

**Air Pollution Control  
Title V Permit to Operate  
Statement of Basis for Permit No. V-SU-0030-01.04  
Administrative Amendment**

**ConocoPhillips Company  
Argenta Compressor Station  
Southern Ute Indian Reservation  
La Plata County, Colorado**

**1. Facility Information**

a. Location

The Argenta Compressor Station, owned and operated by the ConocoPhillips Company (“ConocoPhillips”), is located within the exterior boundaries of the Southern Ute Indian Reservation, in the southwestern part of the State of Colorado. The exact location is Southwest 1/4 of Southeast 1/4 of Section 4, Township 33N, Range 10W, in La Plata County, Colorado. The mailing address is:

ConocoPhillips Company  
3401 E. 30<sup>th</sup> Street  
(P.O. Box 4289)  
Farmington, New Mexico 87402

b. Contacts

**Facility Contact:**

Monica D. Johnson  
Senior Environmental Specialist  
3401 E. 30<sup>th</sup> Street  
(P.O. Box 4289)  
Farmington, New Mexico 87402  
Phone: (505) 326-9289  
Fax: (505) 599-4005

**Responsible Official:**

John W. Hentges  
Operations Support Manager, San Juan Business Unit  
3401 E. 30<sup>th</sup> Street  
(P.O. Box 4289)  
Farmington, New Mexico 87402  
Phone: (505) 326-9761  
Fax: (505) 326-9880

**Tribal Contact:**

Christopher Lee

Air Program Manager - Southern Ute Indian Tribe

970-563-4705

**2. Description of Permit Amendments**

On February 29, 2008, EPA an e-mail from Mr. Randy Poteet, Environmental Consultant with ConocoPhillips, requesting an administrative amendment to revise language in section I.B. Table 1 – Source Emission Points to correct and clarify installation information.

In an effort to further streamline the title V permits and reduce the number of administrative permit amendments requested, EPA is removing the plant mailing address. Part 71 does not require this information to be in the permit and changes to this or related information are the most often requested administrative permit amendments. This information will be maintained in the Statements of Basis for each permit action. EPA requests from this point forward that ConocoPhillips continue to send notification in writing of changes to such facility information; however, the changes will no longer require administrative permit amendments. The notifications will be kept on file, similar to Off Permit Change notifications, and the most current information will be updated in the Statement of Basis as part of the next permit modification or renewal. Additionally, EPA has provided clarification for the requirements in the Alternative Operating Scenarios and Off Permit Changes sections of the permit to ensure ConocoPhillips reviews the applicability of each off permit change to the recently promulgated rules, 40 CFR part 63, subpart ZZZZ (amended), and 40 CFR part 60, subpart JJJJ, prior to notification and installation of the replacement.

The following modifications have been made to this permit:

- Permit Issuance Cover Page
  1. Permit Issuance and Effective Dates, and Permit Revision History were updated.
- Section I.A. Source Information
  1. Plant mailing address was removed. Address will be located exclusively in the Statements of Basis for each permit action.
- Section I.B. Source Emission Points
  1. Verbiage in Table 1. Source Emission Points was revised to correct and clarify engine installation information.
- Section II.G. Alternative Operating Scenarios
  1. Text was revised to clarify the requirements.
- Section IV.R Off Permit Changes
  1. Text was revised to clarify the requirements.

In accordance with the requirements of permit condition IV.I and 40 CFR 71.7(d), EPA is making these revisions as an administrative amendment to the permit. The permit will be reissued as permit number V-SU-0030-01.04.

For specific applicability information regarding the part 71 permit for this facility, please see the Statement of Basis for permit number V-SU-0030-01.00.



**Air Pollution Control  
Title V Permit to Operate  
Statement of Basis for Final Permit No. V-SU-0030-01.00**

December 29, 2003

**ConocoPhillips Company  
Argenta Compressor Station  
Southern Ute Indian Reservation  
La Plata County, Colorado**

**1. Facility information**

**a. Location**

The Argenta Compressor Station, owned and operated by the ConocoPhillips Company ("ConocoPhillips"), is located within the exterior boundaries of the Southern Ute Indian Reservation, in the southwestern part of the State of Colorado, in La Plata County. The Argenta Compressor Station is located in the SW1/4, SE1/4 of Section 4, Township 33N, Range 10W.

**b. Contacts**

(1) The parent company mailing address is:

ConocoPhillips Company  
600 North Dairy Ashford, Westlake 3 - 4<sup>th</sup> Floor  
Houston, Texas 77079

(2) The facility contact is:

Jerry Loudermilk  
Operations Supervisor  
ConocoPhillips Company  
5525 Highway 64  
Farmington, New Mexico 87401  
(505) 599-3445

(3) The responsible official is:

Mr. W.D. Jaap  
San Juan Operations Manager  
ConocoPhillips Company  
5525 Highway 64  
Farmington, New Mexico 87401  
(505) 599-3401

c. Description of operations

The Argenta system gathers methane from twenty-five coal bed methane wells, removes water from the gas stream, compresses the gas and delivers it to Williams Field Services. Gas flows under formation pressure from the wells through the gathering lines to the inlet of the Argenta Compressor Station. Within the station, the combined gas flows through inlet separation where free water is removed from the gas stream in preparation for compression. Six engine-driven compression units are used to bring the gas up to the necessary pressure for delivery into the Williams Field Services pipeline system. The gas is then dehydrated, using triethylene glycol, to further reduce the moisture content of the gas. Finally, the gas is measured using an orifice plate and then delivered to Williams for further transport and processing.

d. Permitting and/or construction history

Emission unit E001, a Waukesha 7042GL engine, was installed at the Argenta Compressor Station in December 1998, and emission unit E002, also a Waukesha 7042GL engine, was installed in February 1999. Emission unit E003, a Waukesha 7044 GSI engine, was installed in October 1999, and was replaced by a Waukesha 7042GL engine in October 2001. Emission unit E004, a Waukesha 7044GSI engine was installed in June 2001, and was replaced by emission unit E005, a Waukesha 7042GL engine, in February 2002. Emission units E006 and E007, both Waukesha 7042GL engines, were also installed in February 2002.

Emission unit E008, which consists of four (4) glycol dehydrators, each rated at 10MMscf/day, were installed in December 1998. ConocoPhillips installed emission unit E009, a glycol dehydrator rated at 35 MMscf/day in February 2002.

EPA has no record of any federal permitting activity at this facility.

e. List of all units and emission-generating activities

ConocoPhillips provided in its Argenta Compressor Station application the information contained in Tables 1 and 2. Table 1 lists emission units and emission generating activities, including any air pollution control devices. Emission units identified as “insignificant” are listed separately in Table 2.

Part 71 allows sources to separately list in the permit application units or activities that qualify as “insignificant” based on potential emissions below 2 tons/year for all regulated pollutants that are not listed as a hazardous air pollutant (“HAP”) under Clean Air Act (CAA) section 112(b) and below 1000 lbs/year or the de minimis level established under section 112(g), whichever is lower, for HAPs. However, the application may not omit information needed to determine the applicability of, or to impose, any applicable requirement, or to calculate the fee. Units that qualify as “insignificant” for the purposes of the part 71 application are in no way exempt from applicable requirements or any requirements of the part 71 permit.

**Table 1 - Emission Units  
ConocoPhillips Company  
Argenta Compressor Station**

<b>Emission Unit Id.</b>	<b>Description</b>	<b>1. Installation Date 2. Maximum design heat input 3. Fuel type 4. Use</b>	<b>Control Equipment</b>
E001	Waukesha 7042GL reciprocating engine, serial number C-11542-1	1. 1998 initial, replaced in 2003 2. 11.5 MM Btu/hr 3. Natural gas 4. Compressor driver	none
E002	Waukesha 7042GL reciprocating engine, serial number C-11672/1	1. 1999 2. 11.5 MM Btu/hr 3. Natural gas 4. Compressor driver	none
E003	Waukesha 7042GL reciprocating engine, serial number C-10644/2	1. 2001 2. 11.5 MM Btu/hr 3. Natural gas 4. Compressor driver	Johnson Matthey oxidation catalyst, serial number 2009026
E005	Waukesha 7042GL reciprocating engine, serial number C11100/2	1. 2002 2. 11.5 MM Btu/hr 3. Natural gas 4. Compressor driver	Miratech Corp. oxidation catalyst, serial number RE-1015

E006	Waukesha 7042GL reciprocating engine, serial number C13474/1	1. 2002 2. 11.5 MM Btu/hr 3. Natural gas 4. Compressor driver	none
E007	Waukesha 7042GL reciprocating engine, serial number C13476/1	1. 2002 2. 11.5 MM Btu/hr 3. Natural gas 4. Compressor driver	none
E008	Glycol dehydrators	1. 1998 2. 4 units, each @ 10 MMscf/day 3. Natural gas 4. Natural gas dehydration	none
E009	Glycol dehydrator	1. 2002 2. 35 MMscf/day 3. Natural gas 4. Natural gas dehydration	none

**Table 2 - Insignificant Emission Units  
ConocoPhillips Company  
Argenta Compressor Station**

<b>Number of units</b>	<b>Description</b>
4	500 gallon lubricating oil day tank (low vapor pressure)
4	500 gallon used oil tank (low vapor pressure)
1	273 gallon triethylene glycol storage tank (low vapor pressure)
2	80 bbl fiberglass tank (water from dehydrator still vents; negligible VOC in coal bed methane)
4	63 gallon triethylene glycol overflow tank for each dehydrator (low vapor pressure)
1	1.0 MMBtu/hr natural gas heater (for 35 MMscf/day dehydrator)
2	33 bbl slop tanks (mostly storm water/used oil - low vapor pressure)
1	500 gallon antifreeze tank (ethylene glycol/water - low vapor pressure)
4	0.375 MMBtu/hr natural gas heaters, for each 10 MMScf/day dehydrator
1	Fugitive emissions

f. Potential to emit

Table 3 (below) includes potential to emit data as provided by ConocoPhillips in its application and application addendums for the Argenta Compressor Station. Table 4 (below) lists the potential emissions for HAP emissions. Potential to emit means the maximum capacity of the ConocoPhillips Argenta Compressor Station to emit any air pollutant under its physical and operational design. Any physical or operational limitation on the capacity of the ConocoPhillips Argenta Compressor Station to emit an air pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, may be treated as part of its design if the limitation is enforceable by EPA. Potential to emit is meant to be a worse case emissions calculation. Actual emissions may be much lower.

Engine units E003 and E005 are equipped with oxidation catalysts to control emissions of carbon monoxide (CO) and formaldehyde (CH<sub>2</sub>O). The types of oxidation catalysts are listed in Table 1 above for each unit. ConocoPhillips requested the use of the oxidation catalysts to limit emissions of CO and CH<sub>2</sub>O from units E003 and E005.

National EPA guidance states, however, that air pollution control equipment (in this case, the oxidation catalysts) can be credited as restricting PTE only if federally enforceable requirements are in place requiring the use of such air pollution control equipment. (Reference: letter dated November 27, 1995, from David Solomon, Acting Group Leader, Integrated Implementation Group, Office of Air Quality Planning & Standards, U.S. EPA, to Timothy Mohin of Intel Government Affairs.) Emission limits for CO and CH<sub>2</sub>O in pounds per hour and grams per horsepower-hour are established in the permit as enforceable requirements for units E003 and E005.

In consultation with Office of General Counsel at EPA Headquarters, as well as with EPA Regions IX and X, the EPA Region VIII office determined that authority exists under the CAA and 40 CFR 71 to create a restriction on potential to emit through issuance of a part 71 permit. The specific citations of authority are:

CAA §§304(f)(4): provides that the term “emission limitation, standard of performance or emission standard” includes “any other standard, limitation, or schedule established under any permit issued pursuant to title V ... , any permit term or condition, and any requirement to obtain a permit as a condition of operations.”

40 CFR §71.6(b): provides that all terms and conditions in a part 71 permit, including any provisions designed to limit a source's potential to emit, are enforceable by the Administrator and citizens under the Act.

40 CFR §71.7(e)(1)(i)(A)(4)(i): provides that a permit modification that seeks to establish a federally enforceable emissions cap assumed to avoid classification as a modification under any provision of title I of the CAA (which includes PSD), and for which there is no underlying applicable requirement, does not qualify as a minor permit modification. Under 40 CFR § 71.7(e)(3)(i), it is therefore a significant permit modification, which, according to 40 CFR § 71.7(e)(3)(ii), must meet all the requirements that would apply to initial permit issuance or permit renewal.

Enforceable limits on the CO and CH<sub>2</sub>O emissions for units E003 and E005 will reduce potential CO emissions by about 51.4 tons per year and CH<sub>2</sub>O emissions by about 1.28 tons per year. Emission factors for CO are based on manufacturers quotations and emission factors for CH<sub>2</sub>O are based on testing results plus a 25% margin. Adequate monitoring, reporting, and recordkeeping requirements have also been included as permit conditions to make the restrictions on potential emissions a practical matter.

**Table 3 - Potential to Emit in Tons per Year  
ConocoPhillips Company  
Argenta Compressor Station**

Emission Unit Id.	Regulated Air Pollutants						
	NOx (tons/yr)	VOC (tons/yr)	SO2 (tons/yr)	PM10 (tons/yr)	CO (tons/yr)	Lead (tons/yr)	HAP (tons/yr)
E001	25.7	12.8	neg.	neg.	38.5	neg.	1.72
E002	25.7	12.8	neg.	neg.	38.5	neg.	1.72
E003	25.7	12.8	neg.	neg.	12.8	neg.	0.8
E005	25.7	12.8	neg.	neg.	12.8	neg.	0.8
E006	25.7	12.8	neg.	neg.	38.5	neg.	1.72
E007	25.7	12.8	neg.	neg.	38.5	neg.	1.72
E008	NA	Insig.	neg.	neg.	NA	neg.	NA
E009	NA	Insig.	neg.	neg.	NA	neg.	NA
<b>TOTAL</b>	<b>154.2</b>	<b>76.8</b>	<b>neg.</b>	<b>neg.</b>	<b>179.6</b>	<b>neg.</b>	<b>8.48</b>

NO<sub>x</sub> - oxides of nitrogen

SO<sub>2</sub> - sulfur dioxide

CO - carbon monoxide

VOC - volatile organic compounds

PM<sub>10</sub> - particulate matter with a diameter 10 microns or less

HAP - hazardous air pollutants (see CAA section 112(b))



**Table 4 -- Hazardous Air Pollutant Potential Emissions  
ConocoPhillips Company  
Argenta Compressor Station**

Emission Unit Id.	Hazardous Air Pollutants (in tons per year)						
	Formaldehyde	Acetaldehyde	Benzene	Toluene	Ethyl-benzene	Xylenes	Total HAP
E001	1.28	0.39	0.018	0.018	0.002	0.009	1.72
E002	1.28	0.39	0.018	0.018	0.002	0.009	1.72
E003	0.64	0.11	0.018	0.018	0.002	0.009	0.8
E005	0.64	0.11	0.018	0.018	0.002	0.009	0.8
E006	1.28	0.39	0.018	0.018	0.002	0.009	1.72
E007	1.28	0.39	0.018	0.018	0.002	0.009	1.72
E008	0	0	0	0	0	0	0
E009	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>6.4</b>	<b>1.8</b>	<b>0.11</b>	<b>0.11</b>	<b>0.01</b>	<b>0.05</b>	<b>8.48</b>

ConocoPhillips must also submit annual estimates of *actual* emissions from the Argenta Compressor Station for all regulated pollutants as part of the requirement to pay an annual fee.

## 2. Tribe Information -- The Southern Ute Tribe

### a. Indian country

ConocoPhillips' Argenta Compressor Station is located within the exterior boundaries of the Southern Ute Indian Reservation and is thus within Indian country as defined at 18 U.S.C. §1151. The Southern Ute Tribe does not have a federally-approved CAA title V operating permits program nor does EPA's approval of the State of Colorado's title V program extend to Indian country. Thus, EPA is the appropriate governmental entity to issue the title V permit to the Argenta Compressor Station.

### b. The reservation

The Southern Ute Indian Reservation is located in Southwestern Colorado adjacent to the New Mexico boundary. Ignacio is the headquarters of the Southern Ute Tribe, and Durango is the closest major city, just 5 miles outside of the north boundary of the Reservation. The population of the Tribe is about 1,305 people with approximately 410 tribal members living off the Reservation. In addition to Tribal members, there are over 30,000 non-Indians living within the exterior boundaries of the Southern Ute Reservation.

### c. Tribal government

The Southern Ute Indian Tribe is governed by the Constitution of the Southern Ute Indian Tribe of the Southern Ute Indian Reservation, Colorado adopted on November 4, 1936 and subsequently amended and approved on October 1, 1975. The Southern Ute Indian Tribe is a federally recognized Tribe pursuant to Section 16 of the Indian Reorganization Act of June 18, 1934 (48Stat.984), as amended by the Act of June 15, 1935 (49 Stat. 378). The governing body of the Southern Ute Indian Tribe is a seven member Tribal Council, with its members elected from the general membership of the Tribe through a yearly election process. Terms of the Tribal Council are three years and are staggered so in any given year 2 members are up for reelection. The Tribal Council officers consist of a Chairman, Vice-Chairman and Treasurer.

### d. Local air quality monitoring

The Tribe maintains an air monitoring network to collect nitrogen dioxide (NO<sub>2</sub>), ozone, CO, sulfur dioxide (SO<sub>2</sub>), and particulate matter (PM<sub>10</sub>) data. Currently, there are two monitoring stations. The first monitoring station monitors all of the pollutants (i.e. NO<sub>2</sub>, ozone, CO, SO<sub>2</sub>, and PM<sub>10</sub>) and the second station monitors NO<sub>2</sub>, ozone, and PM<sub>10</sub>. The monitors indicate the following averages for the pollutant monitored. An annual average for NO<sub>2</sub>, SO<sub>2</sub> and PM<sub>10</sub>, an hourly

average for ozone and CO, a 3-hour and 24-hour average for SO<sub>2</sub>, an 8-hour average for CO and a daily average for PM<sub>10</sub>.

### 3. Applicable Requirements

- a. Based on the information provided by ConocoPhillips Company in its applications, the Argenta Compressor Station is subject to the following applicable requirements:

#### **Emission Limits, Testing, and Monitoring**

In response to ConocoPhillips Company's application request to make enforceable the oxidation catalysts on engine units E003 and E005, permit limits for CO and CH<sub>2</sub>O have been established in the permit, as well as, operational requirements. In order to determine initial compliance with the established permit limits, requirements for reference method performance testing for CO and CH<sub>2</sub>O are also included as permit conditions.

Determining continuing compliance with permit limits will be accomplished using a portable analyzer semi-annually to monitor for CO emissions, an annual performance test for CH<sub>2</sub>O emissions, and weekly temperature measurements to monitor the inlet and outlet temperatures of the oxidation catalyst for each engine. In order for the oxidation catalyst to effectively reduce CO and CH<sub>2</sub>O emissions, the inlet temperature to the catalyst must be maintained at no less than 650°F and no more than 1300°F and the outlet temperature for the catalyst must not exceed 1350°F.

#### **Off Permit Changes and Alternative Operating Scenarios**

In response to ConocoPhillips Company's application request to allow "like-kind" engine replacement, language has been included in the permit to allow off permit replacement of an individual gas-fired engine with a new or overhauled engine, provided that each replacement engine is the same make, model, horsepower rating, configuration, and with equivalent air emission controls, as the engine it replaces, and provided that the provisions in the Off Permit Changes section of the permit, specific to engine replacement, are satisfied. The primary purpose of the Off Permit Changes provisions is to ensure the PSD permitting requirements are not circumvented by off permit changes. Related language is also included in the section on Alternative Operating Scenarios.

- b. The following federal applicable requirements have been considered for applicability to the ConocoPhillips' Argenta Compressor Station.

Based on information supplied by ConocoPhillips in its application and application addendums, it was determined that the Argenta Compressor Station is **not** subject to these requirements.

### **Stratospheric Ozone and Climate Protection - Subpart F**

There are no window air conditioning units that utilize freon at the Argenta Compressor Station, so 40 CFR part 82, subpart F does not apply. However, should ConocoPhillips obtain any window air conditioning units for the Argenta Compressor Station that use freon as the refrigerant, then it must comply with the standards of 40 CFR part 82, subpart F, specifically, §82.156, §82.158, §82.161, and §82.166(i), and request a modification to this part 71 permit.

### **Stratospheric Ozone and Climate Protection - Subpart H**

There are no halon fire extinguishers at the Argenta Compressor Station, so 40 CFR part 82, subpart H for halon emissions reduction does not apply. However, should ConocoPhillips obtain any halon fire extinguishers, then it must comply with the standards of 40 CFR part 82, subpart H for halon emissions reduction, if it services, maintains, tests, repairs, or disposes of equipment that contains halons or uses such equipment during technician training. Specifically, ConocoPhillips would be required to comply with title VI of the CAA and submit an application for a modification to this part 71 permit.

### **Prevention of Significant Deterioration (PSD)**

The first two compressor engines (units E001 and E002) at the Argenta Compressor Station (which was originally owned and operated by SG Interests I, Ltd.) were installed in December 1998 and February 1999, respectively. Units E001 and E002 are Waukesha 7042 GL lean burn engines. Compressor engines #3 and #4, which were both Waukesha 7044 GSI rich burn engines, came on line in November 1999 and June 2000, respectively. These two engines were installed and operated without non-selective oxidation catalysts until June 2001. The addition of engines #3 and #4, without benefit of the oxidation catalysts, caused the potential to emit of the Argenta Compressor Station to exceed the PSD major source threshold of 250 tons per year for both NO<sub>x</sub> and CO.

On September 27, 2001, a Combined Complaint and Consent Agreement ("Agreement") between EPA and SG Interests was signed. This Agreement stated (among other things) that a PSD permit was not required for the installation and operation of engines #3 and #4 if the Respondent complied with the injunctive provisions contained in section IV of the Agreement. These provisions included (among other things) a requirement that the two rich burn engines (#3 and #4) be replaced with two lean burn engines by March 1, 2002, and that until the new lean burn engines are installed, the Respondent shall, at all times, operate the two rich burn engines with oxidation catalysts in place. Once both rich burn engines (#3 and #4) are replaced with lean burn engines per the Agreement, the potential to emit for all pollutants will be below the PSD threshold of 250 tons per year.

Engine #3, a Waukesha 7044 GSI rich burn engine, was replaced with a Waukesha 7042 GL lean burn engine in October 2001. This engine is now

identified as unit E003. Engine #4, a Waukesha 7044 GSI rich burn engine, was replaced with a Waukesha 7042 GL lean burn engine in February 2002. This unit is now identified as unit E005.

ConocoPhillips installed two additional lean burn engines (units E006 and E007) and one additional glycol dehydrator (E009) in February 2002. Even with the addition of this equipment, the potential to emit of any pollutant regulated under the CAA [not including pollutants listed under section 112] is less than the 250 tons per year major source threshold. Therefore, this facility is not required to have or obtain a PSD permit.

#### **Chemical Accident Prevention Program**

The Argenta Compressor Station currently emits no regulated substances above the threshold quantities in this rule (40 CFR part 68) and therefore is not subject to the requirement to develop and submit a risk management plan. However, ConocoPhillips has an ongoing responsibility to submit this plan if a substance is listed that the source has in quantities over the threshold amount or if the source ever increases the amount of any regulated substance above the threshold quantity.

#### **New Source Performance Standards (NSPS)**

40 CFR Part 60, Subpart A: General Provisions. This subpart applies to the owner or operator of any stationary source which contains an affected facility, the construction or modification of which is commenced after the date of publication of any standard in part 60. The general provisions under subpart A apply to sources that are subject to the specific subparts of part 60.

The ConocoPhillips' Argenta Compressor Station is not subject to any specific subparts of 40 CFR part 60. Therefore, the general provisions of 40 CFR part 60 do not apply.

40 CFR Part 60, Subpart K: Standards of Performance for Storage Vessels for Petroleum Liquids for which Construction, Reconstruction, or Modification Commenced After June 11, 1973, and Prior to May 19, 1978. This rule applies to storage vessels for petroleum liquids with a storage capacity greater than 40,000 gallons. Subpart K does not apply to storage vessels for petroleum or condensate stored, processed, and/or treated at a drilling and production facility prior to custody transfer.

The Argenta Compressor Station has no storage vessels for petroleum liquids at this site which were constructed, reconstructed, or modified prior to May 19, 1978. Therefore, this rule does not apply.

40 CFR Part 60, Subpart Ka: Standards of Performance for Storage Vessels for Petroleum Liquids for which Construction, Reconstruction, or Modification Commenced After May 18, 1978, and Prior to June 23, 1984. This rule applies to storage vessels for petroleum liquids with a storage capacity greater than 40,000 gallons. Subpart Ka does not apply to petroleum storage vessels with a capacity of less than 420,000 gallons used for petroleum or condensate stored, processed, or treated prior to custody transfer.

The Argenta Compressor Station has no storage vessels for petroleum liquids at this site which were constructed, reconstructed, or modified prior to May 19, 1978. Therefore, this rule does not apply.

40 CFR Part 60, Subpart Kb: Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) for which Construction, Reconstruction, or Modification Commenced After July 23, 1984. This rule applies to storage vessels with a capacity greater than or equal to 40 cubic meters.

All used oil, lube oil and chemical storage (used for maintenance and operation) tanks on site at the Argenta Compressor Station are less than 40 cubic meters. Therefore, this rule does not apply.

40 CFR Part 60, Subpart GG: Standards of Performance for Stationary Gas Turbines. This rule applies to stationary gas turbines, with a heat input at peak load equal to or greater than 10.7 gigajoules per hour (10 million Btu/hr), that commenced construction, modification, or reconstruction after October 3, 1977.

There are no stationary gas turbines located at the Argenta Compressor Station; therefore, this rule does not apply.

40 CFR Part 60, Subpart KKK: Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants. This rule applies to compressors and other equipment at onshore natural gas processing facilities. As defined in this subpart, a natural gas processing plant is any processing site engaged in the extraction of natural gas liquids from field gas, fractionation of mixed natural gas liquids to natural gas products, or both. Natural gas liquids are defined as the hydrocarbons, such as ethane, propane, butane, and pentane that are extracted from field gas.

The Argenta Compressor Station does not extract natural gas liquids from field gas and therefore does not meet the definition of a natural gas processing plant under this subpart. Therefore, this rule does not apply.

40 CFR Part 60, Subpart LLL: Standards of Performance for Onshore Natural Gas Processing; SO<sub>2</sub> Emissions. This rule applies to sweetening units and sulfur recovery units at onshore natural gas processing facilities. As defined in this subpart, sweetening units are process devices that separate hydrogen sulfide (H<sub>2</sub>S) and carbon dioxide (CO<sub>2</sub>) from a sour natural gas stream. Sulfur recovery units are defined as process devices that recover sulfur from the acid gas (consisting of H<sub>2</sub>S and CO<sub>2</sub>) removed by a sweetening unit.

The Argenta Compressor Station does not perform sweetening or sulfur recovery at the site. Therefore, this rule does not apply.

**Equivalent Emission Limitation by Permit, a.k.a. the “MACT Hammer”**

Section 112(j) of the CAA requires major sources of HAPs in listed source categories for which EPA has failed to promulgate a maximum achievable control technology (MACT) standard by May 15, 2002, to submit a permit application or permit modification to their respective permitting agencies. The EPA has determined that reciprocating internal combustion engines may be major sources for emissions of one or more of the HAPs listed in section 112(b) of the CAA. The source category list schedule published by EPA requires that the MACT standard for this source category be promulgated by November 15, 2000. However, this standard has not yet been promulgated, but was proposed on December 19, 2002.

ConocoPhillips' Argenta Compressor Station operates several reciprocating internal combustion engines. As such, it is included in the source category for Reciprocating Internal Combustion Engines. However, the Argenta Compressor Station is not a major source for HAPs and was not required to submit a part 1 permit application by May 15, 2002.

**National Emissions Standards for Hazardous Air Pollutants (NESHAP)**

40 CFR Part 63, Subpart A: General Provisions. This subpart contains national emissions standards for HAPs that regulate specific categories of sources that emit one or more HAP regulated pollutants under the CAA. The general provisions under subpart A apply to sources that are subject to the specific subparts of part 63.

The Argenta Compressor Station is not subject to any specific subparts of 40 CFR part 63. Therefore, the general provisions of 40 CFR part 63 do not apply.

40 CFR Part 63, Subpart HH: National Emission Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities. This rule applies to the owners and operators of affected units located at natural gas production facilities that are major sources of HAPs, and that process, upgrade, or store natural gas

prior to the point of custody transfer, or that process, upgrade, or store natural gas prior to the point at which natural gas enters the natural gas transmission and storage source category or is delivered to a final end user. The affected units are glycol dehydration units, storage vessels with the potential for flash emissions, and the group of ancillary equipment, and compressors intended to operate in volatile HAP service, which are located at natural gas processing plants.

The Argenta Compressor Station is a natural gas production facility. There are five glycol dehydrators at the site, which are units regulated under 40 CFR part 63, subpart HH. However, the glycol units are not considered affected units under subpart HH, because they do not emit major amounts of HAPs. Therefore, the Argenta Compressor Station is only subject to the record keeping requirements for applicability determinations as outlined in the general provisions of 40 CFR 63.10(b)(3).

40 CFR Part 63, Subpart HHH: National Emission Standards for Hazardous Air Pollutants from Natural Gas Transmission and Storage Facilities. This rule applies to natural gas transmission and storage facilities that transport or store natural gas prior to entering the pipeline to a local distribution company or to a final end user, and that are major sources of HAP emissions. Natural gas transmission means the pipelines used for long distance transport and storage vessel is a tank or other vessel designed to contain an accumulation of crude oil, condensate, intermediate hydrocarbon, liquids, produced water or other liquid and is constructed of wood, concrete, steel or plastic structural support. A compressor station that transports natural gas prior to the point of custody transfer or to a natural gas processing plant (if present) is not considered a part of the natural gas transmission and storage source category.

The Argenta Compressor Station is a natural gas production facility and not a natural gas transmission or storage facility; therefore, this subpart does not apply.

#### **Compliance Assurance Monitoring (CAM) Rule**

The CAM rule applies to each Pollutant Specific Emission Unit (PSEU) that meets a three-part test. The PSEU must be 1) subject to an emission limitation or standard, and 2) use a control device to achieve compliance, and 3) have pre-control emissions that exceed or are equivalent to the major source threshold.

The only compressor engines at the Argenta Compressor Station that are subject to emission limits and that use add-on control devices are units E003 and E005. The applicable emission limits and use of oxidation catalysts were requested by the permittee to be made enforceable conditions in the 40 CFR part 71 permit. In addition, the pre-control emissions do not exceed the major source thresholds of 100 tons per year of regulated pollutants or 10 tons per year for HAPs. Therefore, this source is not subject to the CAM requirements.



c. Future requirements

Since the Argenta Compressor Station is located in Indian country, the State of Colorado's implementation plan does not apply to this source. In addition, no tribal implementation plan (TIP) has been submitted and approved for the Southern Ute Tribe, and EPA has not promulgated a federal implementation plan (FIP) for the area of jurisdiction governing the Southern Ute Indian Reservation. Therefore, the Argenta Compressor Station is not subject to any implementation plan.

EPA recognizes that, in some cases, sources of air pollution located in Indian country are subject to fewer requirements than similar sources located on land under the jurisdiction of a state or local air pollution control agency. To address this regulatory gap, EPA is in the process of developing national regulatory programs for preconstruction review of major sources in nonattainment areas and of minor sources in both attainment and nonattainment areas. These programs will establish, where appropriate, control requirements for sources that would be incorporated into part 71 permits. To establish additional applicable, federally-enforceable emission limits, EPA Regional Offices will, as necessary and appropriate, promulgate FIPs that will establish federal requirements for sources in specific areas. EPA will establish priorities for its direct federal implementation activities by addressing as its highest priority the most serious threats to public health and the environment in Indian country that are not otherwise being adequately addressed. Further, EPA encourages and will work closely with all tribes wishing to develop TIPs for approval under the Tribal Authority Rule. EPA intends that its federal regulations created through a FIP will apply only in those situations in which a tribe does not have an approved TIP.

4. EPA Authority

**General Authority to Issue Part 71 Permits**

Title V of the CAA requires that EPA promulgate, administer, and enforce a federal operating permits program when a state does not submit an approvable program within the time frame set by title V or does not adequately administer and enforce its EPA-approved program. On July 1, 1996 (61 FR 34202), EPA adopted regulations codified at 40 CFR part 71 setting forth the procedures and terms under which the Agency would administer a federal operating permits program. These regulations were updated on February 19, 1999 (64 FR 8247) to incorporate EPA's approach for issuing federal operating permits to stationary sources in Indian country.

As described in 40 CFR 71.4(a), EPA will implement a part 71 program in areas where a state, local, or tribal agency has not developed an approved part 70 program. Unlike states, Indian tribes are not required to develop operating permits programs, though EPA

encourages tribes to do so. See, e.g., Indian Tribes: Air Quality Planning and Management (63 FR 7253, February 12, 1998) (also known as the “Tribal Authority Rule”). Therefore, within Indian country, EPA will administer and enforce a part 71 federal operating permits program for stationary sources until a tribe receives approval to administer their own operating permits program.

## 5. Use of All Credible Evidence

Determinations of deviations, continuous or intermittent compliance status, or violations of the permit are not limited to the testing or monitoring methods required by the underlying regulations or this permit; other credible evidence (including any evidence admissible under the Federal Rules of Evidence) must be considered by the source and EPA in such determinations.

## 6. Public Participation

### **Public Notice**

As described in 40 CFR 71.11(a)(5), all part 71 draft operating permits shall be publicly noticed and made available for public comment. The public notice of permit actions and public comment period is described in 40 CFR 71(d).

Public notice was given for the draft permit by mailing a copy of the notice to the permit applicant, the affected states, tribal and local air pollution control agencies, the city and county executives, the state and federal land managers and the local emergency planning authorities which have jurisdiction over the area where the source is located. A copy of the notice was also provided to all persons who submitted a written request to be included on the mailing list. If you would like to be added to our mailing list to be informed of future actions on these or other CAA permits issued in Indian country, please send your name and address to the contact listed below:

Monica Morales, Part 71 Permit Contact  
U.S. Environmental Protection Agency, Region VIII  
999 18<sup>th</sup> Street, Suite # 300 (8P-AR)  
Denver, Colorado 80202-2466

Public notice was published in the Durango Herald on November 17, 2003 giving opportunity for public comment on the draft permit and the opportunity to request a public hearing. The public notice and comment period ended on December 17, 2003. No comments were received from the public, the company, or the affected states.

### **Opportunity for Comment**

Members of the public could review a copy of the draft permit prepared by EPA, the application and application addendums, this Statement of Basis for the draft permit, and

all supporting materials for the draft permit. Copies of these documents were available at:

La Plata County Clerk's Office  
1060 East 2<sup>nd</sup> Avenue  
Durango, Colorado 81302

and

Southern Ute Indian Tribe  
Environmental Programs Office  
205 Ouray Drive, Building #293  
Ignacio, Colorado 81137

and

U.S. EPA Region VIII  
Air and Radiation Program Office  
999 18<sup>th</sup> Street, Suite 300 (8P-AR)  
Denver, Colorado 80202

All documents were made available for review at the U.S. EPA Region VIII office Monday through Friday from 8:00 a.m. to 4:00 p.m. (excluding federal holidays).

Any interested person could submit written comments on the draft part 71 operating permit during the public comment period to the Part 71 Permit Contact at the address listed in section 6. above.

Anyone, including the applicant, who believed any condition of the draft permit was inappropriate must raise all reasonable ascertainable issues and submit all arguments supporting their position by the close of the public comment period. Any supporting materials submitted must be included in full and may not be incorporated by reference, unless the material has been already submitted as part of the administrative record in the same proceeding or consists of state or federal statutes and regulations, EPA documents of general applicability, or other generally available reference material.

#### **Opportunity to Request a Hearing**

During the initial public comment period, a person could submit a written request for a public hearing to the Part 71 Permit Contact, at the address listed in section 6.above, by stating the nature of the issues to be raised at the public hearing. Based on the number of hearing requests received, EPA will hold a public hearing whenever it finds there is a significant degree of public interest in a draft operating permit. EPA will provide public notice of the public hearing. If a public hearing is held, any person may submit oral or

written statements and data concerning the draft permit. No requests for a public hearing were received during the public comment period.

### **Appeal of Permits**

Within 30 days after the issuance of a final permit decision, any person who filed comments on the draft permit or participated in the public hearing may petition to the Environmental Appeals Board to review any condition of the permit decision. Any person who failed to file comments or participate in the public hearing may petition for administrative review, only if the changes from the draft to the final permit decision or other new grounds were not reasonably foreseeable during the public comment period. The 30 day period to appeal a permit begins with EPA's service of the notice of the final permit decision.

The petition to appeal a permit must include a statement of the reasons supporting the review, a demonstration that any issues were raised during the public comment period, a demonstration that it was impracticable to raise the objections within the public comment period, or that the grounds for such objections arose after such a period. When appropriate, the petition may include a showing that the condition in question is based on a finding of fact or conclusion of law which is clearly erroneous; or, an exercise of discretion, or an important policy consideration which the Environmental Appeals Board should review.

The Environmental Appeals Board will issue an order either granting or denying the petition for review, within a reasonable time following the filing of the petition. Public notice of the grant of review will establish a briefing schedule for the appeal and state that any interested person may file an amicus brief. Notice of denial of review will be sent only to the permit applicant and to the person requesting the review. To the extent review is denied, the conditions of the final permit decision become final agency action.

A motion to reconsider a final order shall be filed within 10 days after the service of the final order. Every motion must set forth the matters claimed to have been erroneously decided and the nature of the alleged errors. Motions for reconsideration shall be directed to the Administrator rather than the Environmental Appeals Board. A motion for reconsideration shall not stay the effective date of the final order unless it is specifically ordered by the Board.

### **Petition to Reopen a Permit for Cause**

Any interested person may petition EPA to reopen a permit for cause, and EPA may commence a permit reopening on its own initiative. EPA will only revise, revoke and reissue, or terminate a permit for the reasons specified in 40 CFR 71.7(f) or 71.6(a)(6)(i). All requests must be in writing and must contain facts or reasons supporting the request. If EPA decides the request is not justified, it will send the requester a brief written response giving a reason for the decision. Denial of these requests are not subject to the

public notice, comment, or hearings. Denials can be informally appealed to the Environmental Appeals Board by a letter briefly setting forth the relevant facts.

**Notice to Affected States/Tribes**

As described in 40 CFR 71.11(d)(3)(i), public notice was given by mailing a copy of the notice to the air pollution control agencies of affected states, tribal and local air pollution control agencies which have jurisdiction over the area in which the source is located, the chief executives of the city and county where the source is located, any comprehensive regional land use planning agency and any state or federal land manager whose lands may be affected by emissions from the source. The following entities were notified:

State of Colorado, Department of Public Health and Environment  
State of New Mexico, Environment Department  
Southern Ute Indian Tribe, Environmental Programs Office  
Ute Mountain Ute Tribe, Environmental Programs  
Navajo Tribe, Navajo Nation EPA  
Jicarilla Tribe, Environmental Protection Office  
La Plata County, County Clerk  
Town of Ignacio, Mayor  
National Park Service, Air, Denver, CO  
U.S. Department of Agriculture, Forest Service, Rocky Mountain Region  
San Juan Citizen Alliance  
Carl Weston