



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
SAGINAW BAY DISTRICT OFFICE



C. HEIDI GREETHER
DIRECTOR

August 22, 2016

Mr. Jeff Adler, President
Tuscola Energy, Inc
7998 M-25
Akron, Michigan 48701

SRN: P0142, Tuscola County

Dear Mr. Adler:

VIOLATION NOTICE

On July 18, 2016, the Department of Environmental Quality (DEQ), Air Quality Division (AQD), requested records for the Leon Cosens 4-26 crude oil production facility from Tuscola Energy, Inc.. The purpose of this request was to determine Tuscola Energy, Inc.'s compliance with the requirements of the conditions of Permit to Install (PTI) number 161-10.

After reviewing records, staff observed the following:

Violation Description	Rule/Permit Condition Violated	Comments
Limit violations	PTI 161-10 SC II 1	H2S limit of 70 pounds per day exceeded 5 times
Incorrect calculations	PTI 161-10 SC VI 2	From April 1 through April 15, 2016 used gas volumes but still multiplied by Gas to Oil Ratio (GOR). Doing calculation correctly results in violations noted above
Fraudulent records	PTI 161-10 SC VI 2	Oil volumes in H2S calculations do not match those in oil gauge reports February 19, 22, 23, and 24, 2016
Lack of GOR documentation, GOR not done on time, and incorrect calculations	PTI 161-10 SC VI 1 PTI 161-10 SC VI 2	Last recorded GOR was from December 1, 2015. Starting in May 2016 GOR was not even used

It should be noted the company records were incomplete at the time of the request though as stated in permit conditions, they are supposed to be completed by the 15th

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day of the calendar month, for the previous month. The company subsequently provided records on July 25, 2016.

Please initiate actions necessary to correct the cited violations and submit a written response to this Violation Notice by September 5, 2016 (which coincides with 21 calendar days from the date of this letter). The written response should include: the dates the violations occurred; an explanation of the causes and duration of the violations; whether the violations are ongoing; a summary of the actions that have been taken and are proposed to be taken to correct the violations and the dates by which these actions will take place; and what steps are being taken to prevent a reoccurrence.

If Tuscola Energy, Inc. believes the above observations or statements are inaccurate or do not constitute violations of the applicable legal requirements cited, please provide appropriate factual information to explain your position.

It should be noted the facility is subject to the conditions of a Consent Order (AQD 37-2015, OOGM 2997) which was effective as of December 17, 2015. The violations presented above may result in stipulated penalties for the facility.

Thank you for your attention to resolving the violations cited above and for the cooperation that was extended to me. If you have any questions regarding the violations or the actions necessary to bring this facility into compliance, please contact me at the number listed below.

Sincerely,



Ben Witkopp
Environmental Engineer
Air Quality Division
989-894-6219

cc/via e-mail: Ms. Lynn Fiedler, DEQ
Ms. Mary Ann Dolehanty, DEQ
Mr. Chris Ethridge, DEQ
Mr. Thomas Hess, DEQ
Mr. Chris Hare, DEQ