

September 6, 2023

Sent via e-mail: gentlen@michigan.gov

Mr. Nathanael Gentle
Michigan Department of Environment, Great Lakes and Energy (EGLE)
Air Quality Division
401 Ketchum St., Suite B
Bay City, MI 48708

RE: Violation Notice P1318_VN_20230822
SRN: P1318
Cranberry Lake Facility

Dear Mr. Gentle:

The violation letter dated August 22, 2023, points out two alleged violations. Our response to the listed violations are as follows:

Process Description	Rule/Permit Condition Violated	Comments
FGOILPRODUCTION	PTI No. 4-23, Special Conditions (SC) VI.1	SC VI.1 stipulates that the permittee shall perform six consecutive monthly readings of the concentration of hydrogen sulfide in the sour gas. After successful completion of the six consecutive monthly readings, the permittee may request an alternative monitoring schedule.

Treated sour gas leaving the sweetening plant has been and will be collected and sampled at a minimum of monthly beginning April 2023 either going to the flare (or a sales line intended in future operations). However, on the occasion of the gas sweetening plant being off line during our gas sweetening and waste gas injection facility commissioning period a sour gas sample has not been directly collected. Please note that State A2 sour gas flared at the St A2 facility is not required to have monthly sampling.

However, wells Tope Harry 4 and MMB 11-12 are flared at the Cranberry Lake facility when the sweetening plant is down and, as shown in our records the State A2 has also been diverted to the central facility flare on very rare occasions.

When this has occurred during the plant start-up phase and under any subsequent upset condition, samples have not been collected from the combined untreated sour gas stream, but from each well individually. These well samples have been collected to date on a quarterly basis. Layline will ensure that sour gas well samples are collected on a monthly basis moving forward.

Process Description	Rule/Permit Condition Violated	Comments
FGOILPRODUCTION	R 336.1201	Records reviewed as part of the inspection for Cranberry Lake indicate the Potential to Emit (PTE) for the Facility is larger than what was provided during permitting of the facility.

Following a virtual meeting between EGLE, Layline and Gosling Czubak on August 30, Layline agrees that due to the unforeseen increase of hydrogen sulfide (H₂S) increase in the State A2 well, a significant modification to the potential emissions has occurred. The increase in H₂S was unpredictable and unavoidable. In addition the performance of the MMB 11-12 has changed as a result of well work performed. It should be noted that while these increases in H₂S concentrations have occurred; Layline has and will continue to operate within the permit limits.

Layline will submit a Permit to Install application to EGLE by October 1, 2023, with calculations using the latest H₂S concentrations of wells that will be flared at the Facility with a buffer in the event of future concentration increase. While the sweetening plant at the nearby Cranberry Lake facility is operating, gas from the State A2 well is sent there for processing. The acid gas is injected into a Class II injection well and the resulting sweet gas is flared at the Cranberry Lake facility or will be sold. In the event the sweetening plant is down, the sour gas from the State A2 will be flared from the State A2 facility subject to any future permit requirements.

Please feel free to contact myself, Ray Brodeur or Eric Vincke with any questions or comments.

Sincerely,



Layline Oil & Gas LLC

Wayne Hyman

Vice President Operations

Cc:

Mr. Chris Hare, EGLE (via email)

Ms. Annette Switzer, EGLE (via email)

Mr. Christopher Ethridge, EGLE (via email)

Mr. Brad Myott, EGLE (via email)

Ms. Jenine Camilleri, EGLE (via email)

Mr. Raymond Brodeur, Layline (via email)

Mr. Chris Lewis, Layline (via email)

Mr. Eric Vincke, GCES (via email)