

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

N322828163

| | | |
|--|-----------------------------------|---------------------------|
| FACILITY: TUSCOLA ENERGY - BOYCE B | | SRN / ID: N3228 |
| LOCATION: GARNER RD, JUST NORTH OF CASS CITY RD, AKRON | | DISTRICT: Saginaw Bay |
| CITY: AKRON | | COUNTY: TUSCOLA |
| CONTACT: | | ACTIVITY DATE: 10/15/2014 |
| STAFF: Benjamin Witkopp | COMPLIANCE STATUS: Non Compliance | SOURCE CLASS: MINOR |
| SUBJECT: Inspection of 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 Boyce B crude oil production facility located in Wisner Township. The facility handles oil from two sour wells. 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 116-12.

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. Field conditions were extremely muddy at the time and the first well on the lease road was having work done on it and the road was blocked. Therefore, the physical wellhead sites were not checked.

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 murphy switches were not connected at the wells, 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 H2S, this is a potentially dangerous situation. Other permit conditions concerning on site actions such as flare height, flare being lit, etc. were in compliance.

OOGM regulations were another matter checked. At the tank battery a tank was seeping which violates OOGM rule 324.1006. The OOGM shutdown system rule parallels the AQD requirements and is a violation of OOGM rule 324.1123.

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 H2S feed rates to the flare. The records did not have a recent H2S concentration. In fact it was from 2013. This is a violation of permit condition VI 1, 2, and 3 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. Witkopp

DATE 10-24-14 SUPERVISOR C. Aire