Air Pollution Control
Title V Permit to Operate
Statement of Basis for Final Permit No. V-SU-0032-02.02
December 2005

ConocoPhillips Company
Sunnyside Compressor Station
Southern Ute Reservation
La Plata County, Colorado

1. Description of Permit Modification #2

Region 8 EPA received a letter from the ConocoPhillips Company (ConocoPhillips) dated January 19, 2005, requesting permit modifications to the Sunnyside Compressor Station (CS) part 71 permit. EPA received this request on January 20, 2005. The permit application provided the following discussion of the requested changes.

The proposed modification requested the addition of a Waukesha 7042 GSI compressor engine (unit E005) to the facility to meet market demand for increased compression. Unit E005 would be equipped with non-selective catalytic reduction (NSCR - three-way catalytic converter) for control of nitrogen oxides (NOx), carbon monoxide (CO), and hazardous air pollutant (HAP) emissions. Additionally, with the modification ConocoPhillips has proposed to retrofit one of the existing Waukesha 7042 GL compressor engines, unit E003, with an oxidation catalyst for control of CO, volatile organic compound (VOC), and HAP emissions. Controlled emissions for E003 and E005 would be based on the manufacturer specifications of each of the catalysts. In an electronic mail received on March 18, 2005, in response to EPA enquiries as to the nature of the potential to emit (PTE) limits requested, ConocoPhillips confirmed that they were only requesting limits on E003 and E005 for NOx (E005 only), CO, and formaldehyde (CH_20) emissions rather than facility-wide PTE limits.

In addition, the modification request sought to add a 500 barrel heated water tank to the facility. Both the tank (unit IEU11), which was not a source of emissions, and the 0.25 MMBTU/hr heater (unit IEU12) were insignificant activities. Emissions for the water tank heater were calculated using AP-42 emission factors and demonstrates that the unit was insignificant pursuant to 40 CFR 71.5(c)(11)(ii)(A).

The application also included updated formaldehyde emission calculations for the 7042 GL units based on current manufacturer's data. Finally, the facility's Responsible Official (RO), and corresponding contact information, was changed.

The only physical changes proposed were the addition of a control device on existing unit E003, a new 7042 GSI compressor engine (unit E005) with add-on controls, and the addition of the insignificant equipment. Other units at the facility would not be affected by the increased throughput of gas at the facility. The glycol dehydrator, unit E004, was already permitted at its maximum design capacity. Changes to formaldehyde emissions from existing units E001 and E002 were intended to clean up the permit only, and did not arise from any physical changes to the engines.

This action incorporates these modification requests. In addition, EPA is taking this opportunity to update the off-permit language to reflect the changes in the Prevention of Significant Deterioration (PSD) regulations and the promulgation of a new Maximum Achievable Control Technology (MACT) rule for reciprocating internal combustion engines (RICE). These amendments have been approved by EPA and have resulted in the following changes to title V Permit No. V-SU-0032-02.02:

- **Section I.A. Source Information:** The facility contact and Responsible Official have been updated.
- **Section I.B. Source Emission Points/Table 1:** The Emission Units table has been updated to incorporate the new Waukesha 7042 GSI compressor engine equipped with a catalytic converter for emissions (E005) and identify the oxidation catalyst for emissions control to an existing Waukesha 7042 GL (E003).
- **Section 1.B. Source Emission Points/Table 2:** The Insignificant Emission Units table has been updated to incorporate the new 500 barrel (bbl) water tank and its heater (IEU11 and IEU12).
- **Add Section II - Specific Requirements for Emission Units E003 and E005:** Added enforceable permit conditions to limit emissions such that the facility is a synthetic minor source of HAPs and for PSD purposes. Added emission limits, work practice requirements, testing, monitoring, record keeping and reporting requirements for the new Waukesha 7042 GSI compressor engine equipped with a catalytic converter for emissions (E005) and an existing Waukesha 7042 GL (E003) retrofitted with an oxidation catalyst for emissions control. Added a Compliance Assurance Monitoring Plan for the new Waukesha 7042 GSI compressor engine (E005).
- **Renumber existing Section II - Facility-Wide Requirements to Section III - Facility-Wide Requirements.**
- **Renumber existing Section III - Part 71 Administrative Requirements to Section IV - Part 71 Administrative Requirements.**
- **Renumber existing Section IV - Appendix to Section V - Appendix**
- **Section IV.Q - Off Permit Changes:** Updated notification requirements for off permit engine replacements as referred to in the Alternative Operating Scenario from section III.B.

In addition, the formaldehyde potential to emit (PTE) emission estimates for the Waukesha engines have been updated in this Statement of Basis.

The remainder of this Statement of Basis outlines general information about the Sunnyside CS and the basis for the terms and conditions of the modified permit.

2. Facility Information

a. Location

The Sunnyside CS, owned and operated by 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 SW¼ NW¼ , Section 9, T33N, R9W, in La Plata County, Colorado. The mailing address is:

ConocoPhillips Company
5525 Highway 64
Farmington, NM 87401-1564

b. Contacts

(1) The facility contact is:

Robert Wirtanen
Safety, Health, Environmental and Regulatory Supervisor
5525 Highway 64
Farmington, NM 87401
(505) 599-3462
(505) 599-3442 fax

(2) The responsible official is:

Greg Leveille
San Juan Operations Manager
5525 Highway 64
Farmington, NM 87401
(505) 599-3401
(505) 599-3442 fax

c. Description of operations

The Sunnyside CS, owned and operated by ConocoPhillips, currently dehydrates and compresses coalbed methane gas. The gas comes from wells located in the vicinity of the Florida River and the wells are producing the gas from the Fruitland Coal Formation. The gas entering the compressor station flows through an inlet separator and mist screens where most of the water is removed. The water produced by this step is transferred to an on-site storage tank and eventually disposed of into a Class II underground disposal well.

d. List of all units and emission-generating activities

In the part 71 modification application for Sunnyside CS, ConocoPhillips provided the information shown in Table 1 below. Table 1 lists emission units and emission generating activities, including any air pollution control devices. Emission units identified as "insignificant" emitting units (IEUs) are listed separately in Table 2.

Table 1 - Emission Units
ConocoPhillips, Sunnyside Compressor Station

Emission Unit Id.	Description	Control Equipment
E001 E002	Two Waukesha L 7042 GL Compressor Engines, 1330 site rated hp, natural gas fired: Serial No. C10788/1 Installed 3/3/05 Serial No. C13155/1 Installed 3/12/02	Lean Burn Technology
E003	One Waukesha L 7042 GL Compressor Engine, 1330 site rated hp, natural gas fired: Serial No. C13403/1 Installed 3/12/02	Lean Burn Technology and Oxidation Catalyst model IQ-28-14-L1
E004	45 MMscf/day NATCO Glycol Dehydrator, Installed 3/12/02	None
E005	One Waukesha L 7042 GSI Compressor Engine, 1463 site rated hp, natural gas fired: Serial No. TBD Installed 2005	NSCR model IQ-28-14-C1 Air/Fuel Ratio Controller (AFRC)

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 hazardous air pollutants (HAP) under Section112(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. 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.

ConocoPhillips stated in the initial part 71 permit application, submitted in March 2002, and the modification application, submitted in January 2005, that the emission units in Table 2, below, are IEUs. The application provided emission calculations for the tanks using TANKS 4.0 and for the fugitive and heater emission using HAP Calc 3.0. This supporting data justifies the source's claim that these units qualify as IEUs.

Table 2 -- Insignificant Emission Units
ConocoPhillips, Sunnyside Compressor Station

Emission Unit ID	Description
IEU1-IEU2	2 - 500 gallon lubricating oil day tanks
IEU3-IEU4	2 - 500 gallon used oil tanks
IEU5	273 gallon triethylene glycol storage tank
IEU6	80 bbl fiberglass wastewater tank
IEU7	63 gallon glycol overflow tank
IEU8	45 bbl slop tank
IEU9	1.5 MMBtu/hr natural gas heater
IEU10	Fugitive emissions
IEU11	0.25 MMBtu/hr natural gas-fueled water tank heater
IEU12	500 barrel water tank

e. Permitting and/or construction history

The Sunnyside CS received initial approval to construct on October 26, 2001, under ownership of SG Interest I, Ltd. At that time, the facility was considered a minor stationary source operating one compressor engine. The facility was then acquired by Conoco, Inc. In March of 2002, Conoco installed two additional engines and a new tri-ethylene glycol (TEG) dehydration unit. The 2002 modification was a minor modification not subject to the permitting requirements of the Prevention of Significant Deterioration Program (PSD). In addition, the total potential-to-emit at the facility at that time indicated that the Sunnyside CS continued to be a minor source with respect to the PSD program. In late 2002, Conoco, Inc., merged with Phillips Petroleum and the owner/operator of the Sunnyside CS became the ConocoPhillips Company.

On January 20, 2005, EPA received a request to significantly modify the part 71 permit. In this modification request, ConocoPhillips proposed catalysts for emission control on an existing engine E003 and a proposed new engine E005 so that the facility total emissions remain below the applicability thresholds for PSD and MACT purposes. ConocoPhillips requested that the part 71 permit be modified to include enforceable conditions to assure minor source status for both PSD and MACT regulations. The following table illustrates the change in emissions due to the proposed engine

installation, addition of oxidation catalyst on an existing engine and the adjustment of the formaldehyde emissions for each of the existing engines.

Pre-2005 Proposal - Summary of Potential Emissions						
Unit	Description	NOx (tpy)	CO (tpy)	VOC (tpy)	CH2O (tpy)	Total HAPs (tpy)
E001	Waukesha 7042 GL (uncontrolled)	25.7	38.2	12.8	1.6	2.1
E002	Waukesha 7042 GL (uncontrolled)	25.7	38.2	12.8	1.6	2.1
E003	Waukesha 7042 GL (uncontrolled)	25.7	38.2	12.8	1.6	2.1
E004	Glycol Dehydrator			10.2	`*	`*
	Pre-Construction PTE Totals	77.1	115.5	48.6	4.8	6.3
Existing minor source for PSD						
Uncontrolled Emissions From New Engine, E005						
E005	Waukesha 7042 GSI (uncontrolled)	310.8	452.1	4.9	0.7	1.4
Controlled Emissions From New Engine, E005						
E005	Waukesha 7042 GSI (controlled)	31.1	90.4	0.8	0.4	0.8
Post-2005 Proposal - Summary of Potential Emissions						
Unit	Description	NOx (tpy)	CO (tpy)	VOC (tpy)	CH2O (tpy)	Total HAPs (tpy)
E001	Waukesha 7042 GL (uncontrolled)	25.7	38.5	12.8	3.7	4.5
E002	Waukesha 7042 GL (uncontrolled)	25.7	38.5	12.8	3.7	4.5
E003	Waukesha 7042 GL (controlled)	25.7	4.0	2.2	0.4	0.5
E004	Glycol Dehydrator			10.2	`*	`*
E005	Waukesha 7042 GSI (controlled)	31.1	90.4	0.8	0.4	0.8
	Post Construction PTE Totals	108.2	171.4	38.8	8.2	10.3
	Total Emissions Increase for Project	31.1	55.9	-9.8	3.4	4.0
Minor modification of a minor PSD source. Remains a minor PSD source.						

* According to the wet gas analysis enclosed with the permit application, there are no detectable HAPs. Therefore, any HAPs in the gas stream to the glycol dehydrator are negligible.

The result of these changes is an increase in the facility's PTE on NOx and CO emissions, and a decrease in the facility's PTE of VOC emissions. Facility-wide PTE of formaldehyde and total HAP emissions have also increased. However, this is due to the adjustment made by ConocoPhillips to the HAP emission factors for the engines (E001 and E002). The total potential formaldehyde and HAP

emissions from the Sunnyside CS will decrease due to the addition of the controls on E003 and E005. Due to the controls, the Sunnyside CS will not be subject to any National Emissions Standards for Hazardous Air Pollutants, including the recently promulgated RICE MACT - 40 CFR 63, subpart ZZZZ.

In addition, with controls on the new Waukesha 7042 GSI engine (E005), the facility will continue to be a minor source for PSD purposes as each of the regulated pollutants are less than 250 tpy.

3. Establishment of Synthetic Minor Limits

a. Applicable PTE guidance

Under 40 CFR 52.21, "potential to emit" is defined as the maximum capacity of a stationary source to emit a pollutant under its physical and operational design. Any physical or operational limitation on the capacity of the source to emit a pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design if the limitation, or the effect it would have on emissions, is federally enforceable.

National EPA guidance on PTE states that air pollution control equipment (in this case, the oxidation catalysts for E003 and NSCR for E005) can be credited as restricting PTE only if federally enforceable requirements are in place requiring the use of such air pollution control equipment. The primary applicable guidance is a memo titled, "Guidance on Limiting Potential to Emit in New Source Permitting," dated June 13, 1989, to EPA Regional Offices, from the Office of Enforcement and Compliance Monitoring (OECA), and the Office of Air Quality Planning & Standards (OAQPS). A later memo to the EPA Regional Offices, dated January 25, 1995, titled "Guidance on Enforceability Requirements for Limiting Potential to Emit through SIP and §112 Rules and General Permits," also provides guidance on this topic.

b. Components of the PTE restrictions

Potential Emissions: The revised draft permit for the Sunnyside CS proposes an hourly emission limit as a component of the restriction on PTE for engines E003 and E005, along with certain related operational restrictions.

The PTE for the Sunnyside CS, emission controls taken into consideration, are proposed as follows:

nitrogen oxides (NO_x) - 108.2 tpy
carbon monoxide (CO) - 171.4 tpy
volatile organic compounds (VOC) - 38.8 tpy
small particulates (PM_{10}) - neg.
lead - neg.
sulfur dioxide (SO_2) - neg.
total hazardous air pollutants (HAPs) -10.3 tpy [largest single HAP (formaldehyde, HCHO) – 8.2 tpy]

Emission Limits: In response to ConocoPhillips Company's application request to make enforceable the use of the oxidation catalysts on engine unit E003 and NSCR (3-way catalyst) in conjunction with an air to fuel ratio controller on engine unit E005, permit limits for NOx, CO, and CH_2O have been established in the permit, as well as, work practice and operational requirements.

Testing: In order to determine compliance with the established permit limits, requirements for reference method performance testing for NOx, CO and CH_2O are included as permit conditions. In addition, a requirement to conduct performance testing upon catalyst change out has been included.

Monitoring: Monitoring will be accomplished using a portable analyzer semi-annually to monitor for NOx and CO emissions, an annual performance test for CH_2O emissions, weekly temperature measurements to monitor the inlet temperatures of engine exhaust into the catalyst for each engine and monthly measurements of pressure drop across the catalyst.

In order for the oxidation catalyst to effectively reduce CO and CH_2O emissions from E003, the inlet temperature to the catalyst must be maintained at no less than 575^0F and no more than 1250^0F. In order for the 3-way catalyst to effectively reduce NOx, CO and CH_2O emissions, the inlet temperature to the catalyst must be maintained at no less than 700^0F and no more than 1250^0F.

4. Changes to the Off-Permit Changes Provisions

In their initial part 71 application, Conoco (now known as ConocoPhillips) had requested a permit condition to allow for engine replacements to address operational flexibility and compressor engine breakdown or periodic routine maintenance and repair. In addition, Conoco requested that this permanent engine replacement provision allow the replacement engine be of the same manufacturer, model, and horsepower without modifying the permit.

In response to Conoco's request for engine replacement, EPA included language in the original permit to allow off-permit replacement of individual compressor engines with new or overhauled engines, *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 certain special provisions, in item (g) of the Off-Permit Changes section of the permit, specific to engine replacement, are satisfied.* Language was created in the section on Alternative Operating Scenarios referring to the enhanced off-permit language.

The primary purpose of the special provisions provided in the Off-Permit Changes section of the permit was to ensure that PSD permitting requirements were not circumvented by the Alternative Operating Scenario provision. The presumption was that the replacement of an engine with an identical unit would likely not trigger PSD, although the Off-permit Change required that PSD applicability be evaluated.

EPA has updated the special provisions of the Off-Permit Changes section to reflect recently promulgated changes to the PSD regulations. In addition, language has been added requiring ConocoPhillips to evaluate the potential applicability of 40 CFR 63, subpart ZZZZ, the National Emission Standards for Hazardous Air Pollutants from Reciprocating Internal Combustion Engines when utilizing the requested alternative operating scenario.

5. Tribe Information

a. Indian country:

ConocoPhillips' Sunnyside CS 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 Clean Air Act (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 Sunnyside CS.

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. Current information indicates that 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 (48 Stat.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 and attainment status:

The Tribe maintains an air monitoring network to collect Nitrous Oxide (NO2), Ozone, Carbon Monoxide (CO), and Particulate Matter (PM10) data. Since May 2002, there have been two monitoring stations. The first monitoring station monitors NO2, Ozone, CO, and PM10 and the second station monitors NO_2, Ozone, and PM10. The monitors indicate the following averages for the pollutant monitored. An annual average for NO2 and PM10, an hourly average for Ozone and CO, an 8-hour average for CO and a daily average for PM10.

6. Analysis of Federal Regulations

a. The following Federal requirements have been reviewed:

Chemical Accident Prevention Program

Based on ConocoPhillips' application, the Sunnyside CS currently has no regulated substances above the threshold quantities in this rule 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 total source has in quantities over the threshold amount or IF the total source ever increases the amount of any regulated substance above the threshold quantity.

Stratospheric Ozone and Climate Protection

Based on information supplied by the applicant, ConocoPhillips does have air conditioning units on site but they do not currently engage in the activities regulated under this provision. However, should ConocoPhillips perform any maintenance, service, repair, or disposal of any equipment containing chlorofluorocarbons (CFCs), or contracts with someone to do this work, ConocoPhillips would be required to comply with title VI of the Clean Air Act.

Based on information supplied by the applicant, there are no halon fire extinguishers at the Sunnyside Compressor Station. However, should ConocoPhillips obtain any halon fire extinguishers, then it must comply with the standards of 40 CFR 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 40 CFR 82 and submit an application for a modification to this title V permit.

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.

As explained below, Sunnyside CS is not subject to any specific subparts of part 60, therefore the General Provisions of 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. 40 CFR part 60, 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 subpart does not apply to the storage vessels at Sunnyside CS because there are no tanks at this site that were constructed, reconstructed, or modified after June 11, 1973, and prior to May 19, 1978.

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.

This subpart does not apply to the storage vessels at Sunnyside CS because there are no tanks at this site that were constructed, reconstructed, or modified after May 18, 1978, and prior to June 23, 1984.

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.

The subpart does not apply to the storage vessels at Sunnyside CS because the facility has no tanks greater than or equal to 40 cubic meters that store volatile organic liquids.

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 Sunnyside CS, 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 (NGLs) 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 Sunnyside CS does not extract natural gas liquids from field gas, nor does it fractionate mixed NGLs to natural gas products, and thus 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_2 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_2S) and carbon dioxide (CO_2) from a sour natural gas stream. Sulfur recovery units are defined as process devices that recover sulfur from the acid gas (consisting of H_2S and CO_2) removed by a sweetening unit.

The Sunnyside CS does not perform sweetening or sulfur recovery at the facility. Therefore, this rule does not apply.

National Emissions Standards for Hazardous Air Pollutants (NESHAP)

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

Sunnyside CS is not subject to any specific subparts of part 63, therefore the General Provisions of part 63 do not apply. The determination of non-applicability for the facility as proposed is dependent on the facility's status as a synthetic minor source of HAPs, as requested in the application for this significant modification to the part 71 permit. This permit establishes enforceable permit conditions limiting HAP emissions by means of an oxidation catalyst to be retrofitted on an existing engine (E003), and a catalytic converter to be installed on the new engine (E005). Absent such a condition the facility could be a major source of formaldehyde and subject to 40 CFR 63, subpart ZZZZ.

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 hazardous air pollutants (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 hazardous air pollutant service, which are located at natural gas processing plants.

The definition of major source in 40 CFR 63.761 states, in part, that for facilities that are production facilities, only HAP emissions from the dehydration units and storage tanks with flash emission potential shall be aggregated for a major source determination. The Sunnyside CS is a production field facility prior to the point of custody transfer. However, the facility has no storage vessels with the potential for flash emissions and the HAP emissions from the one glycol dehydrator are below major source thresholds. Therefore, the Sunnyside CS is not subject to 40 CFR 63, subpart HH.

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 a major source of hazardous air pollutant (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 a crude oil, condensate, intermediate hydrocarbon, liquids, produced water or other liquid and is constructed of wood, concrete, steel or plastic structural support.

This subpart does not apply to the Sunnyside CS as the facility is a natural gas production

facility and not a natural gas transmission or storage facility.

40 CFR Part 63, Subpart ZZZZ: National Emission Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines. This rule establishes national emission limitations and operating limitations for HAPs emitted from stationary reciprocating internal combustion engines (RICE). A stationary RICE is any internal combustion engine which uses reciprocating motion to convert heat energy into mechanical work and which is not mobile. This rule applies to owners or operators of stationary RICE which are located at a major source of HAP, except if the RICE have a site-rating of 500 brake horse power (bhp) or less. While all stationary RICE with a site-rating of more than 500 bhp located at major sources are subject to the final rule, there are distinct requirements for regulated stationary RICE depending on their design, use, and fuel. The standards in the final rule have specific requirements for all new or reconstructed RICE and for existing spark ignition 4 stroke rich burn (4SRB) stationary RICE. With the exception of the existing spark ignition 4SRB stationary RICE, other types of existing stationary RICE (i.e., spark ignition 2 stroke lean burn (2SLB), spark ignition 4 stroke lean burn (4SLB), compression ignition (CI), stationary RICE that combust landfill or digester gas equivalent to 10 percent or more of the gross heat input on an annual basis, emergency, and limited use units) located at a major source of HAP emissions are not subject to any specific requirement under the final rule.

A stationary RICE is existing if construction or reconstruction of the unit commenced before December 19, 2002. A stationary RICE is new if construction of the unit commenced on or after December 19, 2002. A stationary RICE is reconstructed if the definition of reconstruction in §63.2 is met and reconstruction commenced on or after December 19, 2002.

This subpart does not apply to the Sunnyside CS as the facility is not a major source of HAPs.

Prevention of Significant Deterioration (PSD):

New major stationary sources of air pollution are required by the Clean Air Act (CAA) to obtain an air pollution permit before commencing construction. A major stationary source is any source type belonging to a list of 28 source categories which emits or has the potential to emit 100 tons per year or more of any pollutant subject to regulation under the CAA or any other source type with emits or has the potential to emit such pollutants in amounts equal to or greater than 250 tons per year. The Sunnyside CS does not belong to any of the 28 source categories. Therefore, the potential to emit threshold for determining PSD applicability for this source is 250 tons per year.

Although the proposed unit E005, a Waukesha 7042 GSI compressor engine, has uncontrolled emissions that exceed the PSD threshold, the unit will be equipped with a catalytic converter for control of NOx, CO, and HAP emissions such that the potential to emit of the unit and the facility as a whole is less than 250 tons per year (tpy) of any regulated pollutant.

By regulation, a significant modification to an existing part 71 permit must be issued prior to commencing construction and operating under a significant change, such as a new source. ConocoPhillips requested enforceable permit conditions in their proposed modification to limit emissions from the new unit (E005) by means of a 3-way catalyst. Absent such a condition, the unit would be a major source of NOx and CO, and the facility subject to PSD review and requirements.

The potential emission increases (given the establishment of Federally enforceable emission limits) of any pollutant regulated under the Clean Air Act [not including pollutants listed under section 112] associated with the modification of the Sunnyside CS are below the major source levels. Therefore, this facility is not required to obtain a PSD permit and at this time remains a minor source with respect to the PSD regulations.

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 an add-on control device to achieve compliance, and 3) have pre-control emissions that exceed or are equivalent to the title V, 100 tpy major source threshold.

The CAM rule applies to the proposed new unit E005 for NOx and CO, as the pre-controlled emissions of NOx and CO are greater than 100 tpy (NOx is 310.8 tpy and CO is 452.1 tpy). The engine will be subject to emissions limitations through this part 71 permit requiring the use of NSCR controls. A CAM plan has been included in the operating permit.

b. Conclusion

Based on the information provided in ConocoPhillips' applications for the Sunnyside CS, this source is subject to those existing applicable federal CAA programs discussed in 6.a. above. The Sunnyside CS is not subject to any implementation plan such as exist within state jurisdictions. Therefore, the Sunnyside CS is not subject to any other substantive requirements that control their emissions under the CAA.

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 Federal Implementation Plans (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 Tribal Implementation Plans (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.

7. EPA Authority

a. General authority to issue part 71 permits

Title V of the Clean Air Act 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 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.

8. 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.

9. Public Participation

a. 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).

There will be a 30 day public comment period for actions pertaining to a draft permit. Public notice was given for this draft permit by mailing a copy of the notice to the permit applicant, the affected state, 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 provided to all persons who have 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 Clean Air Act permits issued in Indian country, please send your name and address to the contact listed below:

Kathleen Paser, Part 71 Permit Contact
U.S. Environmental Protection Agency, Region 8
999 18th Street, Suite 300 (8P-AR)
Denver, Colorado 80202-2466

Public notice was published in the Durango Herald on October 28, 2005, giving opportunity for public comment on the draft permit and the opportunity to request a public hearing.

b. Opportunity for Comment

Members of the public were given an opportunity to review a copy of the draft permit prepared by EPA, the application, 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 2nd Avenue
Durango, Colorado 81302

and

Southern Ute Indian Tribe
Environmental Programs Office
116 Mouache Drive
Ignacio, Colorado 81137

and

US EPA Region VIII
Air and Radiation Program Office
999 18th Street, Suite 300 (8P-AR)
Denver, Colorado 80202

All documents were 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 have 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 9.a above. All comments would have be considered and answered by EPA in making the final decision on the permit. EPA keeps a record of the commenters and of the issues raised during the public participation process.

Anyone, including the applicant, who believes any condition of the draft permit was inappropriate should have raised all reasonable ascertainable issues and submitted 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.

c. Opportunity to Request a Hearing

A person may submit a written request for a public hearing to the Part 71 Permit Contact, at the address listed in section 6.a 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.

d. 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.

e. 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 is not subject to public notice, comment, or hearings. Denials can be informally appealed to the Environmental Appeals Board by a letter briefly setting forth the relevant facts.

f. 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