572), 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. P0027432 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. P0027432.

RELIEF REQUESTED

Citation respectfully requests that the Council review the DEQ's improper requirements and Conditions in Permit No. P0027432, and that the Council modify Permit No. P0027432 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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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





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. **P0027432**

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 Tensleep 2 Tank Battery (F004572) by updating the equipment list, with three smokeless flares to control volatile organic compound and hazardous air pollutant emissions associated with the oil tanks and active produced water tanks, located in the NE1/4SE1/4 of Section 12, T47N, R100W, approximately eight (8) 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 Tensleep 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.

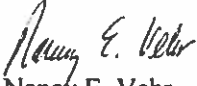
6. Effective upon permit issuance, this permit shall supersede Air Quality Permit MD-466 for the Tensleep 2 Tank Battery.
7. Periodic training on the proper operation of equipment, systems and devices used to contain, control, eliminate or reduce pollution shall be provided to company personnel whose 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, all oil pop tanks and all active produced water tanks, including tank flash and S/W/B vapors, shall be routed to the flares to reduce the mass content of VOCs, HAPs and H₂S in the tank vapors vented to the devices by at least ninety-eight percent (98%) by weight for at least one (1) year following the date of installation of the control devices, after which time the devices 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 flames shall be monitored using thermocouples and continuous recording devices or any other equivalent devices to detect and record the presence of the flames. Records shall be maintained noting periods during active well site operation when any of the pilot flames are not present. The records shall contain a description of the reason(s) for absence of the pilot flames and steps taken to return the pilot flames to proper operation.
16. The continuous pilot monitoring systems 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 systems.
17. The flares 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 flares is at least ninety-eight percent (98%).

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 Tensleep 2 Tank Battery

Facility	¼ ¼	Section	Township (N)	Range (W)	Latitude	Longitude	Startup
LBB DSU 66	NW SW	7	47	99	44.05417	-108.78990	9/22/68
LBB DSU Unit 179	NW SW	7	47	99	44.05633	-108.78759	5/10/88
Federal C-045855 263	NE SW	7	47	99	44.05592	-108.78614	2/27/83
Little Buffalo Basin 373	SW SW	7	47	99	44.05080	-108.79010	2/9/85
LBB DSU C-045855 369	SW SW	7	47	99	44.05288	-108.79221	6/9/88
LBB DSU C-045855 380	SW NW	18	47	99	44.04432	-108.78782	7/12/85
LBB DSU C-045855 21	NW NE	13	47	100	44.04868	-108.80044	2/9/88
LBB DSU C-045855 12	SE SE	12	47	100	44.05182	-108.79541	6/4/58
LBB DSU C-045855 64	NE SE	12	47	100	44.05341	-108.79681	5/24/68
LBB DSU 72	NW NE	13	47	100	44.04679	-108.80278	7/18/68
LBB DSU C-045855 71	NE NE	13	47	100	44.04667	-108.79839	8/8/68
LBB DSU 141	SE SW	12	47	100	44.0520	-108.80833	10/21/75
LBB DSU C-045855 142	NE SW	12	47	100	44.05429	-108.80551	3/22/88
LBB DSU C-045855 132	NW SW	12	47	100	44.05570	-108.80347	1/9/88
LBB DSU 135	NW SE	12	47	100	44.05369	-108.80167	1/15/88
LBB DSU 133	NE SE	12	47	100	44.05541	-108.79839	2/9/88
LBB DSU C-045855 152	SW NE	13	47	100	44.04417	-108.79981	2/24/77
LBB DSU C-045855 153	NE NE	13	47	100	44.04694	-108.79667	3/25/77
LBB DSU C-045855 155	NW SE	12	47	100	44.05161	-108.79991	3/11/77
Little Buffalo Basin 156	NW SE	12	47	100	44.055	-108.8025	2/21/77
LBB DSU C-052236 172 ¹	NW SE	13	47	100	44.04701	-108.80491	11/20/78
LBB DSU 184	SE NE	13	47	100	44.04222	-108.79791	6/12/79
LBB DSU 183	SW NE	13	47	100	44.04349	-108.80049	5/11/79
LBB DSU 182	SE NE	13	47	100	44.04381	-108.79528	3/28/79
LBB DSU 194	SE SW	12	47	100	44.05071	-108.80489	7/18/79
LBB DSU C-052236 189	NW SE	13	47	100	44.04222	-108.80222	12/6/79
LBB DSU 286	SW SE	12	47	100	44.04979	-108.80351	12/31/83
LBB DSU C-045855 297	NW NE	13	47	100	44.04806	-108.79931	12/1/83
LBB DSU C-052236 301	NE SE	13	47	100	44.04083	-108.79729	10/31/83
LBB DSU 305	SE SE	12	47	100	44.04989	-108.79639	10/21/83
LBB DSU 392	NW SE	12	47	100	44.05472	-108.79944	2/17/88

¹ the LBB DSU C-052236 172 well was fracture treated in 2010

EQUIPMENT LIST

- three (3) heater treaters w/ 1.25 MMBtu/hr heaters
- three (3) 1000-bbl oil storage tanks
- one (1) 5000-bbl produced water tank
- one (1) 400-bbl oil pop tank
- three (3) smokeless flares w/ continuous pilot monitoring systems (oil tank, active produced water tank and oil pop tank control)