



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
CADILLAC DISTRICT OFFICE



KEITH CREAMER
DIRECTOR

May 13, 2016

Mr. John Ward
North Star Operating & Consulting Co. Inc.
P.O. Box 46
Kaleva, Michigan 49645

SRN: B5588, Wexford County

Dear Mr. Ward:

VIOLATION NOTICE

On March 15, 2016, the Department of Environmental Quality (DEQ), Air Quality Division (AQD), conducted an inspection of Jaguar Energy - Wexford 10 located at 7 Mile Road, Buckley, Michigan. The purpose of this inspection was to determine Jaguar Energy'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 administrative rules and the conditions of Permit to Install (PTI) number 119-97.

During the inspection, staff observed the following:

Process Description	Rule/Permit Condition Violated	Comments
NGL Separation System	R 336.1201(1)	Construction of NGL Separation process prior to obtaining a PTI.
Wexford 10 Facility	PTI 119-97 Special Conditions 16, 17 and 18.	Failure to maintain and make available monitoring records and emission calculations.

During this inspection, it was noted that Jaguar Energy has installed and commenced operation of an unpermitted process at this facility.

A program for compliance may include a completed PTI application for the natural gas liquids separation process. An application form is available by request, or at the following website:

http://www.deq.state.mi.us/aps/nsr_information.shtml

Be advised that Rule 201 requires that a permit be obtained prior to installation, construction, operation, reconstruction, relocation, or alteration of any process or process equipment which may be a source of an air contaminant.

Also, following this inspection, Jaguar Energy was unable to produce process monitoring and emission records.

This is a violation of the recordkeeping requirements specified in Special Condition numbers 16, 17, and 18 of PTI number 119-97.

The conditions of PTI number 119-97 require monitoring fuel consumption of on-site equipment, crude oil/condensate throughput to the tanks, gallons per minute of glycol circulated through gas dehydrators, and hydrocarbon material trucked from the site. Records of emission calculations of CO, VOC, Nox and HAPS are also required. PTI 119-97 requires maintenance of these records, which shall be made available for review upon request by the AQD staff. These records were first requested by AQD on March 17, 2016.

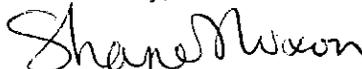
Additionally, this process may also be subject to the federal Standards of Performance for New Stationary Sources (NSPS) for Crude Oil and Natural Gas Production, Transmission and Distribution. These standards are found in Title 40 of the Code of Federal Regulations (CFR) Part 60, Subpart OOOO. Requirements of 40 CFR Part 60, Subpart OOOO may apply to centrifugal and reciprocating compressors, pneumatic controllers, storage vessels, process unit equipment, and sweetening units.

Please initiate actions necessary to correct the cited violations and submit a written response to this Violation Notice by June 3, 2016 (which coincides with 21 calendar days from the date of this letter). The written response should include: A PTI application for the natural gas liquids separation equipment if appropriate; The records required by PTI 119-97 Special Conditions 16, 17, and 18 as previously requested in my March 17, 2016 email and identified above for the year 2015; and an evaluation of the applicability of 40 CFR Part 60, Subpart OOOO.

If Jaguar Energy 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. 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,



FOR

Kurt Childs

Environmental Quality Analyst

Air Quality Division

231-876-4411 / childsk@michigan.gov

cc/via e-mail: Mr. Luis Bartz, Jaguar Energy
Ms. Lynn Fiedler, DEQ
Ms. Teresa Seidel, DEQ
Ms. Heidi Hollenbach, DEQ
Mr. Thomas Hess, DEQ
Ms. Janis Ransom, DEQ