

**DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR QUALITY DIVISION
ACTIVITY REPORT: Scheduled Inspection**

N795528160

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| FACILITY: TUSCOLA ENERGY - NIXON - GARNER RD CPF | | SRN / ID: N7955 |
| LOCATION: GARNER RD BETWEEN CASS CITY RD AND M25, AKRON | | DISTRICT: Saginaw Bay |
| CITY: AKRON | | COUNTY: TUSCOLA |
| CONTACT: | | ACTIVITY DATE: 10/15/2014 |
| STAFF: Benjamin Witkopp | COMPLIANCE STATUS: Non Compliance | SOURCE CLASS: MINOR |
| SUBJECT: Inspection of crude oil production facility | | |
| RESOLVED COMPLAINTS: | | |

Ben Witkopp of the Michigan Department of Environmental Quality (MDEQ) - Air Quality Division (AQD) and Andrew Kent of the Office of Oil Gas and Minerals (OOGM) inspected the Garner Rd. crude oil production facility located in Wisner Township. The facility handles oil from both sour and sweet wells. Tuscola Energy is the company which operates the facility but the company is under new ownership and management as of the spring of 2014. The facility is covered by air permit 97-09A.

The permit contains provisions concerning shut down systems. Part of that involves having a mechanism in place to safely shut down the wells if the flare pilot flame is extinguished. A well shut down would occur if line pressure at a murphy switch exceeds a company determined set point. The switch would then cause the ignition at the pump jack motor to cease. However, the system only works if all components are in place. Field conditions were extremely muddy at the time. Of the well sites checked, the Nixon 8, 11, and 12 did not have the murphy switch connected.

Of particular note is another aspect of the shut down system. The permit requirement specifies ceasing fluid flow into the facility in case of pilot flame failure. However, the system was set up with a shut off valve which would cease gas flow to the flare. Because murphy switches were not connected at some wells, the situation exists where gas could not exit the separator yet oil would continue to be sent into the separator and generate more gas which couldn't escape. Dealing with gas having high concentrations of H₂S, this is a potentially dangerous situation. Other permit conditions concerning on site actions such as flare height, flare being lit, etc. were in compliance.

OOGM regulations were another matter checked. At the tank battery the diking was very low at the east end which violates OOGM rule 324.1002. There was no gate at the catwalk stairs and no SCBA warning sign was posted. This violates OOGM rule 324.1122. At the Nixon 7 the site ID sign was on the ground as was the H₂S warning sign. These conditions are violations of OOGM rules 324.1002 and .1012 respectively. At the Nixon 8 and 11 the danger signs were faded out in violation of OOGM rule 324.1109. The Nixon 8, 11, and 12 needed the shutoff valves painted. Their current condition is a violation of OOGM rule 324.1119. The lack of proper wiring of murphy switches at the Nixon 8, 11, and 12 parallels the AQD requirements and is a violation of OOGM rule 324.1123.

On October 21 a prescheduled meeting with the company was held at the DEQ District office. I had asked Jeff Adler to bring the records required by the air permit. Since the new management had taken over in early spring I had just asked for the latest months records showing H₂S feed rates to the flare. The records did not have a recent H₂S concentration. In fact it was from 2013. This is a violation of permit condition VI 1 & 2 concerning testing and records. The shutdown system situation was thoroughly discussed so the company fully understood the problem.

The company was informed a violation notice would be forthcoming concerning both AQD and OOGM violations.

NAME B. Witkopp DATE 10-24-14 SUPERVISOR C. Adler