



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
SAGINAW BAY DISTRICT OFFICE



C. HEIDI GREYER
DIRECTOR

August 2, 2017

Mr. Jeff Adler, President
Tuscola Energy, Inc
7998 M-25
Akron, Michigan 48701-9773

SRN: P0200, Tuscola County

Dear Mr. Adler:

VIOLATION NOTICE

On July 24, 2017, the Michigan Department of Environmental Quality – Air Quality Division (MDEQ-AQD) visited your G & R Cosens 1-36 crude oil production facility located in Wisner Township, Michigan. The facility is covered by air use permit 7-11 issued by the MDEQ-AQD.

During the visit, the following violation was noted:

Process Description	Rule/Permit Condition Violated	Comments
G & R Cosens 1-36 Crude oil production facility	AQD PTI 7-11 IV 1 & 3 AQD Rule 336.1910 Consent Order (AQD 37-2015, OOGM 2997)	Facility initially operating without being connected to a control device. Later, though connected, operating without a functioning flare.

The site is listed in consent order Table 2 for plug or produce, subject to timelines for various actions prior to deadline, and a deadline of Sept 30, 2017. On July 7, 2017, MDEQ, Oil, Gas, and Minerals Division (OGMD) staff approved the use of a sealed frac tank for testing purposes and specified venting of gas to a flare for burning since no one knows when sour gas or oil may be produced.

On July 21, 2017 OGMD staff observed the well operating but no vent line to flare was present. The OGMD staff reiterated the approval condition of venting gas in the tank to a flare and the need to comply or shut down.

On August 1, 2017 DEQ staff observed the well operating and noted the tank connection to the flare was in place. Company staff was seen checking the site. The DEQ staff then checked the site and found that though there was now a connection to

the flare, no pilot flame was present and the flare was not lit. The DEQ observations were relayed to Company the same day.

The company should be well aware of AQD and OGMD requirements involving sour sites due to rules discussions, permits, previous violations, and consent order conditions.

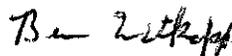
Please initiate actions necessary to correct the cited violations and submit a written response to this Violation Notice by August 23, 2017. The written response should include: the dates the violations occurred; an explanation of the causes and duration of the violations; whether the violations are 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. If you have any questions regarding the violations, or the actions necessary to bring this facility into compliance, please contact me at the telephone number below, or via correspondence addressed to DEQ, Air Quality Division, 401 Ketchum Street, Suite B, Bay City, Michigan 48708.

Sincerely,



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

cc: Mr. Chris Hare, DEQ
cc/via e-mail: Ms. Lynn Fiedler, DEQ
Ms. Mary Ann Dolehanty, DEQ
Mr. Chris Ethridge, DEQ
Mr. Thomas Hess, DEQ
Mr. James Armbruster, DEQ
Mr. David Sutherland, Co. Chairman