Air Pollution Control
Title V Permit to Operate
Statement of Basis for Permit No. V-SU-00002-2005.02
Administrative Amendment

BP America Production Company
Treating Site #2 Compressor Station
Southern Ute Indian Reservation
La Plata County, Colorado

1. Facility Information

a. Location

The Treating Site #2 Compressor Station is owned and operated by BP America Production Company (BP) and is located within the exterior boundary of the Southern Ute Indian Reservation, in the southwestern part of the State of Colorado. The exact location is Section 20, Township 32N, Range 8W, La Plata County, Colorado. The mailing address is:

BP America Production Company
380A Airport Road
Durango, Colorado 81303

b. Contacts

Facility Contact:
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Company Contact:
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BP America Production Co.
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Responsible Official:
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Tribal Contact:
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Southern Ute Indian Tribe
116 Mouache Drive
Ignacio, Colorado 81137
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2. Description of Permit Amendments

On November 22, 2010, the Environmental Protection Agency, Region 8, (EPA) received a request from BP America Production Company asking for corrections to the description for compressor engine emission unit TS2-13. Although the serial number currently listed in the permit is a number on the engine block, it is not the actual serial number for the engine. The current serial number listed in the permit was submitted by BP in error. BP is requesting an administrative amendment to correct the serial number of compressor engine TS2-13 in the permit.

While the permit was open, EPA took the opportunity to update the serial number and installation date for compressor engine emission unit TS2-9. In accordance with Section IV.Q. of the permit, BP submitted an off permit change notification for the replacement of compressor engine TS2-9 on May 25, 2010. This engine replacement qualified as an alternative operating scenario under Section III.C. of the permit and did not trigger any new applicable requirements.

In addition to the requested permit modification, EPA has also taken the opportunity to make some other necessary amendments to the permit while it was open. The PTE totals were removed from the description of operations in Section I.A. of the permit. Although the PTE totals were originally included in the permit for descriptive purposes only, EPA has decided to remove that language to avoid any misinterpretation that PTE is an enforceable permit requirement. The PTE for the facility will continue to be discussed in the Statement of Basis for each permit action. The following PTE for the facility was provided in the renewal permit effective October 28, 2007.

Nitrogen Oxides (NO_x) – 59.4 tpy
Carbon Monoxide (CO) – 86.2 tpy
Volatile Organic Compounds (VOC) – 38.7 tpy
Small Particulates (PM_{10}) – 2.6 tpy
Sulfur Dioxide (SO_2) - 0.08 tpy
Total Hazardous Air Pollutants (HAPs) –5.38 tpy
Largest Single HAP (formaldehyde, HCHO) – 5.38 tpy

Additionally, EPA corrected text in Condition 2 of Section III.A. to accurately reflect the language in the applicable regulatory requirement [40 CFR 63.764(e)(1)]. EPA also corrected Condition 4 of Section IV.J., by replacing the word “does” with “may” to accurately reflect the language in the applicable regulatory requirement [40 CFR 71.7(e)(1)(vi)]. EPA corrected Condition 7(d) in Section IV.Q. by deleting the phrase “prior to installation of the replacement engine” for consistency with the applicable regulatory requirement [40 CFR 71.6(a)(12)(ii)].

These additional changes initiated by EPA do not alter any existing enforceable monitoring, recordkeeping, or reporting requirements of the permit; therefore, the changes qualify as administrative amendments, according to 40 CFR 71.7(d).

The following modifications have been made to this permit:

- Section I.A. Source Information
    1. PTE for the facility was removed from the permit. PTE will continue to be discussed in the Statement of Basis for each permit action.
- Section I.B. Source Emission Points
    1. Changed the serial number of compressor engine TS2-13
    2. Changed the serial number and installation date of compressor engine TS2-9
- Section III.A. General Recordkeeping Requirements
    1. Corrected text in Condition 2 to accurately reflect the language in the applicable regulatory requirement.
- Section IV.J. Group Processing of Minor Permit Modifications
    1. Corrected text in Condition 4 to accurately reflect the applicable regulatory language.
- Section IV.Q. Off Permit Changes
    1. Corrected text in Condition 7(d) for consistency with the applicable regulatory requirement.

In accordance with the requirements of permit Section IV.H. 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-00002-2005.02

For specific applicability information regarding the part 71 permit for this facility, please see the Statement of Basis for permit number V-SU-0002-05.00.

Air Pollution Control
Title V Permit to Operate
Statement of Basis for Permit No. V-SU-0002-05.00

BP America Production Company
Treating Site #2
Southern Ute Reservation
La Plata County, Colorado

1. Facility Information

a. Location

BP's Treating Site #2 is located in the Ignacio Blanco Fruitland Field on the Southern Ute Indian Reservation in the southwestern part of the State of Colorado. It is located in Section 20, Township 32N, Range 8W in La Plata, County, Colorado. The mailing address is:

BP America Production Company
380 Airport Road
Durango, CO 81303

b. Company Contacts

Facility Contact:

Julie A. Best, Environmental Coordinator
BP America Production Company
380 Airport Road
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Corporate Contact:

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281-366-3946

Responsible Official:

Melanie M. Hill, Red Cedar Operations Manager
BP America Production Company
380 Airport Road
Durango, CO 81303
970-247-6801

c. Description of operations

Treating Site #2 Compressor Station is a central facility used to treat the gas and water recovered from the coal matrix reservoirs of the San Juan Basin located in Area #2 of the Ignacio Blanco Fruitland field. Coal bed methane gas wells are produced similarly to conventional gas wells, but with a larger quantity of associate water production. After leaving the well, the production is sent to a wellsite separator which splits the stream into separate gas and water gathering lines prior to entering the treating facility.

The gas enters the facility at about 45 psi and passes through a slug catcher used for water and gas separation. The water that drops out combines with the produced water stream from the field and is stored in water tanks. Each water tank has a tank heater used during the winter months to heat the water. The produced water is pumped from the tanks through water injection pumps and re-injected into a deep reservoir for disposal. After leaving the slug catcher, the produced gas is compressed to about 390 psi before passing through a glycol dehydrator unit equipped with a natural gas fired reboiler to further dry the gas. After dehydration, most of the gas is sent through a custody transfer sales meter to Red Cedar Gathering, while some of the gas is returned to the field to be used as wellsite fuel gas. The gas contains only a negligible amount of hydrogen sulfide (H_2S). Therefore, no H_2S removal is necessary. It should be noted that these wells do not produce any condensate or natural gas liquids and VOC content of the gas is only 0.05% by weight. Current production at this facility is about 18 MMscfd.

d. Permitting history

Treating Site #2 commenced operation in 1990. On July 31, 1997, EPA issued a PSD permit for the facility. That PSD permit was revised on June 9, 1999. EPA issued the initial part 71 permit, # V-SU-0002-00.00, on March 27, 2000. That permit will be replaced by this renewal permit, # V-SU-0002-05.00.

e. List of all units and emission-generating activities

BP America Production Company provided in their applications the information contained in Tables 1 and 2 for this facility. 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.

Table 1 - Emission Units
BP Treating Site #2 Compressor Station

Emission Unit Id. No.	Description	Control Equipment
TS2-1 TS2-2	1215 hp, Waukesha L5790-GSI Compressor Engine Serial No. 524152 Installed: 1990 Serial No. 401228 Installed: 1990	NSCR and A/F controller
TS2-3*	68 hp, Waukesha VRG330 Generator Engine Serial No. N/A Installed: removed 2005	None
TS2-9	1478 hp, Waukesha L7042-GL Compressor Engine Serial No. No Plate Installed: 2000	None
TS2-13	95 hp, Caterpillar G3304NA Generator Engine Serial No. 7N5454 Installed: 2005	None

* TS2-3 has been shut-down and permanently removed from the facility. However, this engine remains in the part 71 permit as it is still listed in the PSD permit for this facility.

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 section 112(b) and below 1000 lbs/year or the deminimus 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 2 - Insignificant Emission Units
BP Treating Site #2 Compressor Station

Emission Unit Identification No.	**Description**
TS2-4, TS2-5	2 - 500 MBTU/hr Tank Heaters
TS2-7	Fugitive Sources
TS2-8	1 - 350 MBTU/hr Glycol Reboiler #1
TS2-8b	1 – 15 MMscf/d Glycol Still Column Vent #1
TS2-8c	1 - Glycol Dehy Unit Flash Tank Vent #1
TS2-10	1 – 850 MBtu/hr Glycol Reboiler #2
TS2-10b	1 – 18 MMscf/d Glycol Still Column Vent #2
TS2-10c	1 – Glycol Dehy Unit Flash Tank Vent #2
NA	9 - 48 MBTU/hr Catalytic Space Heaters
NA	2 - 12 MBTU/hr Catalytic Space Heaters
NA	1 – 18 MBTU/hr Catalytic Space Heater
TS2-11	1 – 375 MBTU/hr Tank Heater
TS2-12	11 - <470 bbl De minimus storage tanks (storing lube oil, used oil, EG, TEG)

f. Potential to emit

Potential to emit means the maximum capacity of Treating Site #2 to emit any air pollutant under its physical and operational design. Any physical or operational limitation on the capacity of Treating Site #2 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.

The potential to emit for the facility as a whole are as follows:

Nitrogen Oxides (NO_x) – 59.4 tpy
Carbon Monoxide (CO) – 86.2 tpy
Volatile Organic Compounds (VOC) – 38.7 tpy
Small Particulates (PM_{10}) – 2.6 tpy
Sulfur Dioxide (SO_2) - 0.08 tpy
Total Hazardous Air Pollutants (HAPs) –5.38 tpy
Largest Single HAP (formaldehyde, HCHO) – 5.38 tpy

2. Tribe Information

a. Indian country

The BP Treating Site #2 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 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 this facility.

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 consisting of two sites equipped to collect Oxides of Nitrogen (NO_2), Ozone (O_3), Carbon Monoxide (CO) and meteorological data. The Tribe has collected NO_2 and O_3 data at the Ignacio site and Bondad site since June 1, 1982, and April 1, 1997, respectively. Since January 1, 2000, both sites initiated meteorological monitors measuring Wind Speed, Wind Direction, Vertical Wind Speed, Outdoor Temperature, Relative Humidity, Solar Radiation, and Rain/Snow Melt Precipitation. Particulate data (PM_{10}) was collected from December 1, 1981 to September 30, 2006, at the Ignacio site and since April 1, 1997 to September 30, 2006, at the Bondad site. The monitors indicate the following averages for the pollutant monitored: An annual average for NO_2, an hourly average for O_3 and CO, an 8-hour average for CO.

3. Applicable Requirements

a. Applicable Requirement Review

The following discussions address applicable requirements, and requirements that may appear to be applicable but are not. All applicable and non-applicable requirements addressed here are included in the Code of Federal Regulations, Title 40.

Prevention of Significant Deterioration (PSD)

PSD applies to the BP Treating Site #2 Compressor Station. The original construction of the site, in 1990, triggered PSD Review. BP was issued a PSD permit for Treating Site #2 on July 31, 1997. The PSD permit was revised on June 9, 1999. The PSD permits requires that the subject engines meet a BACT limit for NOx of 1.0 g/hp-hr and a limit for CO of 2.0 g/hp-hr. These BACT limits were accomplished by retrofitting the engines with non-selective catalytic reduction (NSCR) and air/fuel controllers.

PSD Monitoring, Recordkeeping, and Reporting

In addition to the BACT limits, the PSD permit requires quarterly and semi-annual NOx and CO monitoring for controlled and uncontrolled engines, respectively. Portable analyzers were proposed by BP for conducting the monitoring. The PSD permit also requires that BP keep records of its monitoring and maintenance information and that these records be kept for a period of 5 years. Monitoring data must be reported to EPA semi-annually.

Periodic Monitoring

Some monitoring was required in the PSD permit for determining compliance with the NOx and CO engine emission limits. The PSD permit allowed BP to reduce the frequency of monitoring from quarterly to semi-annually after BP had demonstrated compliance with the engine emission limits for six (6) consecutive quarters. To enhance periodic monitoring for the controlled engines, BP will conduct additional monitoring and maintenance activities on the controlled engines at least once every quarter. These additional requirements are:

1) Measure exhaust back pressure;

2) Measure differential pressure and temperature across the catalytic converter;

3) Replace oxygen sensors;

4) Inspect and lubricate air/fuel ratio control valves; and

5) Measure concentrations of CO and NOx in exhaust.

Chemical Accident Prevention Program

Based on BP's application, Treating Site #2 currently has no regulated substances above the threshold quantities in this rule and therefore are not subject to the requirement to develop and submit a risk management plan. BP has an ongoing responsibility to submit this plan IF a substance is listed that BP has in quantities over the threshold amount or IF BP ever increases the amount of any regulated substance above the threshold quantity.

Stratospheric Ozone and Climate Protection

Based on its applications, BP does not currently engage in the activities regulated under this provision. However, should BP perform any maintenance, service, repair, or disposal, of any equipment containing chlorofluorocarbons (CFCs), or contract with someone to do this work at Treating Site #2, BP would be required to comply with Title VI of the Clean Air Act and submit an application for a modification to any Title V operating permit of a subject treating site.

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, the Treating Site #2 Compressor Station 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 the Treating Site #2 Compressor Station 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 the Treating Site #2 Compressor Station 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 75 cubic meters storing volatile organic liquids.

This subpart does not apply to the storage vessels at the Treating Site #2 Compressor Station because the facility has no tanks greater than or equal to 75 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 MMBtu/hr), that commenced construction, modification, or reconstruction after October 3, 1977.

There are no stationary gas turbines located at the Treating Site #2 Compressor Station, therefore this subpart 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 Treating Site #2 Compressor Station 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 Treating Site #2 Compressor Station does not perform sweetening or sulfur recovery at the facility. Therefore, this subpart does not apply.

40 CFR Part 60, Subpart KKKK: Standards of Performance for Stationary Combustion Turbines. This subpart establishes emission standards and compliance schedules for the control of emissions from stationary combustion turbines that commenced construction, modification or reconstruction after February 18, 2005. The rule applies to stationary combustion turbines with a heat input at peak load equal to or greater than 10.7 gigajoules per hour (10 MMBtu/hr).

BP does not operate stationary combustion turbines at the Treating Site #2 Compressor Station. Therefore, this subpart 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 to the specific subparts of part 63.

Treating Site #2 Compressor Station is not subject to any specific subparts of part 63, therefore the General Provisions of 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 subpart applies to the owners and operators of affected units located at natural gas production facilities that are major sources of HAP's, 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.

Throughput Exemption:

Those sources whose maximum natural gas throughput, as appropriately calculated in §63.760(a)(1)(i) through (a)(1)(iii), is less than 18,400 standard cubic meters per day are exempt from the requirements of this subpart.

Source Aggregation:

Major source, as used in this subpart, has the same meaning as in §63.2, except that:

1.) Emissions from any oil and gas production well with its associated equipment and emissions from any pipeline compressor station or pump station shall not be aggregated with emissions from other similar units.

2.) Emissions from processes, operations, or equipment that are not part of the same facility shall not be aggregated.

3.) For facilities that are production field facilities, only HAP emissions from glycol dehydration units and storage tanks with flash emission potential shall be aggregated for a major source determination.

Facility:

For the purpose of a major source determination, facility means oil and natural gas production and processing equipment that is located within the boundaries of an individual surface site as defined in subpart HH. Examples of facilities in the oil and natural gas production category include, but are not limited to: well sites, satellite tank batteries, central tank batteries, a compressor station that transports natural gas to a natural gas processing plant, and natural gas processing plants.

Production Field Facility:

Production field facilities are those located prior to the point of custody transfer. The definition of custody transfer (40 CFR 63.761) means the point of transfer after the processing/treating in the producing operation, except for the case of a natural gas processing plant, in which case the point of custody transfer is the inlet to the plant.

Natural Gas Processing Plant:

A natural gas processing plant is defined in 40 CFR 63.761 as any processing site engaged in the extraction of NGL's from field gas, or the fractionation of mixed NGL's to natural gas products, or a combination of both. A treating plant or gas plant that does not engage in these activities are considered to be production field facilities.

Major Source Determination for Production Field Facilities:

The definition of major source in this subpart (at 40 CFR 63.761) states, in part, that only emissions from the dehydration units and storage vessels with a potential for flash emissions at production field facilities are to be aggregated when comparing to the major source thresholds. For facilities that are not production field facilities, HAP emissions from all HAP emission units shall be aggregated.

Area Source Applicability:

40 CFR part 63, subpart HH applies to area sources of HAPs. An area source is a HAP source whose total HAP emissions are less than 10 tpy of any single HAP or 25 tpy for all HAPs in aggregate. This subpart requires different emission reduction requirements for triethylene glycol dehydration units found at oil and gas production facilities based on their geographical location. Units located in densely populated areas (determined by the Bureau of Census) and known as urbanized areas with an added 2-mile offset and urban clusters of 10,000 people or more, are required to have emission controls. Units located outside these areas will be required to have the glycol circulation pump rate optimized or operators can document that PTE of benzene is less than 1 tpy.

Applicability of subpart HH to the Treating Site #2 Compressor Station:

The Treating Site #2 Compressor Station does not engage in the extraction of NGL's and therefore is not considered a natural gas processing plant. Hence, the point of custody transfer, as defined in this subpart HH, occurs downstream of the station and the facility would therefore be

considered a production field facility. For production field facilities, only emissions from the dehydration units and storage vessels with a potential for flash emissions are to be aggregated to determine major source status. The facility does not have flash tanks and the HAP emissions from the dehydration units alone at the facility are below the major source thresholds of 10 tons per year of a single HAP and 25 tons per year of aggregated HAP's.

With respect to the area source requirements of this subpart, the facility is located outside both an urban area and an urban cluster. Furthermore, uncontrolled benzene emissions from each of the TEG units at the facility were determined to be less than 1 tpy using GRI-GLYCalc Version 4.0, as presented in the supporting documentation in the application. **As a result, each dehydration unit at the facility is exempt from the §67.764(d) general requirements for area sources. However, the following general recordkeeping requirement does apply to this facility:**

- §63.774(d)(1) – retain the GRI-GLYCalc determinations used to demonstrate that actual average benzene emissions are below 1 tpy.

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 of 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 Treating Site #2 Compressor Station 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 facility, as the HAP emission are below the major source thresholds.

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 1) be subject to an emission limitation or standard, and 2) use a control device to achieve compliance, and 3) have a pre-control emissions that exceed or are equivalent to the major source threshold.

BP Treating Site #2 is subject to emission limits for NOx and CO for specific compressor engines. Two engines at the site are subject to a control requirement (BACT) of NSCR and air/fuel ratio controllers. The engines retrofitted with controls meet the requirements for determining applicability of CAM for the NOx and CO emissions. However, according to 40 CFR 64.2(b)(1)(vi), CAM requirements do not apply to any emission unit that is subject to an emission limit or standard for which an applicable requirement specifies a continuous compliance determination method. The part 71 permits for these controlled engines require demonstrations through quarterly stack gas concentration monitoring of NOx and CO, parametric monitoring and maintenance activities. Parametric measurements include exhaust back pressure as well as differential pressure and temperature across the catalytic converter. The oxygen sensors must be replaced, and air/fuel ratio control valves must be inspected and lubricated. These existing conditions are sufficient to provide reasonable assurance of continuous compliance and allow BP to make an informed certification of compliance.

b. Conclusion

Based on the information provided in BP's application for the Treating Site #2 Compressor Station, this source is subject to those existing applicable Federal CAA programs discussed above. The Treating Site #2 Compressor Station is not subject to any implementation plan such as exists within state jurisdictions. Therefore, the Treating Site #2 Compressor Station 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 non-attainment areas and of minor sources in both attainment and non-attainment 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.

4. 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 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

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 was 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
1595 Wynkoop Street (8P-AR)
Denver, Colorado 80202

Public notice was published in the Durango Herald on July 20, 2007, 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 8
Air and Radiation Program Office
1595 Wynkoop Street (8P-AR)
Denver, Colorado 80202

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

Any interested person may 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 above. All comments will 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 is inappropriate should raise 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 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 will be 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
Carl Weston
San Juan Citizen Alliance
Rocky Mountain Clean Air Action