Air Pollution Control
Title V Permit to Operate
Statement of Basis for Permit No. V-SU-00018-2005.01
Minor Modification

Red Cedar Gathering Company
Diamondback Compressor Station
Southern Ute Indian Reservation
La Plata County, Colorado

Description of Permit Amendment

a. Requested permit modifications

On June 5, 2011, EPA received a request to replace the permitted dehydration unit X-500 with a new dehydration unit (X-600). The new unit has a higher throughput capacity with a higher potential to emit (PTE), and therefore does not qualify as an off permit change under Section III.Q of the permit. In addition, EPA reviewed the records of off permit changes notifications for the facility and has updated serial numbers for emission units that have been replaced. EPA also corrected certain conditions in the permit to accurately reflect applicable regulatory language.

b. PTE (Facility-Wide)

Red Cedar provided the PTE for the replacement dehydration unit X-600 in the minor permit modification application. In the previous permit, the PTE for emission units C-100, C-200, and C-300 was calculated using the maximum horsepower rating for the engines. The PTE provided in the minor modification application used a lower horsepower rating for the engines to account for the elevation derate according to the manufacturer's derate recommendations. This resulted in a slightly lower PTE for those units. The updated PTE for the Diamondback Compressor Station is provided in Table 1.

Table 1 - Potential to Emit (uncontrolled)

Red Emission Unit ID	**Regulated Air Pollutants[1,2] in tpy (uncontrolled)**							
	NO_X	**VOC**	**SO_2**	**PM_{10}**	**CO**	**Lead**	**Total HAPs**	**Largest Single HAP (Toluene)**
C-100	19.26	12.84	0.02	0.42	34.03	0.00	4.92	0.35
C-200	19.26	12.84	0.02	0.42	34.03	0.00	4.92	0.35
C-300	19.26	12.84	0.02	0.42	34.03	0.00	4.92	0.35
G-100	26.62	5.54	0.00	0.12	3.91	0.00	0.27	0.00
X-600	0.00	47.29	0.00	0.00	0.00	0.00	16.71	9.00
X-700	0.00	11.00	0.00	0.00	0.00	0.00	5.02	1.82
IEUs	0.49	1.21	0.00	0.04	0.41	0.00	0.10	0.00
TOTAL	84.89	103.56	0.06	1.42	106.41	0.00	36.86	11.87

c. MACT HH promulgation history and applicability

40 CFR Part 63, Subpart HH: National Emission Standards for Hazardous Air Pollutants (HAPs) 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 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.

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 natural gas liquids (NGLs) from field gas, or the fractionation of mixed NGLs to natural gas products, or a combination of both. A treating plant or gas plant that does not engage in these activities is considered to be a production field facility.

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 also 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 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 recirculation pump rate optimized or operators can document that PTE of benzene is less than 1 tpy.

Applicability of Subpart HH to the Diamondback Compressor Station

The Diamondback Compressor Station does not engage in the extraction of NGLs and therefore is not considered a natural gas processing plant. Hence, the point of custody transfer, as defined in subpart HH, occurs downstream of the station and the facility would 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 is not a major source under this rule. The facility is subject to subpart HH, because the facility is an area source of HAPs (per the subpart), upgrades natural gas, and is a production field facility. The triethylene glycol (TEG) dehydration units at the facility (X-600 and X-700) are affected sources under the subpart.

With respect to the area source requirements of this subpart, the facility is located outside both an urban area and an urban cluster. There are no tanks that have the potential for flash emissions at the facility. Furthermore, uncontrolled benzene emissions from the TEG glycol dehydrators at the facility have been 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, units X-600 and X-700 at the facility are exempt from the §63.764(d) general requirements for area sources per §63.764(e)(1)(ii). However, the following general recordkeeping requirement will continue to apply to this facility:**

- §63.774(d)(1) – retain each determination used to demonstrate that actual flowrate of natural gas throughput is less than 85,000 scm/day (3,000,000 scf/day) or the actual average benzene emissions are below 1 tpy.

Should the actual flowrate of natural gas throughput ever exceed 85,000 scm/day or uncontrolled emissions of benzene from the dehydrators ever exceed 1 tpy, then the facility will become subject to the requirements for area sources.

d. Specific permit modifications

The following modifications have been made to this permit:

- Section I. Source Information
  1. Table 1 was updated to reflect the replacement of dehydration unit X-500 with a new dehydration unit X-600.
  2. Serial numbers for emission units were updated based on off permit change notifications.
  3. Moved the unit description of the reboilers for dehydration units X-600 and X-700 from Table 1 to Table 2 because they qualify as insignificant emission units.
  4. Table 2 was updated to reflect the current inventory of insignificant emission units.
- Section II. Facility-Wide Requirements
  1. Corrected text in Section II.A.3. General Recordkeeping Requirements for consistency with the applicable regulatory requirement.

- Section III. Part 71 Administrative Requirements
  1. Corrected text in Section III.J.4. Group Processing of Minor Permit Modifications to accurately reflect the applicable regulatory language.
  2. Corrected text in Section III.Q.7.(d) Off Permit Changes for consistency with the applicable regulatory requirement.

EPA is making these revisions as a minor modification in accordance with 40 CFR 71.7(d). The permit is hereby reissued as permit number V-SU-00018-2005.01.

For specific applicability information regarding the part 71 permit for this facility, please see the Statement of Basis for permit number V-SU-0018-05.00.

Air Pollution Control
Title V Permit to Operate
Final Statement of Basis for Permit No. V-SU-0018-05.00
February 2009

Red Cedar Gathering Company
Diamondback Compressor Station
Southern Ute Reservation
La Plata County, Colorado

1. Facility Information

a. Location

The Diamondback Compressor Station, owned and operated by Red Cedar Gathering Company ("Red Cedar"), 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 NE ¼, Section 8, T32N, R9W, in La Plata County, Colorado. The mailing address is:

Red Cedar Gathering Company
125 Mercado Street, Suite 201
Durango, CO 81301

b. Contacts

Facility Contact:
Ethan W. Hinkley, Environmental Compliance Specialist
Red Cedar Gathering Company
125 Mercado Street, Suite 201
Durango, CO 81301
970-764-6910
970-382-0462 (fax)

Responsible Official:
Albert J. Brown, President and COO
Red Cedar Gathering Company
125 Mercado Street, Suite 201
Durango, CO 81301
970-764-6900
970-382-0462 (fax)

The Tribal Contact:
James Temte
Air Program Manager - Southern Ute Indian Tribe
970-563-4705

c. Description of operations

The Diamondback Compressor Station and the Sidewinder Compressor Station together constitute a single major source as defined in 40 CFR part 71.2 (Definitions). The Sidewinder Compressor Station was previously permitted under part 71 permit #V-SU-0015-00.00. However, Red Cedar requested that rather than permitting this aggregated source under two separate permits, EPA merge the requirements for both Diamondback and Sidewinder Compressor Stations under the same permit. Red Cedar requested that the two facilities be identified together as the Diamondback Compressor Station. Emitting units that are operating at the formerly identified Sidewinder Compressor Station have been identified in the permit and this Statement of Basis in the emission units tables.

The Diamondback Compressor Station compresses natural gas from 50 psig up to 300 psig, and then removes water from the gas (dehydration). The facility does not extract natural gas liquids (NGLs) from field gas, nor fractionate mixed NGLs to natural gas products.

Air pollutant emissions are primarily from three internal combustion engines, which drive the compressors. All engines are Waukesha model L7042GL lean burn engines, fired only on natural gas, site rated at 1,478 brake horsepower (bhp) and exhausted individually to the atmosphere. There are also two natural gas fired glycol dehydrators, three small heaters, and several tanks, which are listed in the part 71 operating permit application as insignificant emitting units. All emitting units are listed in Section I.B of the permit.

d. List of all units and emission-generating activities

In the part 71 operating permit renewal application for the Diamondback Compressor Station, Red Cedar provided the information shown in Tables 1 and 2 below. Table 1 lists emission units (EUs) 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
Red Cedar Gathering Company, Diamondback Compressor Station

Emission Unit ID	Description	Control Equipment
C-100 C-200 C-300	1,478 bhp, Waukesha L7042GL Compressor Engines, lean burn, natural gas fired: serial no. C-12215/4 Installed 7/12/2006* serial no. C-13152/1 Installed 5/28/2007* serial no. C-11521/1 Installed 3/8/2006*	None
G-001	185 hp, Onan/Cummins GTA8.3-LC-G1 125GGKB Model Generator Set, rich burn, natural gas fired: serial no. 718445 Installed 02/2006	None
X-500	10 MMscfd, 0.3 MMBtu/hr, P&A 10MM-5002HP TEG Natural Gas Dehydrator / Reboiler: serial no. 3219 (absorber) Installed 11/25/1997	None
X-700	12 MMscfd, 0.25 MMBtu/hr, PESCO 12MM TEG Natural Gas Dehydrator / Reboiler: serial no. 101653 (absorber) Installed 10/1998	None

*Determinations for applicability to New Source Performance Standards (NSPS) and National Emission Standards for Hazardous Air Pollutants (NESHAPs) are included in Section 3.a. of this Statement of Basis

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 per year (tpy) for all regulated pollutants that are not listed as hazardous air pollutants (HAPs) under section 112(b) and below 1000 lbs/year or the deminimis 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.

Red Cedar stated in its part 71 permit renewal application that the emission units in Table 2, below, are IEUs. The application provided emission calculations for the tanks using TANKS 4.0, for the glycol dehydrators using GRI-GlyCalc Version 3.0, and for the heaters using AP-42 emission factors. This data supports the source's claim that these units qualify as IEUs.

Table 2 -- Insignificant Emission Units
Red Cedar Gathering Company
Diamondback Compressor Station

Emission Unit ID	Description
H-500 H-501 H-502	Three (3) Catalytic Heaters, 12,000 Btu/hr each (Inlet slug catcher V-500) (Sidewinder fuel/meter skid) (Sidewinder fuel/meter skid)
H-503 H-504	Two (2) Tank Heaters (TK-500, TK-501), 325,000 Btu/hr each
H-509	Tank Heater (TK-509, Sidewinder) 375,000 Btu/hr
TK-500	Waste Oil Drain Tank, 6600 gallons
TK-501	Waste Water Tank, 500 bbl
TK-502	Lube Oil Storage Tank, 1600 gallons
TK-503	Glycol Still Vent Tank (X-500), 520 gallons
TK-504A TK-504B	Two (2) Engine Coolant Tanks, 500 gallons each
TK-505	TEG Storage Tank, 1000 gallons
TK-506	Glycol Still Vent Tank (X-700), 322 gallons
TK-508	Waste Oil Tank (Sidewinder), 800 gallons
TK-509	Production Water Tank (Sidewinder), 2100 gallons
TK-513	Lube Oil Storage Tank (Sidewinder), 850 gallons
TK-514	Generator Oil Makeup Tank, 55 gallons
TK-515	Waste Oil Tank, 323 gallons
TK-600	TEG Stock Tank, 300 gallons

e. Construction, permitting, and compliance history

The Diamondback Compressor Station commenced operation on November 25, 1997. The total potential to emit (PTE) of this source (Diamondback and Sidewinder - "total source") at that time had classified the combined facilities as a major source with respect to the Prevention of Significant Deterioration (PSD) Permitting Program; however, at no time has the requirement to obtain a PSD permit been triggered. As explained below, various modifications made to the total source since issuance of the initial part 71 permit have dropped the total source PTE to below PSD major source permitting thresholds, and the combined facility is now considered a minor source with respect to the PSD Permitting Program.

Part 71 does allow for a group of permits to be issued for a part 71 source. EPA had initially processed separate permits for the Diamondback and Sidewinder facilities. The Diamondback Compressor Station had been assigned permit #V-SU-0018-00.00 and the Sidewinder Compressor Station had been assigned #V-SU-0015-00.00.

EPA issued the initial Title V Permit to Operate for the Diamondback Compressor Station on January 8, 2001. EPA issued the initial Title V Permit to Operate for the Sidewinder Compressor Station on January 8, 2001. EPA administratively amended both of the initial permits for the same changes twice, in May 2001 and May 2003, respectively. In August 2003, EPA issued an identical minor modification to both permits that updated provisions for compressor engine replacement as an alternative operating scenario pursuant to 40 CFR 71.6(a)(9) and off permit change pursuant to 40 CFR 71.6(a)(12). The minor modifications also added reporting requirements.

On August 12, 2005, EPA received the permit renewal application for Diamondback Compressor Station and a request for retirement of the Sidewinder Compressor Station permit due to planned decommissioning of the facility and subsequent decommissioning or transferring of equipment to the Diamondback Compressor Station.

On October 4, 2005, EPA received an updated renewal application for which Red Cedar requested to combine the Diamondback and Sidewinder Compressor Stations into one renewal permit (Diamondback Compressor Station), rather than decommissioning the Sidewinder Compressor Station and retiring the permit. The application indicated that all equipment operating at the Sidewinder Compressor Station, except for a lean burn natural gas compressor engine (D-1002), a natural gas-fired rich burn generator set (G-001), and select IEUs had been shut down and removed. The equipment still operating at Sidewinder was added to the EU and IEU lists as part of the updated Diamondback Compressor Station renewal permit. EPA assigned the combined permit action as permit #V-SU-0018-05.00.

EPA conducted its most recent inspection of the Diamondback Compressor Station on August 15, 2006 and the subsequent inspection report indicated the source was operating in compliance with applicable CAA standards and regulations. Although there were a couple of minor follow-up items (some EU serial numbers did not match the permit, there were IEUs missing from the permit, and inaccurate emission factors had been used for the annual emission inventory report), the source was operating in compliance with all other CAA requirements. The facility has since addressed these items.

On October 18, 2007, EPA received another updated renewal application for the Diamondback Compressor Station. Red Cedar had reevaluated emissions from the compressor engines based on the most recent manufacturer's data at maximum sea-level bhp rating (manufacturer emission factors, no derate for elevation). Additionally, Red Cedar removed compressor engine unit D1002 (Sidewinder). Red Cedar also reevaluated emissions from the glycol dehydrators using an extended gas analysis and the maximum ratings for the equipment,

resulting in the units changing status from IEUs to significant EUs. Requirements under 40 CFR 63, subpart HH had changed since the October 4, 2005 application was submitted; therefore Red Cedar included a revised applicability discussion in the updated application. Additionally, the IEU list was updated.

On December 4, 2008, after the public notice of the draft permit and Statement of Basis was already arranged for December 5, 2008, and after copies of the draft documents had already been sent to the appropriate recipients, EPA received additional updated information for the permit renewal application. Red Cedar had scheduled removal of the Enertek dehydration unit X-1301 and still vent tank TK-507 prior to January 2009. Red Cedar submitted updated part 71 application forms to reflect the equipment removal and change in facility PTE. Revisions have been made to the permit to reflect the equipment removal.

Table 3 illustrates the permitting history, the changes in the unit-specific and facility-wide PTE and emission status, and the compliance history since operation of the facility commenced in 1997.

Table 3 – Construction, Permitting, and Compliance History
Red Cedar Diamondback Compressor Station

November 25, 1997 – Operation Commenced; EPA Determined as Single Source With Sidewinder Compressor Station

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-100, 1,330 bhp Waukesha L 7042 GL (no controls)	19.27	34.04	12.84	2.11*	1.63*
IEUs	0.83	0.65	0.85	0.02	0.00063
Facility PTE for 1997 New Source - Diamondback	**20.1**	**34.7**	**13.7**	**2.1**	**1.6**
D-1001, 1,146 bhpm natural gas-fired Waukesha L 7042 GSI (no controls)	*199.5*	*11.06*	*2.21*	*2.43*	*1.5*
D-1002, 1,330 bhp, natural gas fired, low NO_x design Waukesha 7042 GL Lean Burn, (no controls)	*19.27*	*34.04*	*12.84*	*2.11*	*1.6*
G-001, 75 bhp, natural gas fired Olympian Power Systems CG060 Generator	*2.1*	*79.84*	*1.25*	*0.16*	*0.095*
IEUs	*0.49*	*0.40*	*0.027*	*0.0092*	*$3.6E^{-04}$*
Facility PTE for 1993 New Source - Sidewinder	***221.0***	***125.3***	***16.3***	***4.7***	***3.2***
Total Source PTE for 1997 New Source	**241.1**	**160.0**	**30.0**	**6.8**	**4.8**

PSD Status of Total Source: Minor **HAP Status of Total Source:** Minor
HAP Status of Facility per Subpart HH: Minor **Title V Status of Total Source:** Subject, but part 71 not effective until 3/22/99
** AP-42 Emission Factors

June 1998 – Addition of Compressor Engine C-200; Total Source Becomes Major for PSD; Minor Modification of Minor PSD Source (does not trigger PSD Permitting)

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-200, 1,330 bhp Waukesha L 7042 GL (no controls)	19.27	34.04	12.84	2.11*	1.63*
Total Emissions Increase for the Project	+19.27	+34.04	+12.84	+2.11	+1.63
Facility PTE for Diamondback	**39.4**	**68.7**	**26.5**	**4.21**	**3.23**
Facility PTE for Sidewinder	*221.0*	*125.3*	*16.3*	*4.7*	*3.2*
Total Source PTE	**260.4**	**194.0**	**42.8**	**8.92**	**6.41**

PSD Status of Facility: Major **HAP Status of Facility:** Minor
HAP Status of Facility per Subpart HH: Minor **Title V Status of Facility:** Subject, but part 71 not effective until 3/22/99
** AP-42 Emission Factors

October 1998 – Addition of Compressor Engine C-300; Minor Modification of Major PSD Source (does not trigger PSD Permitting)

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-300, 1,330 bhp Waukesha L 7042 GL (no controls)	19.27	34.04	12.84	2.11*	1.63*
Total Emissions Increase for the Project	+19.27	+34.04	+12.84	+2.11	+1.63
Facility PTE for Diamondback	**59.0**	**103.0**	**39.0**	**6.2**	**4.9**
Facility PTE for Sidewinder(no change from initial startup)	*221.0*	*125.3*	*16.3*	*4.7*	*3.2*
Total Source PTE	**280.0**	**228.0**	**56.0**	**11.0**	**8.0**

PSD Status of Facility: Major **HAP Status of Facility:** Minor
HAP Status of Facility per Subpart HH: Minor **Title V Status of Facility:** Subject; Initial App. Received 3/15/2000;
** AP-42 Emission Factors #V-SU-0018-00.00 Permitted January 8, 2001
#V-SU-0015-00.00 (Sidewinder) Permitted January 1, 2001

Table 3 – Construction, Permitting, and Compliance History (continued)
Red Cedar Diamondback Compressor Station

May 1, 2001 – Administrative Permit Amendments Issued - #V-SU-0018-00.01 and #V-SU-0015-00.01 (Sidewinder)

No Addition of Emission Units or Change in Facility/Total Source PTE or Emission Status

May 1, 2003 – Administrative Permit Amendments Issued - #V-SU-0018-00.02 and #V-SU-0015-00.02 (Sidewinder)

No Addition of Emission Units or Change in Facility/Total Source PTE or Emission Status

August 25, 2003 – Minor Modification Permits Issued - #V-SU-0018-00.03 and #V-SU-0015-00.03 (Sidewinder)

No Addition of Emission Units or Change in Facility PTE or Emission Status; Added language for allowed engine replacements at Red Cedar's request.

June 15, 2004 – RICE MACT Promulgated

Affected Sources:

Existing RICE ≥ 500 bhp, located at major sources of HAP emissions, constructed or reconstructed on or before 12/19/2002

New/Reconstructed RICE ≥ 500 bhp, located at major sources of HAP emissions, constructed or reconstructed after 12/19/2002

Final Compliance Dates

Existing lean burn RICE – Exempt

Existing rich burn RICE – June 15, 2007

New or reconstructed rich or lean burn RICE constructed on or before August 16, 2004

New or reconstructed rich or lean burn RICE constructed after August 16, 2004 – upon start-up

Applicability to Diamondback (and Sidewinder) Compressor Station

Not Subject ***– Facility is minor for HAP emissions***

August 17, 2005 – Permit renewal application & request to retire Sidewinder permit; Red Cedar updated CH_20 emissions (changes emissions to major HAP status) and planned to replace some IEUs with IEUs previously operated at Sidewinder

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-100, 1,330 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	19.3	34.0	12.8	5.2**	4.4**
C-200, 1,330 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	19.3	34.0	12.8	5.2**	4.4**
C-300, 1,330 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	19.3	34.0	12.8	5.2**	4.4**
IEUs	0.8	0.7	0.9	0	6.3 E^{-4}
Facility PTE for Diamondback	**57.8**	**102.1**	**38.5**	**15.6**	**13.2**
Facility PTE for Sidewinder(under assumption of facility shut-down)	*0*	*0*	*0*	*0*	*0*
Total Source PTE	**57.8**	**102.1**	**38.5**	**15.6**	**13.2**

PSD Status of Facility: Minor **HAP Status of Facility:** Major ; RICE MACT Exempt – engines all Existing 4SLB

HAP Status of Facility per Subpart HH: Minor **Title V Status:** Subject; #V-SU-0018-05.00 (to be issued)

** Updated emission factors used in CH_2O calculations based on manufacturer data

October 6, 2005 – Updated permit renewal application & request to combine Diamondback and Sidewinder into 1 permit (additional requested information received November 22, 2005)

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-100, 1,330 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	19.3	34.0	12.8	5.2	4.4
C-200, 1,330 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	19.3	34.0	12.8	5.2	4.4
C-300, 1,330 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	19.3	34.0	12.8	5.2	4.4
D-1002, 1,330 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE (Sidewinder)	19.3	34.0	12.8	5.2	4.4
G001, Cummins GTA8.3-LC-GI Electrical Generator (no controls) – existing RICE (Sidewinder)	24.2	3.6	5.0	2.9	2.3
IEUs (combined Diamondback & Sidewinder)	1.29	1.1	0.93	0.0	3.7E^{-4}
Total Facility/Source PTE After Permit Renewal/Combination	**102.7**	**140.7**	**57.1**	**23.7**	**19.9**

PSD Status of Facility: Minor **HAP Status of Facility:** Major; RICE MACT Exempt – Engines all Existing 4SLB

HAP Status of Facility per Subpart HH: Minor **Title V Status:** Subject; #V-SU-0018-05.00 (to be issued)

Table 3 – Construction, Permitting, and Compliance History (continued)
Red Cedar Diamondback Compressor Station

October 18, 2007 – Updated permit renewal application (updated EUs, IEUs, emissions estimates, and 40 CFR 63. subpart HH applicability determination)**

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-100, 1,478 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	21.41	37.82	14.27	5.47	4.14
C-200, 1,478 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	21.41	37.82	14.27	5.47	4.14
C-300, 1,478 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	21.41	37.82	14.27	5.47	4.14
G001, Cummins GTA8.3-LC-GI Electrical Generator (no controls) – existing 4SRB (Sidewinder)	26.62	3.91	5.54	0.27	0.18
X-500 TEG Dehydrator	0.15	0.12	9.57	4.17	$1.11\ E^{-3}$
X-700 TEG Dehydrator	0.12	0.10	11.01	5.03	$9.24\ E^{-4}$
X-1301 TEG Dehydrator	0.29	0.25	21.47	8.77	$2.22\ E^{-3}$
IEUs	0.52	0.43	1.35	0.11	0.004
Total Facility/Source PTE After Permit Renewal/Combination	**91.9**	**118.3**	**91.8**	**34.8**	**12.6**

PSD Status of Facility: Minor **HAP Status of Facility:** Major; RICE MACT Exempt – Engines all Existing 4SLB

HAP Status of Facility per Subpart HH: Minor; subject to 40 CFR 63, subpart HH **Title V Status:** Subject; #V-SU-0018-05.00 (to be issued)

** Red Cedar reevaluated emissions based on the most recent manufacturer's data at maximum sea-level bhp rating (manufacturer emission factor, no derate for elevation). Emissions from the dehydration units were also reevaluated resulting in the new significant EU status.

December 4, 2008 – Updated permit renewal application (scheduled removal of TEG dehydration unit X-301 and still vent tank TK-507 prior to January 2009; updated PTE based on equipment removals)

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-100, 1,478 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	21.41	37.82	14.27	5.47	4.14
C-200, 1,478 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	21.41	37.82	14.27	5.47	4.14
C-300, 1,478 bhp Waukesha L 7042 GL (no controls) – existing 4SLB RICE	21.41	37.82	14.27	5.47	4.14
G001, Cummins GTA8.3-LC-GI Electrical Generator (no controls) – existing 4SRB (Sidewinder)	26.62	3.91	5.54	0.27	0.18
X-500 TEG Dehydrator	0.15	0.12	9.57	4.17	$1.11\ E^{-3}$
X-700 TEG Dehydrator	0.12	0.10	11.01	5.03	$9.24\ E^{-4}$
IEUs	0.52	0.43	1.35	0.11	0.004
Total Facility/Source PTE After Permit Renewal/Combination	**91.6**	**118.0**	**70.3**	**26.0**	**12.6**

PSD Status of Facility: Minor **HAP Status of Facility:** Major; RICE MACT Exempt – Engines all Existing 4SLB

HAP Status of Facility per Subpart HH: Minor; subject to 40 CFR 63, subpart HH **Title V Status:** Subject; #V-SU-0018-05.00

In addition to the changes described above for renewal of the part 71 permit, the following changes have also been made as part of the final renewal permit. In an effort to streamline the title V permits and reduce the number of administrative permit amendments requested, EPA is modifying the structure of the permit, including removing specific non-enforceable facility information, such as the names and phone numbers of the Responsible Official, Facility Contact, and Tribal Contact, and the parent company mailing address. Part 71 does not require this information to be in the permit and changes to such 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 Red Cedar 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.

On November 8, 2007, EPA sent a letter to inform Red Cedar of a new mailing address, effective December 17, 2007, for the submittal of annual fee payments required pursuant to 40 CFR part 71 and the title V permits issued by EPA's Air Program. EPA has amended the permit to correct the fee payment address. The new addresses are:

For <u>regular U.S. Postal Service mail</u>

U.S. Environmental Protection Agency
FOIA and Miscellaneous Payments
Cincinnati Finance Center
P.O. Box 979078
St. Louis, MO 63197-9000

For <u>non-U.S. Postal Service Express mail</u>
(FedEx, Airborne, DHL, and UPS)
U.S. Bank
Government Lockbox 979078
U.S. EPA FOIA & Misc. Payments
1005 Convention Plaza
SL-MO-C2-GL
St. Louis, MO 63101

EPA received an administrative amendment request for a change to the plant mailing address on February 14, 2008. Because EPA has removed the plant mailing address from the final permit, the address change was reflected in Section 1.a. of this final Statement of Basis.

As a result of new engine rules promulgated at 40 CFR parts 60 and 63, EPA has added clarification to the text in Sections III.C. Alternative Operating Scenarios and IV.Q. Off Permit Changes. The revised text clarifies when the Alternative Operating Scenarios and Off Permit Changes provisions can be utilized and clarifies the notification requirements for when an off permit change is made.

EPA also received a letter dated June 30, 2008, requesting a waiver, per 40 CFR 63.10(f), of the on-site recordkeeping requirements in 40 CFR 63.10(b)(1) and (3) and 63.6660(c) (as applicable) for several of their unmanned facilities, including the Diamondback Compressor Station, that are subject to requirements in 40 CFR part 63. Red Cedar requested that EPA allow records to be kept at their corporate headquarters office in Durango instead of on-site at the unmanned facilities. EPA approved Red Cedar's request for the recordkeeping waiver in a letter dated August 6, 2008. The language in Sections II.A.1., and III.Q. has been revised in the final permit to reflect the waiver approval.

As explained in Section 4.0 of this Statement of Basis (Analysis of Applicable Requirements), the Diamondback Compressor Station is considered an area source according to 40 CFR part 63, subpart HH – the NESHAPs for Oil and Natural Gas Production Facilities. Certain area sources whose uncontrolled benzene emissions from glycol dehydrators and flash tanks are determined to be less than 1 tpy are exempt from the general requirements of the rule; however, they are required to retain GRI-GLYCalc determinations used to demonstrate that actual average benzene emissions are below 1 tpy. Upon review of the active permit (#V-SU-0018-00.03), EPA noted that the permit does not contain this new area source

requirement; therefore, EPA has added this requirement to Section II.A. (General Recordkeeping Requirements) of the final permit.

f. Potential to emit

Under 40 CFR 52.21, PTE 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 and practically enforceable.

The PTE for the Diamondback Compressor Station is:

nitrogen oxides (NO_x) – 91.6 tpy
volatile organic compounds (VOC) – 70.3 tpy
lead – 0 tpy
total HAPs – 26.0 tpy
largest single HAP (formaldehyde, CH_2O) – 12.6 tpy
carbon monoxide (CO) – 118.0 tpy
small particulates (PM_{10}) – 1.6 tpy
sulfur dioxide (SO_2) – 0.1 tpy

2. Tribe Information

a. Indian country

Red Cedar's Diamondback 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 Indian 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 Diamondback 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 Indian 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 (3) years and are staggered so in any given year two (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 stations equipped to measure ambient concentrations of oxides of nitrogen (NO, NO_2, and NO_x), ozone (O_3), and carbon monoxide (CO), and to collect meteorological data. The Tribe has collected NO_2 and O_3 data at the Ignacio, Colorado station (also known as the Ute 1 station, with AQS identification number 08-067-7001) and the Bondad, Colorado station (also known as Ute 3, with AQS identification number 08-067-7003) since June 1, 1982, and April 1, 1997, respectively. The CO channel at the Ignacio station has been reporting to AQS since January 1, 2000, and both stations began reporting NO and NO_x data to AQS on the same day. Also in 2000, both stations initiated meteorological monitors measuring wind speed, wind direction, vertical wind speed, outdoor temperature, relative humidity, solar radiation, and rain/snowmelt precipitation. Reporting of vertical wind speed data from both stations terminated on July 1, 2007. Particulate data (PM_{10}) was collected from December 1, 1981 to September 30, 2006 at the Ignacio station and from April 1, 1997 to September 30, 2006 at the Bondad station. The Tribe reports hourly data to AQS for the criteria pollutants being monitored (NO_2, O_3, and CO), allowing AQS users to retrieve data that can be compared to any of the National Ambient Air Quality Standards for these pollutants.

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 CFR at title 40.

Prevention of Significant Deterioration (PSD)

New PSD major stationary sources of air pollution and significant modifications to existing PSD major stationary sources are required by the CAA to obtain a pre-construction air

pollution control 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 tpy or more of any pollutant regulated under the CAA or any other source type which emits or has the potential to emit such pollutants in amounts equal to or greater than 250 tpy.

The Diamondback Compressor Station does not belong to any of the 28 source categories. Therefore, the potential to emit threshold for determining PSD applicability for this newly constructed source was 250 tpy. After initial construction and startup in 1997, the March 15, 2000, Diamondback Compressor Station operating permit application indicated that the potential emissions of any pollutant regulated under the CAA [not including pollutants listed under section 112] were below the major source PSD thresholds. EPA determined that the Diamondback and Sidewinder Compressor Stations were a single source based on the two stations being located on adjacent property, having the same major industrial grouping (same two digit SIC code), and being under common control due to common ownership. A review of the Diamondback and Sidewinder Compressor Stations applications showed that with the addition of EU C-200 at the Diamondback Compressor Station in June 1998, the total source had a potential to emit of greater than 250 tpy for NO_x and was, therefore, considered a major stationary source under 40 CFR 52.21.

The potential emission increases of any pollutant regulated under the CAA [not including pollutants listed under section 112(r)] associated with the addition of EU C-300 at the Diamondback Compressor Station in October 1998 were below the major modification significance levels; therefore, this modification was not required to obtain a PSD permit at that time. Later modifications in August and October, 2005, and in October 2007 involved shut-down and removal of previously operating equipment, leading to a decrease in the total source PTE for NO_x to below the major source PSD threshold; therefore, the total source is now considered minor for PSD. If a modification occurs in the future that by itself exceeds the PSD major source threshold, the source must go through PSD permitting procedures. If a modification occurs that by itself is below the PSD major source threshold, but causes the total source PTE to exceed the PSD major source threshold, then any future modification after that first modification will need to be evaluated against PSD significance thresholds.

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 Diamondback Compressor Station is not subject to any specific subparts of part 60; therefore the General Provisions of part 60 do not apply.

40CFR Part 60, Subpart Dc: Standards of Performance for Small Industrial-Commercial-Institutional Steam Generating Units. This rule applies to steam generating units with a maximum design heat capacity of 100 MMBtu/hr or less, but greater than or equal to 10 MMBtu/hr. 40 CFR part 60, subpart Dc does not apply to the Diamondback Compressor Station because there are no steam generating units with a maximum heat design capacity equal to or greater than 10 MMBtu/hr at the facility.

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 Diamondback 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.

The subpart does not apply to the storage vessels at Diamondback 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.

Although all storage tanks at the Diamondback Compressor Station were constructed after July 23, 1984, the only tank that has a capacity greater than 75 cubic meters (TK-501, 500 bbl or ~79.5 cubic meters) stores waste water and trace amounts of condensate that are mechanically removed from the gas stream. The subpart specifically exempts vessels with a design capacity less than or equal to 1,589.874 cubic meters that store condensate prior to custody transfer [per §60.110(b)(d)(4)]; therefore, subpart Kb does not apply to the Diamondback Compressor Station.

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 Diamondback Compressor Station; therefore, this rule does not apply.

40 CFR Part 60, Subpart JJJJ: Standards of Performance for Stationary Spark Ignition Internal Combustion Engines. This subpart establishes emission standards and compliance requirements for the control of emissions from stationary spark ignition (SI) internal combustion engines (ICE) that commenced construction, modification or reconstruction after June 12, 2006, where the SI ICE are manufactured on or after specified manufacture trigger dates. The manufacture trigger dates are based on the engine type, fuel used, and maximum engine horsepower.

For the purposes of this subpart, the date that construction commences is the date the engine is ordered by the owner or operator [See 40 CFR 60.4230(a)].

Red Cedar provided the following information:

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Table 4 – NSPS Subpart JJJJ Applicability Determination
Red Cedar Diamondback Compressor Station

Unit	Serial Number	Unit Description	Fuel	BHP	Manufacture Date / Commence Construction Date	Start-up Date	Subpart JJJJ Trigger Date-Manufactured on or after
C-100	C-12215/4	Waukesha L7042GL, 4SLB	Natural gas	1,478	Pre-6/12/2006	7/12/2006	7/1/2007
C-200	C-13152/1	Waukesha L7042GL, 4SLB	Natural gas	1,478	Pre-6/12/2006	5/28/2007	7/1/2007
C-300	C-11521/1	Waukesha L7042GL, 4SLB	Natural gas	1,478	Pre-6/12/2006	3/8/2006	7/1/2007
G-001	718445	Onan/Cummins GTA8.3-LC-G1, 125GGKB, 4SRB	Natural gas	185	Pre-6/12/2006	Feb. 2006	7/1/2008

According to the construction information provided by Red Cedar, the requirements in subpart JJJJ do not apply to any of the engines operating at Diamondback Compressor Station.

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 (NGLs) from field gas, fractionation of mixed NGLs to natural gas products, or both. NGLs are defined

as the hydrocarbons, such as ethane, propane, butane, and pentane that are extracted from field gas.

The Diamondback 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 Diamondback Compressor Station 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 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 the specific subparts of part 63.

As explained below, the Diamondback Compressor Station is subject to subpart A, because it emits at least one HAP regulated under the CAA, and has equipment in relevant source categories (compressor engines C-100, C-200, and C-300 in stationary RICE), but is not subject to relevant standards (e.g. 40 CFR 63 subpart ZZZZ). A record of an applicability determination demonstrating that the sources are not subject to the relevant part 63 standards must be kept on site at the source for a period of five (5) years after the determination or until a source changes its operation to become an affected source, per §63.10(b)(3).

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 or area 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 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 major source 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 NGLs from field gas, or the fractionation of mixed NGLs to natural gas products, or a combination of both. A treating plant or gas plant that does not engage in these activities is considered to be a production field facility.

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 shall 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 also 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 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 recirculation pump rate optimized or operators can document that PTE of benzene is less than 1 tpy.

Applicability of Subpart HH to the Diamondback Compressor Station

The Diamondback Compressor Station does not engage in the extraction of NGLs 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 is not a major source under this rule. The facility is subject to subpart HH, because the facility is an area source of HAP (per the subpart), upgrades natural gas, and is a production field facility. The TEG dehydration units at the facility (X-500 and X-700) are affected sources under the subpart.

With respect to the area source requirements of this subpart, the facility is located outside both an urban area and an urban cluster. There are no tanks that have the potential for flash emissions at the facility. Furthermore, uncontrolled benzene emissions from the TEG glycol dehydrators at the facility have been 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, units X-500 and X-700 at the facility are exempt from the §63.764(d) general requirements for area sources per §63.764(e)(1)(ii). However, the following general recordkeeping requirement will continue to 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 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 Diamondback 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 RICE.

This rule applies to owners or operators of new and reconstructed stationary RICE of any horsepower rating which are located at a major or area source of HAP emissions. While all stationary RICE located at major or area sources are subject to the final rule (promulgated January 18, 2008, amending the final rule promulgated June 15, 2004), there are distinct requirements for regulated stationary RICE depending on their design, use, horsepower rating, fuel, and major or area HAP emission status.

Major Source Applicability

The standard now applies to engines with a horsepower rating of less than or equal to 500 bhp in addition to those engines with a horsepower rating greater than 500 bhp. The standard continues to have specific requirements for new or reconstructed RICE and existing SI 4 stroke rich burn (4SRB) stationary RICE with horsepower ratings greater than 500 bhp located at a major HAP facility.

With the exception of the existing SI 4SRB stationary RICE, other types of existing stationary RICE (i.e., SI 2 stroke lean burn (2SLB), SI 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 amended rule.

Existing RICE: A stationary RICE with a site rating of greater than 500 bhp is existing at a major source of HAP emissions if construction or reconstruction (as defined in §63.2) of the unit commenced before December 19, 2002. A stationary RICE with a site rating of less than or equal to 500 bhp is existing at a major source of HAP emissions if construction or reconstruction (as defined in §63.2) of the unit commenced before June 12, 2006.

New RICE: A stationary RICE with a site rating of greater than 500 bhp is new at a major source of HAP emissions if construction or reconstruction (as defined in §63.2) of the unit commenced on or after December 19, 2002. A stationary RICE with a site rating of less than or equal to 500 bhp is new at a major source of HAP emissions if construction or reconstruction (as defined in §63.2) of the unit commenced on or after June 12, 2006.

Area Source Applicability

The standard now has specific requirements for new and reconstructed stationary RICE located at minor sources of HAPs, for engines with horsepower ratings less than, equal to, or greater than 500 bhp. The area source standards for new stationary RICE defer to the requirements of NSPS JJJJ for Spark Ignition Internal Combustion Engines or NSPS IIII for Compression Ignition Internal Combustion Engines for demonstrating compliance with subpart ZZZZ. Existing RICE located at an area HAP source are not subject to any specific requirements under the final rule.

Existing RICE: A stationary RICE is existing at an area source of HAP emissions if construction or reconstruction of the unit commenced before June 12, 2006. The area source standards do not apply to existing stationary RICE.

New RICE: A stationary RICE is new at an area source of HAP emissions if construction or reconstruction (as defined in §63.2) of the unit commenced on or after June 12, 2006.

Applicability of Subpart ZZZZ to the Diamondback Compressor Station

Red Cedar provided the following information:

Table 5- NESHAP Subpart ZZZZ Applicability Determination
Red Cedar Diamondback Compressor Station

Unit	Serial Number	Unit Description	Fuel	BHP	Commenced Construction Reconstruction or Modification Date	Installation Date
C-100	C-12215/4	Waukesha L7042GL, 4SLB	Natural gas	1,478	Pre-12/19/2002	7/12/2006
C-200	C-13152/1	Waukesha L7042GL, 4SLB	Natural gas	1,478	Pre-12/19/2002	5/28/2007
C-300	C-11521/1	Waukesha L7042GL, 4SLB	Natural gas	1,478	Pre-12/19/2002	3/8/2006
G-001	718445	Onan/Cummins GTA8.3-LC-G1, 125GGKB, 4SRB	Natural gas	185	Pre-6/12/2006	2/2006

According to the information provided by Red Cedar, none of the RICE operating at the Diamondback Compressor Station are subject to the major source requirements of this subpart,

because they commenced construction, reconstruction, or modification before December 19, 2002 (C100, C-200, C-300) or before June 12, 2006 (G001).

Compliance Assurance Monitoring (CAM) Rule

40 CFR part 64: Compliance Assurance Monitoring Provisions. 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.

Since no PSEU at the Diamondback Compressor Station is subject to an emission standard or limitation, or uses a control device, Diamondback Compressor Station is not subject to CAM requirements.

Chemical Accident Prevention Program

40 CFR part 68: Chemical Accident Prevention Provisions. Based on Red Cedar's application, the Diamondback Compressor Station currently does not manufacture, process, use, store, or otherwise handle regulated substances in excess of the threshold quantities in this rule and, therefore, is not subject to the requirement to develop and submit a risk management plan. However, Red Cedar 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

40 CFR Part 82, Subpart F: Air Conditioning Units. Based on information supplied in its application, Red Cedar does not currently use air conditioning units or any other equipment at the Diamondback Compressor Station that contain chlorofluorocarbons (CFCs). However, should Red Cedar perform any maintenance, service, repair, or disposal of any equipment containing CFCs, or contract with someone to do this work, Red Cedar would be required to comply with title VI of the CAA and submit an application for a modification to this title V permit.

40 CFR Part 82, Subpart H: Halon Fire Extinguishers. Based on information supplied by Red Cedar, there are no halon fire extinguishers at the Diamondback Compressor Station. However, should Red Cedar 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, Red Cedar would be required to comply with 40 CFR part 82 and submit an application for a modification to this title V permit.

Off Permit Changes and Alternative Operating Scenarios

In response to an earlier Red Cedar application request, language was included in the 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 and meeting the same applicable requirements 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 special provisions is to ensure the PSD and MACT permitting requirements are not circumvented by off permit changes. Related language is also included in the section on Alternative Operating Scenarios.

b. Conclusion

Since the Diamondback 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 Diamondback Compressor Station is not subject to any implementation plan.

Based on the information provided in Red Cedar's applications for the Diamondback Compressor Station, EPA has determined that the facility is subject only to those applicable federal CAA programs discussed in 3.a. above.

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

a. 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 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 programs.

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

There was a 30-day public comment period for actions pertaining to the draft permit. Public notice was given for the 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 also 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:

Claudia Smith, Part 71 Permit Contact
U.S. Environmental Protection Agency, Region 8
1595 Wynkoop Street (8P-AR)
Denver, Colorado 80202-1129

Public notice was published in the Durango Herald on December 5, 2008, 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 the opportunity to review a copy of the draft permit prepared by EPA, the application, the 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 Program Office
1595 Wynkoop Street (8P-AR)
Denver, Colorado 80202-1129

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

Anyone, including the applicant, who believed any condition of the draft permit was inappropriate could 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 have been included in full and may not have been incorporated by reference, unless the material was already submitted as part of the administrative record in the same proceeding or consisted of state or federal statutes and regulations, EPA documents of general applicability, or other generally available reference material.

Comments on the draft permit and Statement of Basis were received from Red Cedar during the public comment period. Revisions were made to both draft documents based on those comments. No other comments were received during the public comment period.

c. Opportunity to request a hearing

A person could 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. EPA did not receive any requests for a public hearing during the public comment period.

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 that 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 that 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
- Wild Earth Guardians (formerly Rocky Mountain Clean Air Action)