



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
SAGINAW BAY DISTRICT OFFICE



C. HEIDI GREYER
DIRECTOR

December 19, 2018

Mr. Jeff Adler
Tuscola Energy Inc.
920 North Water Street, Suite 213
Bay City, Michigan 48708

SRN: N7955; ACO 37-2015, Tuscola County

Dear Mr. Adler:

VIOLATION NOTICE

On December 4, 2018, the Department of Environmental Quality (DEQ), Air Quality Division (AQD), conducted an inspection of the Garner Road Crude Oil Production Facility located at Garner Road, Wisner Township, Michigan. The purpose of this inspection was to determine Tuscola Energy Inc.'s compliance with the requirements of the federal Clean Air Act; Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451); the Air Pollution Control Rules; and the conditions of Permit to Install (PTI) number 97-09A; Consent Order AQD number 37-2015.

During the inspection, staff observed the following:

| Process Description | Rule/Permit Condition Violated | Comments |
|---------------------|--|--|
| FGOILPRODUCTION | SC II.1 (R 336.1225) The mass flow rate of hydrogen sulfide going to the flare shall not exceed 232 pounds per day. | Exceeded emission limit on August 24, 27, and 28, 2018 |

The records provided demonstrate that actual emissions of hydrogen sulfide (H₂S) from the oil production process equipment were in excess of the material limit in PTI No. 97-09A, Special Condition (SC) II.1 of 232 pounds per day as described in the table below:

| Date | Volumetric Flow Rate (MSCF) | Mass Flow Rate of H ₂ S (lbs/day) |
|-----------|-----------------------------|--|
| 8/24/2018 | 37.776 | 266.547 |
| 8/27/2018 | 40.981 | 289.162 |
| 8/28/2018 | 37.0276 | 261.267 |

The cited SC II.1. of PTI number 97-09A is also enforceable as General Provision paragraph 27 of Consent Order AQD number 37-2015.

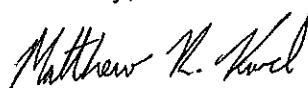
Please initiate actions necessary to correct the cited violations and submit a written response to this Violation Notice by January 9, 2019 (which coincides with 21 calendar days from the date of this letter). The written response should include: the dates the violations occurred; an explanation of the causes and duration of the violations; whether the violations are ongoing; a summary of the actions that have been taken and are proposed to be taken to correct the violations and the dates by which these actions will take place; and what steps are being taken to prevent a reoccurrence.

Please submit the written response to the DEQ, AQD, Saginaw Bay District Office, at 401 Ketchum Street, Suite B, Bay City, Michigan 48708 and submit a copy to Ms. Jenine Camilleri, Enforcement Unit Supervisor at the DEQ, AQD, P.O. Box 30260, Lansing, Michigan 48909-7760.

If Tuscola Energy Inc. believes the above observations or statements are inaccurate or do not constitute violations of the applicable legal requirements cited, please provide appropriate factual information to explain your position.

Thank you for your attention to resolving the violations cited above and for the cooperation that was extended to me during my inspection of the Garner Road Crude Oil Production Facility. If you have any questions regarding the violations or the actions necessary to bring this facility into compliance, please contact me at the email or number listed below.

Sincerely,



Matthew R. Karl
Environmental Quality Analyst
Air Quality Division
karlm@michigan.gov
989-439-3779

cc: Ms. Mary Ann Dolehanty, DEQ
Dr. Eduardo Olaguer, DEQ
Mr. Christopher Ethridge, DEQ
Ms. Jenine Camilleri, DEQ
Mr. Chris Hare, DEQ