

September 6, 2023

Sent via e-mail: gentlen@michigan.gov

Mr. Nathanael Gentle
Michigan Department of Environment, Great Lakes and Energy (EGLE)
Air Quality Division
401 Ketchum St., Suite B
Bay City, MI 48708

RE: Violation Notice P1075_VN_20230822
SRN: P1075
State A2 Facility

Dear Mr. Gentle:

The violation letter dated August 22, 2023, points out one alleged violation. Our response to the listed violation is as follows:

Process Description	Rule/Permit Condition Violated	Comments
FGOILPRODUCTION	R 336.1201	Records reviewed as part of the inspection for Cranberry Lake indicate the Potential to Emit (PTE) for the State A2 facility is larger than what was provided during permitting of the facility.

Following a virtual meeting between EGLE, Layline and Gosling Czubak on August 30, Layline agrees that due to the unforeseen increase of hydrogen sulfide (H₂S) increase in the State A2 well, a significant modification to the potential emissions has occurred at the State A2 facility. The increase in H₂S was unpredictable and unavoidable. It should be noted that while the increase in H₂S concentration has occurred Layline has maintained the ability to operate within the current permit limits.

Layline will submit a Permit to Install application to EGLE by October 1, 2023, with calculations using the latest H₂S concentrations from the State A2 with a buffer in the event of future concentration increase. While the sweetening plant at the nearby Cranberry Lake facility is

operating, gas from the State A2 well is sent there for processing. The acid gas is injected into a Class II injection well and the resulting sweet gas is either sold or flared at the Cranberry Lake facility. In the event the sweetening plant is down, the sour gas from the State A2 will only be flared at the State A2 facility.

Please feel free to contact myself, Ray Brodeur or Eric Vincke with any questions or comments.

Sincerely,



Layline Oil & Gas LLC

Wayne Hyman

Vice President Operations

Cc:

Mr. Chris Hare, EGLE (via email)
Ms. Annette Switzer, EGLE (via email)
Mr. Christopher Ethridge, EGLE (via email)
Mr. Brad Myott, EGLE (via email)
Ms. Jenine Camilleri, EGLE (via email)
Mr. Raymond Brodeur, Layline (via email)
Mr. Chris Lewis, Layline (via email)
Mr. Eric Vincke, GCES (via email)