

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

N082772496

FACILITY: MILLER ENERGY COMPANY II, LLC: ARMS RD		SRN / ID: N0827
LOCATION: ARMS RD, ESSEXVILLE		DISTRICT: Bay City
CITY: ESSEXVILLE		COUNTY: BAY
CONTACT: Laura Dyke , VP of Compliance & Regulatory		ACTIVITY DATE: 06/27/2024
STAFF: Adam Shaffer	COMPLIANCE STATUS: Compliance	SOURCE CLASS: SM OPT OUT
SUBJECT: On site inspection.		
RESOLVED COMPLAINTS:		

A full compliance evaluation (FCE) was completed by Air Quality Division (AQD) staff Adam Shaffer (AS) of the Miller Energy Corporation (MEC) site located off of Arms Road in Hampton Township, Michigan. Applicable records were requested on June 18, 2024, to verify compliance with Permit to Install (PTI) No. 309-96A. An in-person inspection to verify onsite compliance was later completed on June 27, 2024.

### **Facility Description**

MEC is an oil and gas exploration and production company. The facility (specifically the Arms Road site) is an opt out source for sulfur oxides (SOx) and is in operation under PTI No. 309-96A.

### **Offsite Compliance Review**

Based on the timing of the inspection, MEC had already submitted their State and Local Emissions Inventory System (SLEIS) Report for 2023 and had appeared acceptable. Reported emissions appeared consistent with what was provided during the course of the inspection.

### **Compliance Evaluation**

A request was sent to Ms. Laura Dyke, Vice President of Regulatory and Compliance, of MEC on June 18, 2024, for records required by PTI No. 309-96A. The onsite inspection was completed on June 27, 2024. AQD staff AS and Oil Gas and Minerals Division (OGMD) staff Kierstin Rose (KR) arrived at the facility at approximately 9:02am. Weather conditions at the time of the inspection were sunny skies, winds to the southeast at 10-15mph and temperatures in the high 50's degrees Fahrenheit. Upon arrival, AS and KR met with company staff that included Ms. Dyke, who provided a tour of the site. Site specific questions were answered by company staff at the time of the inspection and follow up questions were answered by Ms. Dyke.

As mentioned above MEC is an oil and gas exploration and production facility. During the inspection, various components pertaining to site operations were discussed at length with company staff.

### **PTI No. 309-96A**

#### **FGTANKS**

This flexible group is for the four tanks (EUTANK1, EUTANK2, EUTANK3, and EUTANK4). The four tanks are vented to and controlled by a secondary flare.

The four tanks were observed during the course of the inspection. It was noted that one tank was a water tank, and the three remaining tanks were for oil storage.

Per Special Condition (SC) 1.1, the permittee shall not operate FGTANKS unless it is vented to the secondary flare. It was verified that the tanks are connected to the secondary flare. The flare was observed during the inspection and was lit. The shroud surrounding the flare was in good condition and the flare is operated with what appeared to be an ignition system that would continuously try to light even if the flare was operating properly. The ignition system could be heard sparking for the flare. After further review this appears acceptable. Additionally, the flare is connected to a Consumers Energy line which provides a constant source of sweet natural gas. It was concluded that the tanks and secondary flare were being operated in a satisfactory manner.

## **FGFACILITY**

This flexible group is for all equipment on this site which includes FGTANKS and EUHEATERTREATER.

Per SC 2.1a, this flexible group is subject to an hourly pound per hour (pph) sulfur dioxide emission limit of 87.18 pph. Records were requested and provided for select time periods. In the time periods reviewed, the highest hourly emission rate noted was 19.3 pph which is well within the permitted limit.

Per SC 2.1b, this flexible group is subject to a second sulfur dioxide emission limit of 85 tons per year (tpy) per a 12-month rolling time period. Records were requested and provided for select time periods. For the month of May 2024, 1.40 tons of sulfur dioxide emissions were reported emitted. As of May 2024, 15.7 tpy of sulfur dioxide emissions were reported per a 12-month rolling time period which is well within the permitted limit. Previous 12-month rolling time periods reviewed were also within the permitted limit.

Per SC 2.2, this flexible group is subject to a material usage limit of not more than 90,312.5 lbs of hydrogen sulfide shall be burned per a 12-month rolling time period. Records were requested and provided for select time periods. For the month of May 2024, 1,488.8 lbs of hydrogen sulfide were burned. As of May 2024, 16,705.7 lbs of hydrogen sulfide were burned per a 12-month rolling time period which is well within the permitted limit. Previous records reviewed also appeared to show that limit is being met.

Per SC 2.3, the permittee shall not use FGFACILITY to process wells other than the Wazbinski well. It was verified by company staff as well as upon records reviewed that the well connected for this site was the Wazbinski 1-17 well.

Per SC 2.4, the permittee shall not operate FGFACILITY unless all gases separated from liquids in EUHEATERTREATER are vented to the incinerator. The EUHEATERTREATER was observed during the course of the site inspection and the requirements of this condition appear to be being met.

Per SC 2.5, the permittee shall operate a continuously burning pilot flame at the incinerator. In the event that the pilot flame is extinguished, a control valve located at the inlet to FGFACILITY shall automatically close immediately and isolate FGFACILITY from the Wazbinski well. Furthermore, the well feeding FGFACILITY shall shut-in before the pressure reaches 220 psig. Operation of FGFACILITY shall not be restarted unless the pilot flame is re-ignited and maintained. Pilot fuel shall be only sweet natural gas.

The main incinerator that controls emissions for the EUHEATERTREATER was observed in operation at the time of the inspection. The shroud on the incinerator was in good condition and the flare was lit. A control panel for the primary flare showed the flare temperature at 353°F. The main flare is operated with what appeared to be an ignition system that would continuously try to light even if the flare was operating properly. The ignition system could be heard sparking for the flare. After further review this appears acceptable. Additionally, the flare is connected to a Consumers Energy line which provides a constant source of sweet natural gas. It was concluded EUHEATERTREATER and the primary flare were being operated in a satisfactory manner.

A control valve was noted at the inlet of the site that staff explained would shut off flow to the site if there was an issue at the wellhead or flare. This appeared acceptable.

The Wazbinski wellhead was observed during the inspection and was running. The wellhead is attached with a murphy switch that had a setpoint of 220 psig. A temporary shutdown of the wellhead was completed by lowering the pressure setpoint. The well was briefly noted to begin shutting down when the pressure setpoint was lowered before returning the unit to normal operation. The observations made at the wellhead appeared to show satisfactory operation of the murphy switch.

Per SC 2.6, the permittee shall install and maintain fencing, warning signs, and / or other measures as necessary to prevent unauthorized individuals from entering the plant property and buildings. Fencing and warning signs were noted at the facility.

Per SC 2.7, the permittee shall monitor the following parameters for frequencies that are further described in this condition: concentration of hydrogen sulfide in the gas stream leaving EUHEATERTREATER; volumetric flow rate of the gas stream leaving EUHEATERTREATER; actual hours that fluid is flowing to EUHEATERTREATER; pounds of hydrogen sulfide coming from EUHEATERTREATER, burned and exhausted through SVINCINERATOR; pounds of sulfur dioxide emitted per operating hour, assuming stoichiometric conversion of all hydrogen sulfide and based on the total actual operating hours; and monthly / 12-month rolling time period sulfur dioxide emissions.

Records were requested and provided for select time periods. Based on the records reviewed, MEC appears to be keeping track of the required items per the applicable time period.

Per SC 2.8, two stacks are listed as associated with the permit and were observed during the course of the site inspection. Though the dimensions were not measured they appeared to be consistent with what is listed in PTI No. 309-96A.

## **EUHEATERTREATER**

This emission unit is for the device that separates gases from liquids. Gases for this emission unit are vented to the main flare.

Per SC 3.1, fluid flow to EUHEATERTREATER shall not exceed 7.5 hours per day. Records were requested and provided for select time periods. Based on the records reviewed, it does not appear the MEC is exceeding this hourly operation limit.

Per SC 3.2, the permittee shall monitor the actual hours that fluid is flowing to EUHEATERTREATER on a daily basis. Records were requested and provided for select

time periods. Based on the records provided, MEC appears to be keeping applicable records.

### **Additional Observations**

Speaking with company staff, it appears that company staff check on the site several times a day seven days a week to make sure there are no issues occurring.

### **Conclusion**

Based on the observations made and records reviewed, MEC appears to be in compliance with PTI No. 309-96A and applicable air pollution control rules.

NAME Adam J. Mph

DATE 07/11/24

SUPERVISOR Michael L. McCarroll