



GRETCHEN WHITMER
GOVERNOR

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



PHILLIP D. ROOS
DIRECTOR

June 18, 2024

VIA EMAIL ONLY

Wayne Hyman
Layline Oil and Gas, LLC
135 Main St. PO Box 310
Marion, MI 49665

SRN: P1075, Clare County

Dear Wayne Hyman:

VIOLATION NOTICE

On May 24, 2024, the Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD), received notification from Layline Oil and Gas, LLC of an increase in the H₂S concentration in gas from the Blevins et al 3-11 well. The Layline Oil and Gas, LLC State A2 facility is permitted under Permit to Install (PTI) No 130-19B. Condensate from the Blevins et al 3-11 well is permitted to be sent to the State A2 facility for oil and gas production activities including, separation in a heater treater, storage of oil, and flaring of separated gas. As part of the permit evaluation for PTI No. 130-19B, the Blevins et al 3-11 well was evaluated at a H₂S concentration of 45,000 ppm. Layline Oil and Gas, LLC reported recent test sample results for the Blevins et al 3-11 well tested at 85,000 ppm. The increase in the H₂S concentration from what was evaluated during permitting is "a modification in the process" and therefore subject to the requirements of Rule 201 (R 336.1201) of the administrative rules promulgated under Part 55, Air Pollution Control of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

| Process Description | Rule/Permit Condition Violated | Comments |
|---------------------|--------------------------------|---|
| FGOILPRODUCTION | R 336.1201 | The H ₂ S concentration of the Blevins et al 3-11 well increased above the H ₂ S concentration for which the well was evaluated during permit evaluation. This increase indicates a change in the method of operation, which increases the amount of H ₂ S emitted into the outer air. |

A modification is defined by R 336.1113(e) which states "making a physical change in, or change in the method of operation of, existing process or process equipment which increases the amount of any air contaminant emitted into the outer air." The AQD has

determined a change in fuel is "a modification in the process" and an increase in the Potential to Emit (PTE) and therefore subject to the requirements of R 336.1201.

A program for compliance may include a completed PTI application for the Layline Oil and Gas, LLC State A2 Facility. An application form is available by request, or at the following website: www.michigan.gov/air.

Please initiate actions necessary to correct the cited violations and submit a written response to this Violation Notice by July 9, 2024 (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 or GentleN@Michigan.gov and submit a copy to Jenine Camilleri, Enforcement Unit Supervisor at EGLE, AQD, P.O. Box 30260, Lansing, Michigan 48909-7760.

If Layline Oil and 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.

Sincerely,



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

cc: Annette Switzer, EGLE
Christopher Ethridge, EGLE
Brad Myott, EGLE
Jenine Camilleri, EGLE
Gina McCann, EGLE