

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

P020228165

FACILITY: TUSCOLA ENERGY INC		SRN / ID: P0202
LOCATION: CASS CITY RD SEC 27 & 22, WISNER TWP		DISTRICT: Saginaw Bay
CITY: WISNER TWP		COUNTY: TUSCOLA
CONTACT:		ACTIVITY DATE: 10/15/2014
STAFF: Benjamin Witkopp	COMPLIANCE STATUS: Non Compliance	SOURCE CLASS: MINOR
SUBJECT: Inspection of Walat Farms A 6 & 11 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 Walat Farms A 6 & 11 crude oil production facility located in Wisner township. 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 9-11.

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.

Of particular note is one aspect of the shut down system. The permit requirement IV 1 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. If a murphy switch isn't properly wired or set, 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 H<sub>2</sub>S, this is a potentially dangerous situation.

The propane tank used to provide fuel for the flare pilot indicated it was empty. The lack of sweet fuel for the pilot flame is another violation of condition IV 1.

Other permit conditions concerning on site actions such as flare height, flare being lit, etc. were in compliance.

OOGM regulations were another matter checked. The danger sign located by the wellhead was faded. This is a violation of OOGM rule 324.1109. OOGM rule 324.1123 parallels the AQD permit concerning system shut down in case of pilot light failure. The presence of the oily soil at both wellheads is a violation of OOGM rule 324.1006. Valves needed painting at the 11 which is a violation of OOGM rule 324.1119. Lastly, there were volumes of trash / flammables at the 11 wellhead in violation of OOGM rule 324.1002.

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 H<sub>2</sub>S feed rates to the flare. The records did not have a recent H<sub>2</sub>S 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. WitkoppDATE 10-26-14SUPERVISOR C. Hale