Air Pollution Control
Title V Permit to Operate
Statement of Basis for Permit No. V-SU-00033-2007.02
Reopen for Cause
February 2011

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

1. Facility Information

a. Location

The Outlaw 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 NESW, Section 24, T34N, R9W, in La Plata County, Colorado. The mailing address is:

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

b. Contacts

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:
Brenda Jarrell, Air Quality Program Manager
Southern Ute Indian Tribe
P.O. Box 737
Ignacio, CO 81137
970-563-4705 Ext. 2246

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)

2. Description of Reopen for Cause

On March 3, 2010 (75 FR 9648), EPA published revisions to the National Emission Standards for Hazardous Air Pollutants, also known as the maximum achievable control technologies (MACT) for Reciprocating Internal Combustion Engines (RICE MACT). While the primary purpose of the final rule was to include the regulation of emissions of hazardous air pollutants (HAPs) from certain existing compression ignition RICE, the rule also included changes to the startup, shutdown, and malfunction (SSM) provisions for all RICE as a result of a December 18, 2008 D.C. Circuit Court of Appeals order.

According to 40 CFR 71.7(f)(1)(i), issued operating permits shall be reopened for cause if an additional applicable requirement under the Clean Air Act becomes applicable to a major part 71 source with a remaining permit term of 3 or more years. 40 CFR 71.7(f)(3) requires the permitting authority to provide a notice of intent to reopen for cause to the part 71 source at least 30 days in advance of the date the permit is to be reopened. EPA notified Red Cedar of its intent to reopen the operating permit for Outlaw Compressor Station in a letter dated May 11, 2010.

Following EPA's notification letter of intent to reopen the permit for cause to address the March 3, 2010 revisions to RICE MACT, additional changes to the rule were promulgated on August 20, 2010. While the main focus of the August 20, 2010 rule revisions was to include additional affected units, there were also changes made to the allowed performance test methods that affect the language in the permit. Rather than specifically referencing the test methods appropriate for the emission units in the permit, we revised the language to provide greater flexibility by referencing the table of requirements for performance test in the regulation. This does not change any of the applicable requirements of the RICE MACT. The August 20, 2010 rule revisions also included Continuous Parameter Monitoring Systems (CPMS) specifications. The permit has been revised to incorporate the new CPMS requirements for the affected emission units.

a. <u>RICE MACT promulgation history and applicability</u>

<u>40 CFR Part 63, Subpart ZZZZ</u>: 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 spark ignition internal combustion engines (SI ICE) and stationary compression ignition internal combustion engines (CI ICE).

For the purposes of this standard, construction or reconstruction is as defined in §63.2.

Rule History

June 15, 2004: SI and CI ICE > 500 bhp at Major HAP Source

This rule was originally promulgated in June 15, 2004 (69FR 33474). The original rule regulated all new and reconstructed lean burn and rich burn stationary SI ICE and CI ICE greater than 500 bhp located at major HAP sources. Only one category of existing ICE was subject to the rule at that time: Existing 4SRB SI ICE with a horse power rating equal to or greater than 500 bhp.

For this version of the rule,

Existing means: Construction or reconstruction commenced on or before 12/19/2002.
New means: Construction or reconstruction commenced after 12/19/2002.

January 18, 2008: New SI and CI ICE at Area HAP Sources & New SI and CI ICE with Horse Power Rating ≤ 500 bhp at Major HAP Sources

The first round of amendments to RICE MACT was promulgated on January 18, 2008 (73FR 3568). Requirements were established for new SI and CI ICE of any horse power rating located at area sources of HAPs and new SI and CI ICE with a horse power rating less than or equal to 500 bhp at major sources of HAPs.

For this version of the rule:

Existing means: Construction or reconstruction commenced before 6/12/2006.
New means: Construction or reconstruction commenced on or after 6/12/2006.

March 3, 2010: Existing CI ICE at Area & Major HAP Sources

The second round of amendments to RICE MACT was promulgated on March 3, 2010. New requirements were established for existing CI ICE of any horse power rating located at area sources of HAPs, existing CI RICE with a horse power rating less than or equal to 500 bhp at major sources of HAPs, and existing non-emergency CI ICE with a horse power rating greater than 500 bhp at major sources of HAPs.

For this version of the rule:

Existing CI at Area Source, any bhp = Construction or reconstruction commenced before 6/12/2006.
Existing CI at Major Source, bhp ≤ 500 = Construction or reconstruction commenced before 6/12/2006.
Existing Non-Emergency CI at Major Source, bhp > 500 = Construction or reconstruction commenced on or before 12/19/2002.

August 20, 2010: Existing SI ICE at Area Sources & Existing SI ICE ≤ 500 bhp at Major HAP Sources

The third round of amendments to RICE MACT was promulgated on August 20, 2010. New requirements were established for existing SI ICE of any horse power rating at area sources of HAPs and existing SI ICE with a horse power rating less than or equal to 500 bhp at major sources of HAPs.

For this version of the rule:

> Existing SI ICE at Area Source, any bhp = Construction or reconstruction commenced before 6/12/2006.
> Existing SI ICE at Major Source, bhp ≤ 500 bhp = Construction or reconstruction commenced before 6/12/2006

While engines identified above are subject to the final rule and its amendments (August 20, 2010, March 3, 2010, January 18, 2008, June 15, 2004), there are distinct requirements for each engine depending on their design, use, horsepower rating, fuel, and major or area HAP emission status.

Summary of Applicability to Engines at Major HAP Sources

Table 1 – Applicability to Engines at Major HAP Sources

Major HAP Sources			
Engine Type	**Horse Power Rating**	**New or Existing?**	**Trigger Date**
SI ICE – All[1]	≥ 500 hp	New	On or After 12/19/2002
SI ICE – 4SRB	> 500 hp	Existing	Before 12/19/2002
SI ICE – All[1]	≤ 500 hp	New	On or After 6/12/2006
SI ICE - All[1]	≤ 500 hp	Existing	Before 6/12/2006
CI ICE - All[2]	≥ 500 hp	New	On or After 12/19/2002
CI ICE – Non Emergency	> 500 hp	Existing	Before 12/19/2002
CI ICE – All[2]	≤ 500 hp	New	On or After 6/12/2006
CI ICE – All[2]	≤ 500 hp	Existing	Before 6/12/2006

1. All includes emergency ICE, limited use ICE, ICE that burn land fill gas, 4SLB, 2SLB, and 4SRB.
2. All includes emergency ICE and limited use ICE

Summary of Applicability to Engines at Area HAP Sources

Table 2 – Applicability to Engines at Area HAP Sources

Area HAP Sources			
Engine Type	**Horse Power Rating**	**New or Existing?**	**Trigger Date**
SI ICE - All[1]	All hp	New	On or After 6/12/2006
SI ICE - All[1]	All hp	Existing	Before 6/12/2006
CI ICE - All[2]	All hp	New	On or After 6/12/2006
CI ICE - All[2]	All hp	Existing	Before 6/12/2006

1. All includes emergency ICE, limited use ICE, ICE that burn land fill or digester gas, 4SLB, 2SLB, and 4SRB.
2. All includes emergency ICE and limited use ICE

Applicability of 40 CFR 63, Subpart ZZZZ to the Outlaw Compressor Station

Red Cedar provided the following information:

Table 3 - NESHAP Subpart ZZZZ Applicability Determination
Red Cedar Outlaw Compressor Station

Unit	Serial Number	Unit Description	Fuel	BHP	Commenced Construction Reconstruction or Modification Date	Subpart ZZZZ Requirements
C-201	3XF00252	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	Not Subject (Existing)
C-202	3XF00253	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	Not Subject (Existing)
C-204	3XF00269	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	Not Subject (Existing)
C-206	3XF00270	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	Not Subject (Existing)
C-207	3XF00274	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	Not Subject (Existing)
C-203	4EK04634	Caterpillar G3516 LE, 4SLB w/ oxidation catalyst	Natural gas	1,340	Post-12/19/2002	Subject (New)
C-205	4EK04643	Caterpillar G3516 LE, 4SLB w/ oxidation catalyst	Natural gas	1,340	Post-12/19/2002	Subject (New)
E-003	5722588	Onan 125GGKB, 4SRB	Natural gas	178	Pre-6/12/2006	Not Subject (Existing)

According to the information provided in Red Cedar's part 71 renewal application, the Outlaw Compressor Station is a major HAP source. Engine units C-201, C-202, C-204, C-206, and C-207 commenced construction before December 19, 2002 and are considered existing units. In addition, none of these units have undergone reconstruction (as defined in §63.2) or modification after December 19, 2002. Therefore, these units are not subject to the requirements of the RICE MACT.

Engine unit E-003 is less than 500 bhp and commenced construction prior to June 12, 2006 and is considered an affected unit under the revisions to RICE MACT promulgated on August 20, 2010. However, the compliance date is October 19, 2013 and there are currently no applicable requirements from this regulation to be placed into this permit for this engine.

Units C-203 and C-205 commenced construction after December 19, 2002, and are considered new units; therefore, these two units are subject to the major source requirements of this subpart.

b. RICE MACT revisions applicable to the Outlaw Compressor Station

The revisions to the RICE MACT published in the federal register on March 3, 2010 included emission regulations for stationary CI ICE that are located at area and major sources of HAP emissions. Additionally, the rule included revised standards for the SSM procedures that were previously regulated under the RICE MACT. Engines C-203 and C-205 located at the Outlaw Compressor Station are SI ICE and were previously subject to the RICE MACT. Therefore, the revised standards for SSM procedures apply to engines C-203 and C-205 at the Outlaw Compressor Station.

EPA has promulgated additional operational standards during startup as part of the revised rule. These standards specify that the permittee must limit the engine startup time to no more than 30 minutes and must minimize the engine's time spent at idle during startup. For conditions where it may take more than 30 minutes to start up the engine (i.e. cold starts or where the ambient temperature is very cold), the permittee may petition the Administrator pursuant to 40 CFR 63.6(g) for alternative work practices. These standards apply during normal operations, as well as during malfunctions, and are reflected in Section II. of the permit. In addition, emission limits apply at all times, except during periods of startup, and sources are no longer required to submit a SSM Plan under the revised rule.

The following modifications have been made to this permit:

- Section II. – Specific Requirements for Emission Units C-203 & C-205
    1. Corrected the text to reflect recent revisions to 40 CFR part 63, subpart ZZZZ.

For specific applicability information to other requirements not mentioned in this statement of basis, please see the Statement of Basis for part 71 permit number V-SU-0033-07-00.

c. Conclusion

Based on the information provided in Red Cedar's applications for the Outlaw Compressor Station, EPA has determined that the facility is subject to the March 3, 2010 and August 20, 2010 revisions promulgated at 40 CFR part 63, subpart ZZZZ as discussed in Section 2, above. As discussed in Section 5 below, only portions of the permit that have been revised were subject to public review and comment during the public comment period.

3. 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.

4. 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.

5. 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 71.11(d). **40 CFR 71.7(f)(2) further states that "proceedings to reopen and issue a permit shall follow the same procedures as apply to initial permit issuance and shall affect only those parts of the permit for which cause to reopen exists".**

There was a 30-day public comment period for actions pertaining to a draft permit. The public comment period only affected those parts of the permit for which cause to reopen exists according to 40 CFR 71.7(f)(2). 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 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 CAA permits issued in Indian country, please send your name and address to the contact listed below:

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

Public notice was published in the Durango Herald 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
98 Everett Street, Suite C
Durango, Colorado 81303

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 was given the opportunity to submit written comments on Section II of 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.

Anyone, including the applicant, who believed any condition in Section II 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 be incorporated by reference, unless the material was 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. No comments were received on the draft permit action.

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 above, by stating the nature of the issues to be raised at the public hearing. Based on the number of hearing requests received, EPA would have held a public hearing whenever it finds there is a significant degree of public interest in a draft operating permit. EPA would have provided public notice of the public hearing. If a public hearing had been held, any person may submit oral or written statements and data concerning the draft permit. No public hearing was requested for the draft permit action.

d. Appeal of permits

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

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

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

A motion to reconsider a final order shall be filed within 10 days after the service of the final order. Every motion must set forth the matters claimed to have been erroneously decided

and the nature of the alleged errors. Motions for reconsideration shall be directed to the Administrator rather than the Environmental Appeals Board. A motion for reconsideration shall not stay the effective date of the final order unless it is specifically ordered by the Board.

e. Petition to reopen a permit for cause

Any interested person may petition EPA to reopen a permit for cause, and EPA may commence a permit reopening on its own initiative. EPA will only revise, revoke and reissue, or terminate a permit for the reasons specified in 40 CFR 71.7(f) or 71.6(a)(6)(i). All requests must be in writing and must contain facts or reasons supporting the request. If EPA decides the request is not justified, it will send the requester a brief written response giving a reason for the decision. Denial of these requests is not subject to public notice, comment, or hearings. Denials can be informally appealed to the Environmental Appeals Board by a letter briefly setting forth the relevant facts.

f. Notice to affected states/tribes

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

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

Air Pollution Control
Title V Permit to Operate
Final Statement of Basis for Permit No. V-SU-0033-07.00
November 2008

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

1. Facility Information

a. Location

The Outlaw 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 NESW, Section 24, T34N, R9W, in La Plata County, Colorado. The mailing address is:

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

b. Contacts

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

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)

c. Description of operations

The Outlaw Compressor Station, owned and operated by Red Cedar, is a production facility that gathers and compresses natural gas produced from coalbed methane wellsites. The facility does not extract natural gas liquids (NGLs) from field gas, nor fractionate mixed NGL to natural gas products. The facility operates two glycol dehydration units with reboilers to remove entrained water from the field gas. There are no storage tanks with the potential for flash emissions.

Air pollutant emissions are primarily from seven reciprocating internal combustion engines (RICE) which drive the compressors. Five of the engines are Caterpillar model G3606 lean burn engines that are fired only on natural gas, are site rated at 1,775 brake horsepower (bhp) and exhaust individually to the atmosphere. The two new engines are Caterpillar model G3516 LE lean-burn engines that are fired only on natural gas, are site rated at 1,340 bhp and each exhaust to oxidation catalysts to control carbon monoxide (CO) and formaldehyde (CH_2O) emissions.

The Outlaw Compressor Station is a major source for NOx, CO and HAPs with respect to the part 71 operating permit requirements. With federally and practically-enforceable controls on the two Caterpillar model G3516 LE engines and additional permit conditions requested by Red Cedar to ensure maintenance of the resultant beneficial emissions reductions, the facility is a synthetic minor source for CO and a true minor source for all other criteria pollutants with respect to Prevention of Significant Deterioration (PSD) emission thresholds.

d. List of all units and emission-generating activities

In the part 71 operating permit renewal application for the Outlaw Compressor Station, Red Cedar provided the information shown in Tables 1 and 2 below. Table 1 lists emission units and emission generating activities, including any air pollution control devices. Emission units identified as "insignificant" emitting units (IEUs) are listed separately in Table 2.

Table 1 - Emission Units
Red Cedar Gathering Company, Outlaw Compressor Station

Emission Unit ID	Description	Control Equipment
	1,775 bhp, Caterpillar G3606 LE Compressor Engines, lean burn, natural gas fired:	None
C-201	serial no. 3XF00252 Installed 5/20/01	
C-202	serial no. 3XF00253 Installed 5/21/01	
C-204	serial no. 3XF00269 Installed 5/22/01	
C-206	serial no. 3XF00270 Installed 5/23/01	
C-207	serial no. 3XF00274 Installed 5/24/01	
	1,340 bhp, Caterpillar G3516 LE Compressor Engines, lean burn, natural gas fired:	Oxidation Catalyst
C-203	serial no. 4EK04634 Installed 4/9/2007*	
C-205	serial no. 4EK04643 Installed 4/9/2007*	
	185 hp, Onan/Cummins GTA8.3-LC-G1 Generator, rich burn, natural gas fired:	None
E-003	serial no. 5722588 Installed 12/15/2004	

*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 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 supporting data justifies the source's claim that these units qualify as IEUs.

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

Emission Unit ID	Description
TK-501	1 waste water drain tank, 8,820 gallons, atmospheric vent
TK-502	1 waste oil drain tank, 8,820 gallons, atmospheric vent
TK-504, TK-505	2 engine coolant storage tanks, 1,000 gallons each, atmospheric vent
TK-506	1 lube oil storage tank, 1,600 gallons, atmospheric vent
TK-507	1 compressor cylinder lube oil storage tank, 388 gallons, atmospheric vent
TK-508	1 compressor cylinder lube oil storage tank, 262 gallons, atmospheric vent
TK-509	1 engine lube oil storage tank, 1,950 gallons, atmospheric vent
TK-701, TK-704	2 glycol still column vent tanks, 2,100 gallons each
TK-702	1 TEG stock tank, 300 gallons
TK-703	1 TEG storage tank, 1,000 gallons
H-101, H-102	2 inlet slug catcher catalytic heaters, 6,000 Btu/hr each
H401 - H404	4 fuel gas skid catalytic heaters, 18,000 Btu/hr each
H-501	1 waste water drain tank (TK-501) heater, 0.325 MMBtu/hr
H-502	1 waste oil drain tank (TK-506) heater, 0.325 MMBtu/hr
H-702 – H-704	3 fuel gas skid catalytic heaters, 18,000 Btu/hr each
X-701	1 50 mmscfd triethylene glycol dehydration unit w/ 1.5 mmbtu/hr glycol reboiler
X-704	1 25 mmscfd triethylene glycol dehydration unit w/ 0.5 mmbtu/hr glycol reboiler
NA	1 generator oil makeup tank, 55 gallons

e. Construction, permitting, and compliance history

The Red Cedar Outlaw Compressor Station commenced operation on May 20, 2001. The initial part 71 permit to operate was issued on January 30, 2003, and became effective on February 10, 2003. A minor modification was issued to Outlaw Compressor Station on August 25, 2003, and an administrative amendment was issued on May 22, 2006. The last two modifications to the permit did not add any new emission units or change the emission status of the facility.

On August 7, 2006, EPA received an application to significantly modify the part 71 permit. In its application, Red Cedar proposed to install two new Caterpillar G3516 LE lean burn natural gas fired compressor engines, a 50 mmsdfd glycol dehydrator, and two pairs of pig launcher/receivers. Red Cedar acknowledged that the NESHAP for RICE, commonly referred to as the maximum achievable control technology (MACT) for RICE (RICE MACT), applied to the two new engines. However, the proposed modification at the facility did not trigger Prevention of Significant Deterioration (PSD) permitting requirements.

EPA conducted its first ever inspection of the Outlaw 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 few minor follow-up items (IEU slugcatcher missing from permit, and inaccurate emission factors used for compressor engine calculations in initial permit and subsequent annual emissions inventory reporting), the source was operating in compliance with all other CAA requirements. The facility has since addressed these items and had already included updated emission factors in the August 7, 2006 significant modification application. EPA issued the significant permit modification on October 30, 2006.

On June 8, 2007, EPA received an application for renewal of the part 71 operating permit. The application defaulted to complete on June 8, 2007. The pig launchers and receivers that were proposed as part of the October 30, 2006 significant modification to the operating permit were not installed at the facility; therefore, they have been removed from the list of IEUs in Table 2 of the final renewal permit. Additional tanks and heaters have been added to Table 2 as IEUs. The serial numbers of emission units have been verified and updated as necessary to correct errors or reflect off permit engine replacements or overhauls. The capacities of emission units TK-507 and TK-508 have been corrected. The identification number for the TEG dehydration unit IEU listed in Table 2 of the currently active permit (#V-SU-0033-02.03), has been changed from D-101 to X-701 to match facility P&IDs, and the glycol reboiler rating has been updated to 1.5 MMBtu/hr. Additionally, a 25 mmscfd TEG dehydration unit, with a glycol reboiler rating of 0.5 MMBtu/hr has been added to the list of IEUs in Table 2 of the permit. The IEU identification number for this unit is X-704.

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. 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 Outlaw 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.M.6. and III.A.1. has been revised in the final permit to reflect the waiver approval.

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.D. 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.

As explained in Section 4.0 of this Statement of Basis (Analysis of Applicable Requirements), the Outlaw 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-0033-02.03), EPA noted that the permit does not contain this new area source

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

Additionally, permit #V-SU-0033-02.03 incorrectly recognized beneficial reductions of VOCs from the oxidation catalysts. Those reductions were not practically enforceable through any supplemental permit condition, such as exists for the CO emission limit requested by Red Cedar, which involved additional testing and monitoring requirements added the permit to practically enforce the limit. The PTE for VOCs has been restored to its pre-controlled estimate in the final renewal permit.

Table 3 illustrates the changes in the unit-specific and facility-wide potential to emit (PTE) and emission status since operation of the facility in 2001.

Table 3 – Construction and Permitting History
Red Cedar Outlaw Compressor Station

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
May 20, 2001 – Operation Commenced					
C-201, 1,504 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	10.2	36.3	7.3	3.3[a]	2.4[a]
C-202, 1,504 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	10.2	36.3	7.3	3.3[a]	2.4[a]
C-204, 1,504 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	10.2	36.3	7.3	3.3[a]	2.4[a]
C-206, 1,504 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	10.2	36.3	7.3	3.3[a]	2.4[a]
C-207, 1,504 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	10.2	36.3	7.3	3.3[a]	2.4[a]
E-003, 175 bhp, Onan 125GGKB (no controls) – existing 4SRB RICE	25.6	3.8	0.2	0.2	0.14
IEUs	0.3	0.1	0.02	0.006	0.0002
Facility PTE for 2001 New Source	**76.9**	**185.4**	**36.7**	**16.7**	**12.1**
PSD Status of Facility: Minor			**HAP Status of Facility:** Major		
HAP Status of Facility per Subpart HH: Minor			**Title V Status of Facility:** Subject; #V-SU-0033-02.00		
[a]Using AP-42 emission factors			Permitted January 30, 2003		
August 25, 2003 – Minor Modification Permit Issued - #V-SU-0033-02.01					
No Addition of Emission Units or Change in Facility PTE or Emission Status					
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 Outlaw Compressor Station					
Not Subject ***– All engines operating at the facility are existing 4SLB RICE***					
May 22, 2006 – Administrative Permit Amendment Issued - #V-SU-0033-02.02					
No Addition of Emission Units or Change in Facility PTE or Emission Status					

Table 3 – Construction and Permitting History
Red Cedar Outlaw Compressor Station (continued)

August 7, 2006 – Proposed Significant Permit Modification to Install Two New RICE MACT Subject Compressor Engines, a Glycol Dehydrator, and Two Pairs of Pig Launcher/Receivers

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-201, 1,775[b] bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
C-202, 1,775[b] bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
C-204, 1,775[b] bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
C-206, 1,775[b] bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
C-207, 1,775[b] bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
E-003, 185 bhp, Cummins GTA8.3-LC-G1 (no controls) – new 4SRB RICE	25.4	3.7	5.5	0.3	0.2
C-203, 1,340[b] bhp Caterpillar G3516 LE (uncontrolled) – new 4SLB RICE	19.4	24.7	4.0	4.4	3.2
C-205, 1,340[b] bhp Caterpillar G3516 LE (uncontrolled) – new 4SLB RICE	19.4	24.7	4.0	4.4	3.2
D-101, 50 mmscfd glycol dehydrator (IEU)	0.5	0.4	0.03	0.06	0.004
IEUs	0.3	0.1	0.02	0.006	0.0002
Proposed Modification Uncontrolled Emissions Increase (Minor Mod. of Minor PSD Source)	**39.3**	**49.8**	**8.0**	**8.9**	**6.4**
Uncontrolled Facility Total PTE of Proposed Modification	**125.0**	**267.1**	**65.1**	**51.2**	**41.1**

PSD Status of Facility: Major for CO (w/out enforceable limits) **HAP Status of Facility:** Major (subject to 40 CFR 63, subpart ZZZZ)
HAP Status of Facility per Subpart HH: Minor **Title V Status:** Subject; #V-SU-0033-02.02 Permit to be Modified

[b]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).

October 30, 2006 - Significant Permit Modification Issued - #V-SU-0033-02.03
Summary of Post Construction PTE (Enforceable RICE MACT Emission Reductions Credited in PTE Calculations)

	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-201, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
C-202, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
C-204, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
C-206, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
C-207, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.4	6.9
E-003, 185 bhp, Cummins GTA8.3-LC-G1 (no controls) – new 4SRB RICE	25.4	3.7	5.5	0.3	0.2
C-203, 1,340 bhp Caterpillar G3516 LE (oxidation catalyst) – new 4SLB RICE	19.4	1.7	4.0[c]	1.5	0.2
C-205, 1,340 bhp Caterpillar G3516 LE (oxidation catalyst) – new 4SLB RICE	19.4	1.7	4.0[c]	1.5	0.2
D-101, 50 mmscfd glycol dehydrator (IEU)	0.5	0.4	0.03	0.06	0.004
IEUs (including pig launcher/receivers)	0.3	0.1	0.02	0.006	0.0002
Post Modification Construction Controlled Emissions Increase (Minor Mod. of Minor PSD Source)	**0.0**	**4.2**	**8.1**	**3.0**	**0.4**
Facility PTE After Modification Contstruction	**125.0**	**221.5**	**65.1**	**45.3**	**35.1**

PSD Status of Facility: Synthetic Minor for CO (w/enforceable limits) **HAP Status of Facility:** Major (subject to RICE MACT)
HAP Status of Facility per Subpart HH: Minor **Title V Status:** Subject; #V-SU-0033-02.03 permitted October 30, 2006

[c]CORRECTION: Permit #V-SU-0033-02.03 incorrectly recognized beneficial reductions of VOC emissions from the oxidation catalysts; however those reductions were not practically enforceable through any permit condition; the PTE for VOCs has been restored to its pre-controlled estimate in this summary, and it will be permitted as such as part of the final renewal.

Table 3 – Construction and Permitting History
Red Cedar Outlaw Compressor Station (continued)

June 8, 2007 – Permit Renewal Application Received **Removed pig launcher and receivers from IEUs; downgraded dehydrator X-701 (formerly D-101) to IEU; added 2nd dehydrator as IEU; updated IEUs PTE; corrected serial number and installation date for E-003.**					
	PTE (tpy)				
	NOx	**CO**	**VOC**	**HAPs**	**CH_2O**
C-201, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.3	6.9
C-202, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.3	6.9
C-204, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.3	6.9
C-206, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.3	6.9
C-207, 1,775 bhp Caterpillar G3606 (no controls) – existing 4SLB RICE	12.0	42.7	10.3	8.3	6.9
E-003, 185 bhp, Cummins GTA8.3-LC-G1 (no controls) – new 4SRB RICE	25.4	3.7	5.5	0.3	0.2
C-203, 1,340 bhp Caterpillar G3516 LE (oxidation catalyst) – new 4SLB RICE	19.4	1.7	4.0	1.5	0.2
C-205, 1,340 bhp Caterpillar G3516 LE (oxidation catalyst) – new 4SLB RICE	19.4	1.7	4.0	1.5	0.2
IEUs (including glycol dehydrators X-701 & X-704)	1.4	1.1	0.9	0.2	0.0
Updated IEUs Emissions Increase	**+0.6**	**+0.6**	**+0.8**	**-0.3**	**+0.0**
Facility PTE After Modification Contstruction	**125.6**	**221.7**	**65.9**	**45.0**	**35.1**
PSD Status of Facility: Synthetic Minor for CO (w/enforceable limits) **HAP Status of Facility:** Major (subject to RICE MACT) **HAP Status of Facility per Subpart HH:** Minor **Title V Status:** Subject; #V-SU-0033-07.00					

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 enforceable. Independently enforceable applicable requirements are considered enforceable to the extent that the source is in compliance with the standard. In addition, beneficial reductions in non-targeted pollutants resulting from compliance with an independently enforceable applicable requirement may be counted towards PTE provided the emission reduction of the non-targeted pollutant is enforceable as a practical matter. See the 1995 guidance memo signed by John Seitz, Director of OAQPS titled, "Options for Limiting Potential to Emit of a Stationary Source Under Section 112 and Title V of the Clean Air Act."

Establishment of Synthetic Minor Limits

Applicable PTE Guidance

National EPA guidance on PTE states that air pollution control equipment (in this case, the oxidation catalysts for C-203 and C-205) can be credited as restricting PTE only if federally enforceable requirements are in place requiring the use of such air pollution control equipment. The primary applicable guidance for establishing PTE limits is a memo titled, A Guidance on Limiting Potential to Emit in New Source Permitting, (NSR) dated June 13, 1989, to EPA Regional Offices, from the Office of Enforcement and Compliance Monitoring (OECA), and the

Office of Air Quality Planning & Standards (OAQPS). A later memo to the EPA Regional Offices, dated January 25, 1995, titled "Guidance on Enforceability Requirements for Limiting Potential to Emit through SIP and Section 112 Rules and General Permits," also provides guidance on this topic.

In consultation with Office of General Counsel at EPA Headquarters, as well as with EPA Regions 9 and 10, the EPA Region 8 office determined that authority exists under the CAA and 40 CFR 71 to create a restriction on potential to emit through issuance of a part 71 permit. The specific citations of authority are:

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

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

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

The use of the part 71 permit as a means to create these limits, however, is limited to those instances where an operating source is already required to obtain a part 71 permit by virtue of its PTE or due to other triggers as outlined in §71.3; or where the operating source already holds a part 71 permit. EPA Region 8 does not have the authority to issue part 71 permits to minor sources, unless it is a minor operating source that is required to obtain a permit pursuant to §71.3.

The part 71 program is not a preconstruction permitting program to be used in place of New Source Review (NSR) permitting. The part 71 permit is an operating permit and an application is due within twelve (12) months of starting up a title V facility.

EPA Region 8 does not knowingly issue synthetic minor limits (i.e., limits on potential to emit to avoid major source status) to sources who wish to avoid applicable requirements that have already been triggered (such as NSR or the Once-In-Always-In MACT standards). EPA Region 8 also will not knowingly issue synthetic minor limits to sources who wish to avoid applicable requirements for which there are non-compliance concerns.

Creation of synthetic minor limits in part 71 permits is a temporary, gap-filling measure for those sources operating in Indian country that do not have the ability to obtain these synthetic minor limits through other programs, such as exists in state jurisdictions. Upon promulgation of a Minor NSR rule for sources operating in Indian country, it is expected that this gap-filling measure will no longer be needed.

Components of the PTE restrictions

In the September 2006 significant modification application, Red Cedar asked that EPA provide enforceable requirements for CO reduction in the modified permit to ensure credit for the beneficial reductions that would occur due to using oxidation catalysts to comply with the RICE MACT emission limitations, as they apply to emission units C-203 and C-205. The RICE MACT has a selection of control technology and compliance options a source may choose for controlling and determining compliance with CH_2O reductions. Some of these options may not provide the practical enforceability needed to provide credit for CO reductions. Therefore, in addition to the RICE MACT requirements, the significantly modified permit specified what compliance options are outlined in the RICE MACT and any additional conditions necessary to establish enforceability for the CO reduction. The RICE MACT requirements continue to apply to the facility; therefore, the final renewal permit maintains the control technology, RICE MACT compliance option, and any additional monitoring and reporting conditions that must be used to ensure enforceability of the CO reductions, as explained below.

Additional Emission Limits: The use of the oxidation catalysts on engine units C-203 and C-205, to comply with the RICE MACT emission reduction options and the CO emission limit to recognize subsequent reduction in CO emissions established in the modified permit have been maintained in the final renewal permit. The operational and work practice requirements of the RICE MACT have been adequate for the enforceability of the CO limit.

Additional Testing: The initial performance testing as required in the RICE MACT has been adequate for the enforceability of the CO limit and the requirement has been maintained in this final renewal permit. A requirement for additional portable analyzer testing was added to the modified permit for each time the catalyst is changed out. This requirement was maintained in the final renewal permit.

Additional Monitoring: The monitoring outlined in the RICE MACT for the CO reduction options has been adequate for the enforceability of the CO limit and the requirements have been maintained in this final renewal permit. Since the CH_2O reduction compliance option does not provide enforceability of the CO limit, in order for the oxidation catalyst to effectively reduce CO and CH_2O emissions, the modified permit required the catalyst to be maintained at no less than 450 °F and no more than 1,350 °F. This temperature maintenance range requirement has also been maintained in the final renewal permit.

[Note: It is important to note that this approach to taking credit for beneficial reductions must necessarily be determined on a case-by-case basis as the circumstances for applicable

requirements, control technology options, compliance options, targeted pollutants, degree of reductions, etc., can vary widely. An evaluation of the amount of beneficial reductions, the practical enforceability of those reductions, and the applicability of pre-construction permitting requirements, such as PSD, should be made before construction is commenced. Typically, the beneficial reduction must be incorporated into a valid permit with enhanced monitoring and reporting to make it practically enforceable.]

The PTE for the Outlaw Compressor Station without considering controls is:

nitrogen oxides (NO_x) - 125.6 tpy
volatile organic compounds (VOC) - 65.9 tpy
lead - 0 tpy
total hazardous air pollutants (HAPs) - 51.2 tpy
largest single HAP (formaldehyde, CH_2O) - 41.1 tpy
carbon monoxide (CO) – 267.1 tpy
small particulates (PM_{10}) - 0.1 tpy
sulfur dioxide (SO_2) - 0 tpy

The PTE for the Outlaw Compressor Station with practically and federally enforceable controls is:

nitrogen oxides (NO_x) - 125.6 tpy
volatile organic compounds (VOC) – 65.9 tpy
lead - 0 tpy
total hazardous air pollutants (HAPs) - 45.0 tpy
largest single HAP (formaldehyde, CH_2O) – 35.1 tpy
carbon monoxide (CO) - 221.7 tpy
small particulates (PM_{10}) - 0.1 tpy
sulfur dioxide (SO_2) - 0 tpy

2. Tribe Information

a. Indian country

Red Cedar's Outlaw 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 Outlaw 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 nitrogen oxides (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 major stationary sources of air pollution are required by the CAA to obtain an air pollution permit before commencing construction. A major stationary source is any source type

belonging to a list of 28 source categories which emits or has the potential to emit 100 tpy or more of any pollutant subject to regulation 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 Outlaw 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 is 250 tpy. Upon initial construction in 2001, the Outlaw Compressor Station 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; therefore, this facility was not required to obtain a PSD permit and at that time.

The addition of two new engines in 2006, increased the uncontrolled potential emissions at the facility to above the 250 tpy threshold. While the modification emissions did not trigger a PSD review, the resultant uncontrolled PTE of the facility after construction of the modification established this facility as a major PSD source. This status would require that potential emissions of future proposed modifications be evaluated with significance thresholds for PSD applicability rather than major source thresholds.

However, the 2006 significant permit modification established this source as synthetic minor for PSD purposes through federally and practically enforceable controls on the compressor engines, which allowed the source to count resultant emission reductions in their PTE calculations of CO emissions to below the 250 tpy PSD threshold. Therefore, the Outlaw Compressor Station remained a minor source with respect to the PSD regulations. See the discussion on PTE in section 2.f. of this Statement of Basis.

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 Outlaw 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 Outlaw Compressor Station because there are no steam generating units with a maximum heat design capacity between 10 and 100 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 Outlaw 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 the Outlaw 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.

The subpart does not apply to the storage vessels at the Outlaw 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 Outlaw 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:

.

Table 4 – NSPS Subpart JJJJ Applicability Determination
Red Cedar Outlaw 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-201	3XF00252	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-6/12/2006	5/20/2001	7/1/2007
C-202	3XF00253	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-6/12/2006	5/21/2001	7/1/2007
C-204	3XF00269	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-6/12/2006	5/22/2001	7/1/2007
C-206	3XF00270	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-6/12/2006	5/23/2001	7/1/2007
C-207	3XF00274	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-6/12/2006	5/24/2001	7/1/2007
C-203	4EK04634	Caterpillar G3516 LE, 4SLB w/ oxidation catalyst	Natural gas	1,340	Pre-6/12/2006	4/9/2007	1/1/2008
C-205	4EK04643	Caterpillar G3516 LE, 4SLB w/ oxidation catalyst	Natural gas	1,340	Pre-6/12/2006	4/9/2007	1/1/2008
E-003	5722588	Onan 125GGKB, 4SRB	Natural gas	178	Pre-6/12/2006	12/15/2004	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 the Outlaw 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 Outlaw Compressor Station does not extract NGLs 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 Outlaw 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 Outlaw Compressor Station is subject to 40 CFR part 63, subpart ZZZZ; therefore the General Provisions of part 63 apply.

40 CFR Part 63, Subpart B: Requirements for Control Technology Determinations for Major Sources in Accordance With CAA Sections 112(g) and 112(j). 40 CFR Part 63, Subpart B applies to major sources of HAP that are constructed or reconstructed after the effective date of a title V permit program in the local jurisdiction in which with major source is located, unless the source is regulated or exempted from regulation in another subpart of Part 63. The subpart potentially applies to the Outlaw Compressor Station because the facility became a major source of HAP (PTE formaldehyde emissions were greater than 10 tpy in aggregate) upon construction of the facility in 2001, which was after the EPA Region 8 title V effective date of March 22, 1999. However, the subpart does not apply to the Outlaw Compressor Station because the facility has been regulated or exempted from regulation by subparts HH (as discussed below) and ZZZZ (as discussed above).

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 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 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 Outlaw Compressor Station

The Outlaw 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 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 tpy of a single HAP and 25 tpy of aggregated HAPs.

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, units X-701 and X-704, 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-701 and X-704 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 Outlaw 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 brake horsepower (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 spark ignition 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 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 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 40 CFR 63, subpart ZZZZ to the Outlaw Compressor Station

Red Cedar provided the following information:

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

Unit	Serial Number	Unit Description	Fuel	BHP	Commenced Construction Reconstruction or Modification Date	Installation Date
C-201	3XF00252	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	5/20/2001
C-202	3XF00253	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	5/21/2001
C-204	3XF00269	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	5/22/2001
C-206	3XF00270	Caterpillar G3606 LE, 4SLB	Natural gas	1,775	Pre-12/19/2002	5/23/2001
C-207	3XF00274	Caterpillar G3606 LE,	Natural gas	1,775	Pre-12/19/2002	5/24/2001

Unit	Serial Number	Unit Description	Fuel	BHP	Commenced Construction Reconstruction or Modification Date	Installation Date
		4SLB				
C-203	4EK04634	Caterpillar G3516 LE, 4SLB w/ oxidation catalyst	Natural gas	1,340	Post-12/19/2002	4/9/2007
C-205	4EK04643	Caterpillar G3516 LE, 4SLB w/ oxidation catalyst	Natural gas	1,340	Post-12/19/2002	4/9/2007
E-003	5722588	Onan 125GGKB, 4SRB	Natural gas	178	Pre-6/12/2006	12/15/2004

According to the information provided by Red Cedar, engine units C-203 and C-205 at the Outlaw Compressor Station are subject to the major source requirements of this subpart, because they commenced construction, reconstruction, or modification after December 19, 2002.

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 a pre-control emissions that exceed or are equivalent to the title V 100 tpy major source threshold.

Since no PSEU at the Outlaw Compressor Station has pre-controlled emissions for any regulated pollutant above the 100 tpy threshold, the Outlaw 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 Outlaw Compressor Station currently has no regulated substances above the threshold quantities in this rule and therefore is not subject to the requirement to develop and submit a risk management plan. However, 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 at the Outlaw Compressor Station. However, should Red Cedar perform any maintenance, service, repair, or disposal of any equipment containing chlorofluorocarbons (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 Outlaw 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 Outlaw 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 Outlaw Compressor Station is not subject to any implementation plan.

Based on the information provided in Red Cedar's applications for the Outlaw 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

CAA 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 October 3, 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 8.a above, by stating the nature of the issues to be raised at the public hearing. No request for a public hearing was received. 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 which have jurisdiction over the area in which the source is located, the chief executives of the city and county where the source is located, any comprehensive regional land use planning agency and any state or federal land manager whose lands may be affected by emissions from the source. The following entities were notified:

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