

DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR QUALITY DIVISION
ACTIVITY REPORT: On-site Inspection

B649762642

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|---|--------------------------------------|----------------------------------|
| FACILITY: Hound Resources - OTSEGO LAKE 27 GAS PLANT | | SRN / ID: B6497 |
| LOCATION: 27 E MARLETTE RD, WATERS | | DISTRICT: Cadillac |
| CITY: WATERS | | COUNTY: OTSEGO |
| CONTACT: | | ACTIVITY DATE: 04/21/2022 |
| STAFF: Sharon LeBlanc | COMPLIANCE STATUS: Compliance | SOURCE CLASS: SM OPT OUT |
| SUBJECT: Onsite inspection as part of FY2022 FCE. Equipment not operating at time of site inspection. Documentation review to be completed separately. sgl | | |
| RESOLVED COMPLAINTS: | | |

On April 21, 2022, AQD District Staff conducted a site visit for the Jaguar Energy- Otsego Lake 27 Gas Plant (B6497), located at 650 Kenyon Trail (SW, SW, NE of Section 27, T28N R3W), Waters, Michigan. Records indicate that the Facility is presently being operated by Hound Resources. Signage associated with the Facility has not been changed to date. Note that MACES and previous reports incorrectly identify the Facility as being located at 27 E. Marlette Road.

The purpose of the site visit was to confirm equipment onsite with respect to Permit to Install (PTI) No. 117-17. Records review was/will be conducted and documented in separate reporting.

The referenced site was previously inspected on November 2, 2016. No compliance issues were identified as part of the 2016 compliance evaluations.

FACILITY

The referenced facility is a presently inactive sweetening station operated by Jaguar Energy located E-SE of Waters, Michigan. The station is reported to service three wells consisting of two Antrim and one Niagaran Formation wells in the area. Per District records production from the referenced wells has decreased over time.

To get to the site, District Staff travelled east on Marlette Road, from it's intersection with I-75 approximately 2.3 miles to Kenyon Trail. Kenyon Trail is marked as a seasonal road, and is poorly maintained. The gated entrance to the facility is the first trail/drive on the east side of the road. Signs identifying the Facility are present at the Kenyon Trail entrance. Note that the Facility is fenced, gated and locked.

A review of readily available aerials appears to indicate that the Facility was constructed prior to 1985. MAERS documentation reports that the TEG dehydrator, Ajax RICE and sweetening units were all installed in 1979.

At the time of the site inspection, the skies were overcast, temps in the low 40s and little to no wind.

The Facility was not operating at the time of inspection, and appeared to have been shut down since 2016 or 2017. Entries in log sheets found onsite were for November of 2016. Drager tubes displayed on the wall were dated 2016 and 2017.

MAERS reporting for the Facility indicated that the Facility has not reported operating for the calendar years 2018-2021.

REGULATORY

At the time of the 2016 site inspection, the Facility operated under the ROP- Program, the last ROP issued for the subject site being MI-ROP-B6497-2013 issued on March 6, 2013. The site at that time was reported to have the potential to emit over 100 tpy of SO₂.

The Facility presently operates under PTI No. 117-17, which was issued to Jaguar Energy LLC on November 28, 2017. The PTI was issued as an opt-out permit, and includes a FGFACILITY limit of 89 tons per 12 month rolling time period (Special Condition (SC) I.1) and a material limit of 244,861 cubic feet of sour NG to be processed onsite per 12-month rolling time period (SC II.1) making the Facility a synthetic minor. In addition, the Facility reports being an area source of HAPs.

Permitting - PTIs issued for the Facility include the following:

| PTI | Issued | Voided | Issued to |
|--------|--------------------|-------------|-------------------|
| 664-78 | Application voided | NA | NA |
| 218-82 | Application voided | NA | NA |
| 543-82 | 2/4/1983 | 10/11/2000* | Michigan Oil Co. |
| 117-17 | 11/28/2017 | NA | Jaguar Energy LLC |

*Note that permit was voided when rolled into ROP.

Federal Regulations - The referenced facility does not process or store petroleum liquids, nor store them onsite and is therefore appears to not be subject to 40 CFR Part 60 (New Source Performance Standards AKA NSPS) Subparts;

- K, Ka or Kb (Storage vessels for Petroleum Liquids);
- KKK (Equipment Leaks of VOC from onshore NG Processing Plants);
- VV (Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry);

With regards to the existing engine(s) it appears that based on install dates for the Caterpillar 3516 LE would not be subject to NSPS Subparts IIII and JJJJ for Compression Ignition (CI) RICE and Spark Ignition (SI) RICE, respectively. District staff requested clarification regarding applicability of RICE NESHAP for both engines. But the requested information was not provided during report preparation.

Subpart OOOO would apply to onshore affected facilities that are constructed, modified or reconstructed after August 23, 2011. Based on available information it appears that the

referenced subpart is not applicable at this time but that future changes may be subject to the referenced subpart.

With respect to 40 CFR Part 63 (Maximum Achievable Control Technology Standards A.K.A. MACT) the following Subparts may apply:

- Subpart HH (HAPS from Oil and NG Production Facilities)
- Subpart ZZZZ (Reciprocating Internal Combustion Engine aka RICE)

With respect to Subpart HH, the affected unit is believed to be the dehy unit. However, the facility is not subject to the subpart if it's average throughput is less than 85K cubic meters/day (3 MMscf/day) or average benzene emissions are less than 0.9 Mg/yr (approximately 1 ton/yr). A compliance determination has not been made with respect to this subpart, and at the time of report preparation AQD does not have authority to enforce the subpart.

With respect to Subpart ZZZZ, the company at the time of report preparation has provided no information indicating that the existing RICE would not be subject to the referenced subpart. A compliance determination has not been made with respect to this subpart, and at the time of report preparation AQD has been delegated authority to implement and enforce the subpart. However, at this time compliance determinations for Federal requirements under Subpart ZZZZ for Area Sources have not been made.

EQUIPMENT

Equipment associated with the site at the time of April 21, 2022, site inspection included the following:

| EQUIPMENT | INSTALLATION DATE | PERMITTED (117-17) |
|---|-------------------|--------------------|
| NGL Tank with loadout and VRU | Unk | FGFACILITY |
| Condensate Tank (18K) | Unk | EUTANK |
| FLARE * | 1979 | EUSWEETENING |
| NG Compressor with 30 HP Ajax C-30 RICE | 1979 | FGFACILITY |
| TEG Dehydrator with 100 MMBTu/Hr reboiler | 1979 | EUDEHY |
| Sweetening Unit (Amine process) with reboiler | 1979 | EUSWEETENING |

| | | |
|------------------------------|------|------------|
| Iron Sponges (2) | 2015 | FGFACILITY |
| Inline heater (500 MMBtu.Hr) | Unk | FGFACILITY |

***Note that the Flare is identified as a control for the VRU as well as the dehy and sweetening**

SUMMARY

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The Facility was not operating at the time of inspection, and appeared to have been shut down since 2016 or 2017. Entries in log sheets found onsite were for November of 2016. Drager tubes displayed on the wall were dated 2016 and 2017.

Equipment identified onsite were consistent with those associated with PTI 117-17, and the site inspection report dated November 2, 2016.

MAERS reporting for the Facility indicated that the Facility has not reported operating for the calendar years 2018-2021.

No compliance issues were noted at the time of the onsite inspection.

NAME _____

DATE _____

SUPERVISOR _____