



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY
LANSING



LIESL EICHLER CLARK
DIRECTOR

June 24, 2021

UPS NEXT DAY DELIVERY

Jeffrey M. Adler, President
Tuscola Energy, Inc.
920 North Water Street, Ste 201
Bay City, Michigan 48708

SRN: N0962, Tuscola County

Dear Jeffrey Adler:

SUBJECT: Consent Order AQD No. 37-2015 and OOGM No. 2997, Stipulated Fines

On March 16, 2021, the Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD) issued a Violation Notice to Tuscola Energy, Inc. (Company), identifying violations at the Walat A-4-26 and Walat A-5-26 Crude Oil Production Facility located in Wisner Township, Akron, Michigan. The Violation Notice cited noncompliance with conditions of the Company's Permit to Install No. 171-11A, and the limited term Permit to Install No. 171-11B issued at the Company's request to facilitate production testing. Amongst other requirements cited in the correspondence, the facility is subject to conditions of an administrative Consent Order, AQD 37-2015 and OOGM 2997. Compliance with Permit to Install No. 171-11A, and any revisions thereto, is specifically required under the Consent Order, including references in paragraph 15.B., Table 1, and paragraphs 15.E.1 and 15.E.5.

Consent Order paragraph 15.E.5. states:

“On and after the effective date of this Consent Order, the Company shall provide all storage tanks with maintained and operating vapor return systems for use during load out, in accordance with the conditions in the Exhibits of this Consent Order.”

On April 7 and 8, 2021, the AQD received the Company's response to the Violation Notice in the Bay City District Office, and in Lansing, respectively. The Company's letter was dated March 16, 2021. The Company's response confirmed failure to have a vapor return system installed and available for use during material loadout. This is a requirement of Permits to Install 171-11A Special Condition IV (4) and Permit to Install 171-11B Special Condition IV (4) and is subject to stipulated fines as identified in paragraph 22.a of the Consent Order.

Jeffrey Adler, President

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In accordance with Paragraph 22.i of the Consent Order, the AQD is demanding payment of stipulated fines in the amount of \$1,500.00, for failure to meet the terms of the Consent Order as cited in the March 16, 2021, Violation Notice for the above cited violations at the Walat A-4-26 and Walat A-5 Crude Oil Production Facility.

Please be advised if the Company has not fully resolved the cited violations, then additional stipulated fines will continue to accrue until the violations are resolved. For your reference, the March 16, 2021, Violation Notice is attached.

Please submit stipulated fines of \$1,500.00 by check, within thirty (30) days of this letter, in accordance with the provisions of Paragraph 22.i of the Consent Order. To ensure proper credit, your payment should include the Agreement Identification No. MUL3017-S on the face of the check. The stipulated fine payment shall be made by check, payable to the "State of Michigan" and mailed to the Michigan Department of Environment, Great Lakes, and Energy, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan, 48909-8157. For enhanced tracking, please email a courtesy copy of your submittal to my attention at the email listed below.

Sincerely,



Malcolm Mead-O'Brien
Enforcement Unit
Air Quality Division
MeadM1@Michigan.gov
517-281-0376

Enclosure

cc: David Sutherland, Tuscola Energy, Inc.
Neil Gordon, Department of Attorney General
Jim Armbruster, EGLE
Chris Hare, EGLE
Jenine Camilleri, EGLE