



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
SAGINAW BAY DISTRICT OFFICE



C. HEIDI GREYER
DIRECTOR

August 22, 2016

Mr. Jeff Adler, President
Tuscola Energy, Inc
7998 M-25
Akron, Michigan 48701

SRN: N8276, Tuscola County

Dear Mr. Adler:

VIOLATION NOTICE

On July 18, 2016, the Department of Environmental Quality (DEQ), Air Quality Division (AQD), requested records for the Mowery Bernia 1-32 crude oil production facility from Tuscola Energy, Inc. The purpose of this request was to determine Tuscola Energy, Inc.'s compliance with the requirements of the conditions of Permit to Install (PTI) number 188-10.

After reviewing records, staff observed the following:

| Violation Description | Rule/Permit Condition Violated | Comments |
|-------------------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Incorrect calculations | PTI 188-10 SC VI 3 | April 2016 used undocumented gas volumes but still multiplied by Gas to Oil Ratio (GOR) |
| Lack of GOR documentation, and incorrect calculations | PTI 188-10 SC VI 1 PTI 188-10 SC VI 3 | GOR used in H2S calculations for April 2016 did not use the most recent value. In May and June company did not use GOR in calculations but instead used undocumented gas volumes |
| Records | PTI 188-10-SC VI 1 | Records were present for June 31, 2016 which does not exist |

It should be noted the company records were incomplete at the time of the request though as stated in permit conditions, they are supposed to be completed by the 15th day of the calendar month, for the previous month. The company subsequently provided records on July 25, 2016.

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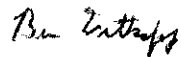
Please initiate actions necessary to correct the cited violations and submit a written response to this Violation Notice by September 5, 2016 (which coincides with 21 calendar days from the date of this letter). The written response should include: the dates the violations occurred; an explanation of 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.

If Tuscola Energy, Inc. 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.

It should be noted the facility is subject to the conditions of a Consent Order (AQD 37-2015, OOGM 2997) which was effective as of December 17, 2015. The violations presented above may result in stipulated penalties for the facility.

Thank you for your attention to resolving the violations cited above and for the cooperation that was extended to me. 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,



Ben Witkopp
Environmental Engineer
Air Quality Division
989-894-6219

cc/via e-mail: Ms. Lynn Fiedler, DEQ
Ms. Mary Ann Dolehanty, DEQ
Mr. Chris Ethridge, DEQ
Mr. Thomas Hess, DEQ
Mr. Chris Hare, DEQ