

OCT 08 2019

SAGINAW BAY

September 30 2019

EGLE- AQD
Bay City District
401 Ketchum Street
Suite B
Bay City, MI 48708

Re: Layline Oil & Gas LLC- State A2

Dear Ms. Meg Sheehan:

Layline Oil & Gas LLC (Layline) received a Violation Notice letter dated September 17, 2019, referencing the State A2 facility (SRN P1075). Layline acknowledges that Rule 201 was violated by the installation and subsequent operation of the equipment and control device at the State A2 facility. The single piece of equipment requiring a permit to install (PTI) is the flare that is used to control the H₂S from the crude oil storage tanks. The remaining equipment would be exempt (if the flare were not above Rule 119 significance levels) by exemptions 282(2)(b)(i) (heater treater) and 284(2)(f) (sour crude storage tanks). The flare was installed on November 1, 2018 and the facility was brought online on January 2, 2019.

Layline is a Texas based company and was unaware of the Michigan Part 201 rules. Layline was operating under the assumption that if the equipment emissions were under the Renewable Operating Permit (ROP) levels, they would not need an air permit. After production began, Layline hired the environmental consulting firm of Gosling Czubak Engineering Sciences, Inc. (GCES) to review site operations and determine if a PTI was needed. Immediately after it was determined that a PTI was needed, a permit application was submitted to EGLE. The air permit application is currently being reviewed by EGLE-AQD.

Layline now understands the requirements for new equipment installation and calculations will be completed to determine if a PTI will be required prior to the installation of any other equipment at the site. On behalf of Layline I would like to apologize for the delay in submitting the PTI application and hope to be in compliance with this project and future projects going forward.

Sincerely,



Scott Childs
Senior Operations Engineer
Layline Oil & Gas LLC

Cc: Jenine Camilleri-EGLE