



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: P1075, 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) (State Registration Number P1318) located in the northwest ¼ of the northeast ¼ of Section 12, Town 20 North, Range 06 West, Winterfield Township, Clare County, Michigan. As part of the onsite inspection, staff reviewed well gas data. The records reviewed have direct implications for the Layline Oil & Gas, LLC – State A2 (State A2) (State Registration Number P1075) facility located at northwest ¼ of the northwest ¼ of Section 12, Town 20 North, Range 06 West, Winterfield Township, Clare County Michigan.

During the records review, staff observed the following:

| 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 State A2 facility is larger than what was provided during permitting of the facility. |

Emission records for Cranberry Lake were reviewed for the period of February 2023 through July 2023. During review of facility emission records, AQD staff observed the Hydrogen Sulfide (H₂S) concentrations and gas flow from the State A2 well, being flared at the Cranberry Lake facility. Being that gas from the State A2 well is also flared at the State A2 facility, the records reviewed have direct implications for the State A2 facility.

Wayne Hymen
Layline Oil & Gas, LLC
Page 2
August 22, 2023

H₂S concentrations and gas flow rates of the State A2 well observed in the Cranberry Lake facility emission records indicate the H₂S concentration and maximum daily gas flow of the State A2 well are larger than the values provided during permitting of the State A2 facility. The PTE of the State A2 facility appears to be larger than what was provided during permitting of the facility.

The Permit to Install (PTI) application for the State A2 facility indicated gas from the State A2 well had a H₂S concentration of 25,000 ppm and a daily gas flow rate of 115 mcf/day. During the period of records reviewed for Cranberry Lake, the H₂S concentration of gas from the State A2 well ranged from 41,000 to 43,000 ppm. A maximum daily flow rate of 307 mcf/day occurred on May 21, 2023.

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.

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.

Wayne Hymen
Layline Oil & Gas, LLC
Page 3
August 22, 2023

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,

A handwritten signature in black ink that reads "Nathanael Gentle". The signature is written in a cursive style with a large initial 'N'.

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