



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY
BAY CITY DISTRICT OFFICE



PHILLIP D. ROOS
DIRECTOR

August 22, 2023

Wayne Hyman
Layline Oil & Gas, LLC
135 Main Street
P.O. Box 310
Marion, Michigan 49665

SRN: P1318, Clare County

Dear Wayne Hyman:

VIOLATION NOTICE

On July 27, 2023, the Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD), conducted an inspection of Layline Oil & Gas, LLC – Cranberry Lake (Cranberry Lake) located in the northwest ¼ of the northeast ¼ of Section 12, Town 20 North, Range 06 West, Winterfield Township, Clare County, Michigan. The purpose of this inspection was to determine Cranberry Lake’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 4-23; and to investigate recent complaints received regarding odors attributed to Cranberry Lake operations.

During the inspection, staff observed the following:

Process Description	Rule/Permit Condition Violated	Comments
FGPRODUCTION	PTI No. 4-23, Special Condition (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.
FGPRODUCTION	Rule 336.1201	Records reviewed as part of the inspection indicate the facility’s Potential to Emit (PTE) is larger than what was provided during permitting of the facility.

Special Condition VI.1 of FGPRODUCTION in PTI No. 4-23 stipulates that the permittee shall monitor and record readings of the concentration of hydrogen sulfide (H₂S) in the sour gas sent to the FGPRODUCTION flare monthly. The permittee shall perform six consecutive monthly readings of the concentration of H₂S in the sour gas. After successful completion of the six consecutive monthly readings, the permittee may request an alternative monitoring schedule. At the time of inspection, measurement of the concentration of H₂S in the sour gas sent to the FGPRODUCTION flare was being conducted on a quarterly basis. An alternative monitoring schedule was not requested, and six consecutive monthly readings were not successfully completed.

Emission records were reviewed for the period of February 2023 through July 2023. During review of facility emission records, AQD staff observed that the H₂S concentrations of gas from individual wells being flared at Cranberry Lake are higher than what was provided in the facility's Permit to Install Application. In addition to the increased H₂S concentrations, maximum daily gas flow rates achievable from individual wells are higher than what was indicated in the facility's PTI application.

During the period of records reviewed, gas from three individual wells was flared at Cranberry Lake including Tope Harry 4, MMB Trust 11-12, and State A2.

The facility's PTI application indicated Tope Harry 4 had a H₂S concentration of 10,700 ppm and a daily gas flow rate of 38 mcf/day. During the period of records reviewed, the H₂S concentration of gas from Tope Harry 4 ranged from 8,300 to 11,000 ppm. A maximum daily flow rate of 46 mcf/day occurred on April 13, 2023.

The facility's PTI application indicated MMB Trust 11-12 had a H₂S concentration of 0 ppm and a daily gas flow rate of 24 mcf/day. During the period of records reviewed, the H₂S concentration of gas from MMB Trust 11-12 ranged from 7,000 to 8,400 ppm. A maximum daily flow rate of 529 mcf/day occurred on July 28, 2023.

The facility's PTI application indicated State A2 had a H₂S concentration of 21,000 ppm and a daily gas flow rate of 125 mcf/day. During the period of records reviewed the H₂S concentration of gas from State A2 ranged from 41,000 to 43,000 ppm. A maximum daily flow rate of 307 mcf/day occurred on May 21, 2023.

H₂S concentrations and gas flow rates observed in facility emission records indicate the Potential to Emit (PTE) of the facility is larger than what was provided during permitting of the facility. Potential to emit means the maximum capacity of a stationary source to emit an air contaminant under its physical and operational design. The complete AQD definition of Potential to Emit (PTE) can be found in Rule 336.1116(n) of the administrative rules promulgated pursuant to Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

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Guidance on completing a PTE demonstration can be accessed through the following website: <https://www.michigan.gov/egle/about/organization/air-quality/air-permits/new-source-review/potential-to-emit>.

The increase in the PTE for the facility is an increase in emissions and therefore triggers a modification pursuant to Rule 201 of the administrative rules promulgated pursuant to Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

Please initiate actions necessary to correct the cited violations and submit a written response to this Violation Notice by September 12, 2023 (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 Nathanael Gentle at EGLE, AQD, Bay City District, at 401 Ketchum Street, Suite B, Bay City, Michigan 48708 and submit a copy to Jenine Camilleri, Enforcement Unit Supervisor at EGLE, AQD, P.O. Box 30260, Lansing, Michigan 48909-7760.

If Layline Oil & Gas, LLC 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. If you have any questions regarding the violations or the actions necessary to bring this facility into compliance, please contact me at the number listed below or at GentleN@Michigan.gov.

Sincerely,



Nathanael Gentle
Environmental Quality Analyst
Air Quality Division
989-778-0025

cc: Ray Brodeur, Layline
Annette Switzer, EGLE
Christopher Ethridge, EGLE
Brad Myott, EGLE
Jenine Camilleri, EGLE
Chris Hare, EGLE