

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

N777558919

FACILITY: Lambda Energy Resources, LLC - FREDRIC 10		SRN / ID: N7775
LOCATION: 100 TWIN PEAKS RD, FREDERIC		DISTRICT: Gaylord
CITY: FREDERIC		COUNTY: CRAWFORD
CONTACT:		ACTIVITY DATE: 07/15/2021
STAFF: Sharon LeBlanc	COMPLIANCE STATUS: Compliance	SOURCE CLASS: MINOR
SUBJECT: Onsite inspection to followup notification of modifications to Facility by present operator. sgl		
RESOLVED COMPLAINTS:		

On July 15, 2021, AQD District Staff conducted an onsite inspection of Lambda Energy's Fred 10 CPF (N7775). The referenced Facility is located at 8520 Twin Peaks Road, Frederic, Crawford County, Michigan. On June 24, 2021, Lambda Energy submitted to EGLE O&G Staff notification of modification activities for the site. The purpose of the site visit was to confirm activities for what has been since 2008 listed in MACES as a non-operating Facility.

With respect to permitting, The Fred 10 Facility was permitted on April 25, 2007, and the permit voided on October 2, 2008 (PTI 73-07). Site visit reports for 2008 in MACES indicated that the engine on the compressor had been replaced with an electric motor, and that the permit could be voided.

Information provided by Susanne Biteman, EGLE O&G, Cadillac District Office indicated that Lambda Energy had three Fred Facilities in operation before they shut in all their wells in the area during Spring 2020. These Facilities are referred to as Fred 10 (N7775), Fred 20 (B5668) and Fred 2 (B9149). A batch of oil wells were produced to each of the three Facilities, but all gas was routed from the Fred 10 and Fred 20 to the Fred 2 facility for sales. Oil sales occurred at all three Facilities.

In May 2021, Lambda Energy installed a new well (St. Frederic 3-16) which will be sent to Fred 10. On June 24, 2021, Lambda Energy notified EGLE O&G Staff of their intent to make modifications to the Fred 10 Facility, to allow for gas sales. On July 14, electronic notification was received indicating that modifications were complete. Modifications included the installation of iron sponges, a solids filter and a sales meter.

EGLE O&G Staff confirmed that gas from wells coming into Fred 10 were associated with the Niagaran Formation, and are in general considered sour wells, though the content may vary for each well. Some of the wells coming into Fred 10 are assumed to be sour and require pre-treatment via an iron sponge. Note that there are several warning signs regarding poisonous gas onsite.

At the time of the July 15, 2021, site visit. Lambda and contractor staff were onsite working in the intermediate and high pressure separator building. Lambda staff indicated that the Facility was in operation, though they were correcting a few bugs, and that gas was being sent to the flare as would be under blow down conditions. Equipment noted onsite included:

- Iron Sponges

- Solids Filter
- Dehy with Condenser
- Flare (reported to be for only blow down situations)
- Inline heaters
- High- and Low-Pressure Separators
- Compressor with electric motor
- Above ground Storage tanks for Oil, Slop and Water (est. 400 barrel)
- Bad Oil Treater
- Vapor Recovery Unit
- Air compressor

Equipment of interest with respect to Rule 201 permitting would normally include the dehy, the flare, inline heaters, the compressor. However, a review of exemptions would indicate that the following Rule 201 exemptions may apply should the gas treated by the iron sponge reduce hydrogen sulfide to below sour gas thresholds:

Emission Unit	Rule 201 Exemption
Dehy	R 288(2)(b)(ii) – Dehydrator on an oil well site and is controlled by condenser or other equipment of equivalent or better control efficiency
In-line heaters	R 282(2)(b) - Fuel burning equipment used foroil & gas production ...with rated heat capacity of no more than 50 MMBTU/hr.
Flare	R 288(2)(c) – Sweet Gas Flare
Compressor	Electric motor has no emissions
Aboveground Storage Tanks (Oil)	R 284(2)(f) – Containers of sour crude or sour condensate of < 40,000 gallons with vapor recovery system or equivalent to control emissions to atmosphere.

Lambda Energy Staff will be contacted with the intent of confirming the applicability of Rule 201 for equipment onsite. sgl

Sharon LeBlanc

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Shane Nixon

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SUPERVISOR _____