

**DEPARTMENT OF ENVIRONMENTAL QUALITY  
AIR QUALITY DIVISION  
ACTIVITY REPORT: Scheduled Inspection**

N225928426

FACILITY: TUSCOLA ENERGY INC		SRN / ID: N2259
LOCATION: WALAT FARMS ET AL A-2-26; Leon & Aerial Cosen 2-26 and 3-26, WISNER TWP		DISTRICT: Saginaw Bay
CITY: WISNER TWP		COUNTY: TUSCOLA
CONTACT:		ACTIVITY DATE: 10/16/2014
STAFF: Benjamin Witkopp	COMPLIANCE STATUS: Non Compliance	SOURCE CLASS: MINOR
SUBJECT: Inspection of Walat 2-26 and Leon & Aerial Cosens 2-26 and 3-26 crude oil production facility.		
RESOLVED COMPLAINTS:		

Ben Witkopp of the Michigan Department of Environmental Quality (MDEQ) - Air Quality Division (AQD) and Andrew Kent of the Office of Oil Gas and Minerals (OOGM) inspected the Walat 2-26 and & Leon & Aerial Cosens 2-26 and 3-26 crude oil production facility located in Wisner township. Tuscola Energy is the company which operates the facility but the company is under new ownership and management as of the spring of 2014. The facility is covered by air permit 68-11.

The permit contains provisions concerning shut down systems. Part of that involves having a mechanism in place to safely shut down the wells if the flare pilot flame is extinguished. A well shut down would occur if line pressure at a murphy switch exceeds a company determined set point. The switch would then cause the ignition at the pump jack motor to cease. However, the system only works if all components are in place.

Of particular note is one aspect of the shut down system. The permit requirement IV 1 specifies ceasing fluid flow into the facility in case of pilot flame failure. However, the system was set up with a shut off valve which would cease gas flow to the flare. If a murphy switch isn't properly wired or set, the situation exists where gas could not exit the separator yet oil would continue to be sent into the separator and generate more gas which couldn't escape. Dealing with gas having high concentrations of H<sub>2</sub>S, this is a potentially dangerous situation. There was also burnt wiring by the flare.

The murphy switch at the Walat 2-26 was basically junk, having no settings and it also was not wired in. At the Leon and Aerial Cosens 3-26 the murphy switch was not wired.

While checking the tank battery staffs H<sub>2</sub>S meter sounded and a visible mist was seen. Staff determined the vapors were coming from the L & A Cosens 2 tank hatch. This is a violation of condition IV 3.

OOGM regulations were another matter checked. At the tank battery, there wasn't a gate at the catwalk stairs and an SCBA warning sign was not posted. The lack of gate and sign is a violation of OOGM rule 324.1122. The visible mist coming from the L & A 2 tank hatch is a violation of rule 324.1122 and 1129. There was stained soil at the base of the flare that was first found by OOGM on 8-26-14. The company had still not filed a spill report. This is a violation of rule 324.1006 and 1008. A similar situation of an unreported large amount of oily soil was found at the Walat A 2-26. The danger sign was faded out at the Walat 2-26 and at the L & A 2-26 the warning sign was nearly down flat on the ground. These situations are in violation of OOGM rule 324.1109. The ID sign at the L & A 2-26 was up but was facing backwards. The pump jack valve also needed painting. These are violations of rule 324.1012 and 1119 respectively. OOGM rule 324.1123 parallels the AQD permit concerning system shut down in case of pilot light failure.

On October 21 a prescheduled meeting with the company was held at the DEQ District office. I had asked Jeff Adler to bring the records required by the air permit. Since the new management had taken over in early spring I had just asked for the latest months records showing H<sub>2</sub>S feed rates to the flare. The records did not have a recent H<sub>2</sub>S concentration. In fact it was from 2013. This is a violation of permit condition VI 1 & 2 concerning testing and records. The shutdown system situation was thoroughly discussed so the company fully understood the problem.

The company was informed a violation notice would be forthcoming concerning both AQD and OOGM violations.

NAME B. Zullo

DATE 10-24-14

SUPERVISOR C. Hare