



REGION 8
DENVER, CO 80202

July 26, 2024

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8/5/2024

9:48 AM

**U.S. EPA REGION 8
HEARING CLERK**

VIA EMAIL ONLY

Shawna Bonini
Operations Engineer
White Rock Oil & Gas LLC
5810 Tennyson Parkway, Ste. 500
Plano, TX 75024
SBonini@whiterockog.com

Re: Notice of Violation to White Rock Oil & Gas, LLC CAA-08-2024-0013

Dear Ms. Bonini:

The U.S. Environmental Protection Agency is issuing White Rock Oil & Gas, LLC, the enclosed Notice of Violation and offering an opportunity to confer regarding alleged violations of the Clean Air Act and its implementing regulations.

Specifically, the EPA alleges that White Rock has violated or is violating the Montana Administrative Code, 17.8.1710 and 17.8.1711, promulgated under the authority of the Clean Air Act of Montana, Montana Code, Title 17, Chapter 8, Subchapter 17, at an oil and gas production facility in the State of Montana.

Section 113(a)(3) of the Clean Air Act provides that whenever, based on information available to the Administrator of the EPA, the Administrator finds that any person has violated, or is in violation of an applicable implementation plan or requirement of the Act, the Administrator may issue an administrative compliance order, issue an administrative penalty order, or bring a civil judicial action. 42 U.S.C. § 7413(a)(3). This NOV also serves as notice to the State of Montana under Section 113(a)(1). 42 U.S.C. § 7413(a)(1).

We are offering White Rock an opportunity to confer with the EPA about the violations alleged in the NOV. The conference will provide an opportunity to present information on the specific alleged violations and any efforts that White Rock has taken to comply or prevent future noncompliance.

To reach a timely conclusion of this matter, the EPA would like to hold an initial meeting

Re: Notice of Violation to White Rock Oil & Gas, LLC

on or before August 30, 2024. To schedule this meeting, please have your counsel call or email Kai Hill, Assistant Regional Counsel for EPA Region 8, at (303) 312-6856 or hill.kai@epa.gov within 15 calendar days following receipt of this letter.

Sincerely,

Suzanne J. Bohan, Director
Enforcement and Compliance Assurance Division

Enclosure

cc (w/Encl.):

Bo Wilkins, Bureau Chief, Air Quality, Montana Department of Environmental
Quality, bo.wilkins@mt.gov

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

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U.S. EPA REGION 8
HEARING CLERK

IN THE MATTER OF:) NOTICE OF VIOLATION
)
White Rock Oil & Gas, LLC) EPA Docket No. CAA-08-2024-0013
5810 Tennyson Parkway; Ste. 500)
Plano, TX 75024) Proceedings Pursuant to
) the Clean Air Act,
) 42 U.S.C. §§ 7401-7671q,
) and Montana Code, Title 17,
) Chapter 8

NOTICE OF VIOLATION

The U.S. Environmental Protection Agency (EPA) alleges that White Rock Oil & Gas, LLC (White Rock) has violated the Clean Air Act (the Act) at oil and natural gas production operations located in the Bakken Basin. Specifically, the EPA alleges White Rock has violated Montana Admin. Code 17.8.1710 and 17.8.1711, promulgated under the authority of the Clean Air Act of Montana, Montana Code, Title 17, Chapter 8, Subchapter 17 for the oil and gas industry for facilities within the State of Montana.

I. STATUTORY AND REGULATORY BACKGROUND

1. The Clean Air Act's purpose is "to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population." 42 U.S.C. § 7401(b)(1).
2. Section 108 of the Act, 42 U.S.C. § 7408, directs the EPA to identify pollutants that "may reasonably be anticipated to endanger public health or welfare" and to issue air quality criteria based on the "latest scientific knowledge" about the effects of the pollutants on public health and the environment. These pollutants are known as "criteria pollutants."
3. Section 109 of the Act, 42 U.S.C. § 7409, requires the EPA to establish national ambient air quality standards (NAAQS) for criteria pollutants. The primary standard must be set at a level "requisite to protect the public health" with an adequate margin of safety, and the secondary standard is intended to protect the "public welfare."
4. Ground-level ozone is one of six criteria pollutants for which the EPA has promulgated national standards, due to its adverse effects on human health and the

environment. Short-term exposures (1 to 3 hours) to ground-level ozone can cause acute health effects observed even at low concentrations, including temporary pulmonary inflammation. Long-term exposure (months to years) may cause permanent damage to lung tissue. Children and adults who are active outdoors are particularly susceptible to the adverse effects of exposure to ozone. *See* 73 Fed. Reg. 16,436 (Mar. 27, 2008).

5. Ozone is not emitted directly from sources of air pollution. Ozone is a photochemical oxidant, formed when volatile organic compounds (VOCs) and nitrogen oxides (NO_x) react in the presence of sunlight. NO_x and VOCs are known as “ozone precursors.” Sources that emit ozone precursors are regulated to reduce ground-level ozone. *See* 62 Fed. Reg. 38,856 (July 18, 1997).
6. Section 110(a)(2)(C) of the Act requires that every state implementation plan for national primary and secondary ambient air quality standards include a program to regulate the construction and modification of stationary sources; this includes a permitting program as required by parts C and D of Title I of the Act. *See* 42 U.S.C. § 7410(a)(2)(C).

A. State of Montana Air Quality Regulations for the Oil & Gas Industry

1. Registration of Air Contaminant Sources

7. The EPA approved the State of Montana’s Registration of Air Contaminant Sources requirements into Montana’s State Implementation Plan minor source review program. 78 Fed. Reg. 6,9296 (Nov. 19, 2013). Requirements in registrations and set forth in Montana Administrative Rules Title 17, Chapter 8, Subchapter 17 are therefore federally enforceable. *See* 40 C.F.R. § 52.1370(c)(73).
8. Potential sources of air pollution subject to the State of Montana’s regulations may register with the Montana Department of Environmental Quality (MDEQ) instead of submitting an application for a Montana air quality permit. Mont. Admin. R. 17.8.1702.

2. Requirements for Registered Air Contaminant Sources

9. "Oil or gas well facility" means a well that produces oil or natural gas. The term

includes: (i) equipment associated with the well and used for the purpose of producing, treating, separating, or storing oil, natural gas, or other liquids produced by the well; and (ii) a group of wells under common ownership or control that produce oil or natural gas and that share common equipment used for the purpose of producing, treating, separating, or storing oil, natural gas, or other liquids produced by the wells. Mont. Code Ann. § 75-2-103(14)(a)(i)-(ii) (2023).

10. "Oil or gas well facility equipment" includes, but is not limited to, wellhead assemblies, amine units, prime mover engines, phase separators, heater treatment units, dehydrator units, tanks, and connecting tubing, but does not include equipment such as compressor engines used for transmission of oil or natural gas. *Id.* at §§ 75-2-103(14)(b)-(c).
11. "Registered facility" means any registration eligible facility that has been registered for operation under the requirements of subchapter 17. Mont. Admin. R. 17.8.1701(3).
12. "Volatile organic compounds (VOC)" means any compound of carbon, excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, and ammonium carbonate, which participates in atmospheric photochemical reactions. This does not include methane and ethane, which are excluded because they have negligible photochemical reactivity. Mont. Admin. R. 17.8.101; 40 C.F. R. §§ 51.100(s).
13. The owner or operator of a registered oil or gas well facility shall operate all emissions control equipment to provide the maximum air pollution control for which it was designed. Mont. Admin. R. 17.8.1710(3).
14. The owner or operator of a registered oil or gas well facility shall install and operate air pollution control equipment and comply with air pollution control practices beginning at the time of registration, in compliance with the following: VOC vapors of 200 Btu/scf or greater from each piece of oil or gas well facility equipment, with a PTE greater than 15 tpy, must be captured and routed to a gas pipeline, routed to a smokeless combustion device equipped with an electronic ignition device or a

continuous burning pilot system, meeting the requirements of 40 CFR 60.18, and operating at a 95% or greater control efficiency, or routed to air pollution control equipment with equal or greater control efficiency than a smokeless combustion device. Mont. Admin. R. 17.8.1711(1)(a).

II. FACTUAL BACKGROUND & FINDINGS OF VIOLATION

A. Factual Background

15. White Rock is a Texas limited liability company and at all relevant times to this NOV is doing business in the State of Montana.
16. White Rock is a “person” within the meaning of Section 302(e) of the Clean Air Act, 42 U.S.C. § 7602(e).
17. White Rock owns and operates the following oil and natural gas facilities: ALBIN FARMS 31X-31, ALBIN 24X-28, and ALBIN FARMS 34X-32 (collectively, the “Albin Facilities”).
18. Oil and water produced from the Albin Facilities are stored in produced oil and produced water storage tanks. Produced oil and produced water storage tanks are kept at or near atmospheric pressure.
19. When pressurized oil is transferred from higher-pressure separators or heater treaters to lower-pressure atmospheric storage tanks, some of the hydrocarbons in the oil, including VOC and hazardous air pollutants, vaporize in a process known as “flashing.” After flashing occurs, the oil continues to emit vapors due to liquid level changes and temperature fluctuations (commonly known “working,” “standing,” or “breathing” losses).
20. Vapors from storage tanks are captured and controlled through a series of pipes or vent lines, often referred to as a closed vent system or CVS, that route vapors to a combustion device.
21. The Albin Facilities each considered an “oil or gas well facility” as defined by Montana Code Annotated § 75-2-103(14)(a)(i)-(ii).
22. On December 20, 2005, Headington Oil Co., LP, the then-owner of the Albin Facilities, submitted applications for air quality preconstruction permits for each of

the Albin Facilities to the Montana Department of Environmental Quality.

23. The Tanks and the Heater Treater at the Albin Facilities are “oil or gas well facility equipment” as defined by Mont. Admin. Code 17.8.1711(1)(a).
24. According to White Rock’s permit applications for the Albin Facilities, the sites meet the criteria in Mont. Admin. R. 17.8.1710(3) and 17.8.1711(1)(a), requiring a lit flare to control VOCs at the sites.
25. Between October 16 and October 28, 2023, EPA’s contractor, Toeroek Associates, Inc. (Toeroek)/ChampionX Emissions Technologies Group (ChampionX) performed aerial monitoring surveys of oil and gas facility operations in Montana. The aerial surveys were conducted using a helicopter operating at approximately 250 feet above ground level and an Optical Gas Imaging (OGI) camera.
26. On October 20, 2023, Toeroek/Champion X observed extensive hydrocarbon emissions from an unlit flare at the Albin Facilities.
27. On November 16, 2023, after reviewing the information provided by Toeroek/Champion X, EPA contacted White Rock representatives to inform them of the unlit flare at the Albin Facilities, which was identified in the aerial survey on October 20, 2023.

B. Alleged Violations — Montana Air Quality Regulations for the Oil and Gas Industry

28. Based on aerial survey findings at the Albin Facilities of an unlit flare venting uncontrolled VOC emissions to atmosphere at each site, White Rock violated requirements under Montana Administrative Code 17.8.1710(3) to operate all emissions control equipment at a registered oil or gas well facility to provide the maximum air pollution control for which it was designed. Mont. Admin. Code 17.8.1710(3).
29. Based on aerial survey findings at the Albin Facilities of an unlit flare venting uncontrolled VOC emissions to atmosphere at each site, White Rock violated requirements under Montana Administrative Code 17.8.1711(1)(a) to operate air pollution control equipment at a registered oil or gas well facility which has a

continuous burning pilot system, meets the requirements of 40 C.F.R. § 60.18, and operates at 95% or greater control efficiency. Mont. Admin. Code 17.8.1711(1)(a).

III. ENFORCEMENT AUTHORITY

30. Section 113(a) of the Act authorizes the Administrator of the EPA, after notification is provided, to issue an order requiring any person who has violated or violates any requirement or prohibition of an applicable State implementation plan or permit to:(a) issue an order requiring such person to comply with the requirements or prohibitions of such plan or permit; (b) issue an administrative order to comply with Section 113(d) of the Act; or (c) bring a civil action in accordance with Section 113(b) of the Act. *See* 42 U.S.C. § 7413(a)(1).
31. Section 113(a)(3) of the Act, 42 U.S.C. § 7413(a)(3), provides that whenever, on the basis of any information available to the Administrator, the Administrator finds that any person has violated, or is in violation of, any requirement or prohibition of the Clean Air Act, the Administrator may issue an order requiring such person comply with the requirements or prohibition of the Act, issue an administrative penalty order in accordance with section 113(d) of the Act, or bring a civil action in accordance with section 113(b) of the Act for injunctive relief or civil penalties.
32. The issuance of this Notice of Violation does not in any way limit or preclude the EPA from pursuing additional enforcement options concerning inspections or review referenced in this Notice of Violation. Also, this Notice of Violation does not preclude enforcement action for violations not specifically addressed in this Notice of Violation.

Date Issued: July 26, 2024

Suzanne J. Bohan, Director
Enforcement and Compliance Assurance
Division, Environmental Protection Agency,
Region 8