Air Pollution Control
Title V Permit to Operate
Statement of Basis for Final Title V Permit, No. V-SU-000045-2011.00

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

1. Facility Information

a. Location

The Spring Creek Compressor Station ("Spring Creek"), 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 Section 31, T33N, R6W, in La Plata County, Colorado. The mailing address is:

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

b. Contacts

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c. Description of operations

Spring Creek, owned and operated by Red Cedar, currently dehydrates and compresses coalbed methane gas. The gas comes from the Fruitland Coal Formation.

Spring Creek is a major source for CO and CH_2O, and is subject to the RICE MACT requirements at 40 CFR Part 63, Subpart ZZZZ and the area source requirements of 40 CFR Part 63, Subpart HH. Therefore, pursuant to 40 CFR 71.3, Spring Creek is subject to the Part 71 permitting requirements.

d. List of all units and emission-generating activities

In the Part 71 operating permit renewal application for Spring Creek, 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, Spring Creek Compressor Station

Emission Unit ID	Description		Control Equipment
	3 Caterpillar 3516LE Compressor Engines, 1,340 site rated hp, natural gas fired:		Oxidation Catalyst
C-201	Serial No. 4EK04171	Installed 2/5/2005	
C-202	Serial No. 4EK04112	Installed 2/5/2005	
C-203	Serial No. 4EK04173	Installed 2/5/2005	
	2 Caterpillar 3516LE Compressor Engines, 1,340 site rated hp, natural gas fired:		None
C-204	Serial No. 4EK01712	Installed 12/10/2008	
C-205	Serial No. 4EK02328	Installed 2/17/2009	

Part 71 allows sources to separately list in the permit application units or activities that qualify as "insignificant" based on potential emissions below 2 tons/year for all regulated pollutants that are not listed as hazardous air pollutants (HAPs) under Section 112(b) and below 1000 lbs/year or the de minimis level established under Section 112(g), whichever is lower, for HAPs. However, the application may not omit information needed to determine the applicability of, or to impose, any applicable requirement. 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 the Part 71 permit application that the emission units in Table 2 are IEUs. The application provided emission calculations for the tanks using TANKS 4.0.9d, for the glycol dehydrators using GRI-GLYCalc, and for the heaters using GRI-HAPCalc, which uses a conservative estimate and combines EPA's AP-42 emission factors, GRI field data, and GRI literature data. This supporting data justifies the source's claim that these units qualify as insignificant emission units (IEUs).

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

Emission Unit ID	Description
X-301	20 mmscfd/350,000 btu/hr natural gas fired dehydrator/reboiler
X-303	20 mmscfd/750,000 btu/hr natural gas fired dehydrator/reboiler
H-101, H-102, H-103	3 – catalytic heaters (Fuel Gas building – 18,000 btu/hr each)
TH-501, TH-502	waste water tank heater, waste oil tank heater (325,000 Btu/hr each)
H-101b, H-102b	2- catalytic heaters (inlet slug catchers – 8,000 btu/hr each)
H-104	1- catalytic heater (6,000 btu/hr)
TK-501	500 bbl waste water tank
TK-502	210 bbl waste oil tank
TK-505	500 gallon TEG storage tank
TK-506	1,625 gallon lube oil storage tank
TK-503, TK-507	2 – 756 gallon glycol still vent tanks
TK-508, TK-509	2 – 500 gallon engine coolant tanks
TK-510, TK-511	2 - 500 gallon lube oil storage tanks
TK-512	500 gal TEG stock tank
16REC	16" Pig Receiver
12REC	12" Pig Receiver

e. Construction, permitting, and compliance history

02-2005: Facility is initially constructed, and includes installation of 3 Caterpillar engines equipped with oxidation catalysts.
12-2005: Two more engines (C-204 and C-205) are added to the facility, bringing uncontrolled PTE of CO and CH_2O above major source thresholds; a Title V application is due within the year.
04-2007: Initial Part 71 Title V application issued.
11-2007: C-204 and C-205 are removed, however, a placeholder is set for the future like-kind installation of the engines.
12-2008: C-204 is replaced with a like-kind engine.
02-2009: C-205 is replaced with a like-kind engine.
11-2011: Renewal Part 71 Title V application received.

f. Potential to emit

Under 40 CFR 52.21, potential to emit ("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.

Greenhouse Gas Tailoring Rule

On June 3, 2010, EPA promulgated the final Prevention of Significant Deterioration ("PSD") and Title V Greenhouse Gas Tailoring Rule (Tailoring Rule). The Tailoring Rule established the applicability criteria that determine which stationary sources and modification projects are subject to PSD and Title V permitting requirements for greenhouse gas (GHG) emissions. As of January 2, 2011, GHGs are regulated NSR pollutants under the PSD major source permitting program when they are emitted by new sources or modifications in amounts that meet the Tailoring Rule's set of applicability thresholds.

For PSD and Title V purposes, GHGs are a single air pollutant defined as the aggregate group of the following six gases: carbon dioxide (CO_2), nitrous oxide (N_2O), methane (CH_4), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6). CO_2-equivalent (CO_2e) is defined as the sum of the mass emissions of each individual GHG adjusted for its global warming potential value in Table A-1 of the Greenhouse Gas Reporting Program (40 CFR Part 98, Subpart A, Table A-1).

The Tailoring Rule established the following applicability criteria for GHGs:

PSD Applicability Criteria

PSD applies to GHGs if any of the following conditions are met:

1. The source is a new source otherwise subject to PSD (for another regulated NSR pollutant) and the source has a GHG PTE equal to or greater than
   - 75,000 tpy CO_2e;
2. The source is a new source and has a GHG PTE equal to or greater than:
   - 100,000 tpy CO_2e, and
   - 100 / 250 tpy mass basis
3. A modification to an existing source is otherwise subject to PSD (for another regulated NSR pollutant) and has a GHG emissions increase and net emissions increase:
   - Equal to or greater than 75,000 tpy CO_2e, and
   - Greater than 0 tpy mass basis
4. An existing source has a GHG PTE equal to or greater than:
   - 100,000 tpy CO_2e, and
   - 100 / 250 tpy mass basis

   and a modification to an existing source has a GHG emissions increase and net emissions increase:
   - Equal to or greater than 75,000 tpy CO_2e, and
   - Greater than 0 tpy mass basis
5. The source is an existing minor source for PSD, and a modification alone has actual or potential GHG emissions equal to or greater than:
   - 100,000 tpy CO_2e, and
   - 100 / 250 tpy mass basis

Title V Applicability Criteria

Title V applies to GHGs at the following sources:

1. Existing or newly constructed sources that emit or have a PTE equal to or greater than:
   - 100,000 tpy CO_2e, and
   - 100 / 250 tpy mass basis

A detailed summary and guidance of permitting requirements established by the Tailoring Rule can be found in the March 2011 EPA document titled "PSD and Title V Permitting Guidance for Greenhouse Gases", located at http://www.epa.gov/nsr/ghgdocs/ghgpermittingguidance.pdf.

The PTE for Spring Creek was listed by Red Cedar in Forms "GIS", "PTE", and the various forms of "EMISS" in the Part 71 operating permit renewal application. Table 3 shows PTE data for Spring Creek. EPA has included the PTE for insignificant emissions (based on supporting application information provided by Red Cedar) in the total facility-wide PTE, which are:

Table 3 - Potential to Emit
Red Cedar Gathering Company, Spring Creek Compressor Station

Emission Unit ID	Regulated Air Pollutants in tpy								
	NO_X	VOC	SO_2	PM_{10}	CO	Lead	HAP	CH_2O	CO_{2e}
C-201	19.4	7.6	-	-	24.3	-	4.5	3.2	6,224.0
C-202	19.4	7.6	-	-	24.3	-	4.5	3.2	6,224.0
C-203	19.4	7.6	-	-	24.3	-	4.5	3.2	6,224.0
C-204	19.4	7.6	-	-	24.3	-	4.5	3.2	6,224.0
C-205	19.4	7.6	-	-	24.3	-	4.5	3.2	6,224.0
IEUs	0.9	0.8	-	-	0.8	-	0.1	0.0	1,116.0
TOTAL	97.9	38.8	-	-	122.3	-	22.6	16.0	32,236.0

2. Tribe Information - Southern Ute Tribe

a. Indian country

Red Cedar's Spring Creek 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. EPA granted full approval of the Southern Ute Indian Tribe's Title V Operating Permits Program on March 2, 2012. The Southern Ute Indian Tribe will issue Title V permits according to the approved transition plan within 3 years from program approval, or March 2, 2015. EPA will continue to administer the Part 71 permit for this facility until the Part 70 permit is issued by the Tribe. Therefore, EPA is the appropriate governmental entity to issue the Title V permit to this facility at this time.

b. The reservation

The Southern Ute Indian Reservation is located in southwestern Colorado adjacent to the New Mexico boundary. Ignacio is the headquarters of the Southern Ute Tribe, and Durango is the closest major city, just 5 miles outside of the north boundary of the Reservation. Current information indicates that the population of the Tribe is about 1,450 people with approximately 410 tribal members living off the Reservation. In addition to Tribal members, there are over 30,000 non-Indians living within the exterior boundaries of the Southern Ute Reservation.

c. Tribal government

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

d. Local air quality

The Tribe maintains an air monitoring network consisting of 2 stations equipped to measure ambient concentrations of oxides of nitrogen (reporting the parameters NO, NO_2, and NO_x), ozone (O_3), carbon monoxide (CO), and particulate matter ($PM_{2.5}$), and to collect meteorological data. The AQS database has data from the Southern Ute Tribe for NO_2 and O_3 at the Ignacio, Colorado station (AQS identification number 08-067-7001) and the Coyote Gulch, Colorado station (AQS identification number 08-067-7003) since 1990 and 1997, respectively. The CO channel at the Ignacio station has been reporting to AQS since 2004, and both stations began reporting NO and NO_x data to AQS in 2001. 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 Coyote Gulch station. Both stations began reporting $PM_{2.5}$ in 2009. 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.

4. Analysis of Applicable Requirements

a. The following discussion addresses some of the regulations from the Code of Federal Regulations (CFR) at Title 40. Note, that this discussion does not include the full spectrum of potentially applicable regulations and is not intended to represent official applicability determinations. These discussions are based on the information provided by Red Cedar in the most recent Part 71 renewal application and are only intended to present the information certified to be true and accurate by the Responsible Official of this facility.

Prevention of Significant Deterioration (PSD)

PSD is a preconstruction review requirement of the CAA that applies to proposed projects that are sufficiently large (in terms of emissions) to be a "major" stationary source or "major" modification of an existing stationary source. A new stationary source or a modification to an existing minor stationary source is major if the proposed project has the potential to emit any pollutant regulated under the CAA in amounts equal to or exceeding specified major source thresholds, which are 100 tpy for 28 listed industrial source categories and 250 tpy for all other sources. PSD also applies to modifications at

existing major sources that cause a "significant net emissions increase" at that source. Significance levels for each pollutant are defined in the PSD regulations at 40 CFR 52.21. A modification is a physical change or change in the method of operation.

Spring Creek does not belong to any of the 28 source categories. Therefore, the potential to emit threshold for determining PSD applicability for this source is 250 tpy. A review of the Spring Creek application indicates that the potential emission increases of any pollutant regulated under the CAA (not including pollutants listed under Section 112) associated with the construction of Spring Creek were below the major source levels, therefore, this facility was not required to obtain a PSD permit and at this time remains a true minor source with respect to the PSD regulations.

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 and according to Red Cedar, Spring Creek is not subject to any specific subparts of Part 60, therefore the General Provisions of Part 60 do not apply.

40 CFR Part 60, Subpart Dc: Standards of Performance for Small Industrial-Commercial-Institutional Steam Generating Units. This rule applies to steam generating units with a maximum design heat input capacity of 100 MMBtu/hr or less, but greater than or equal to 10 MMBtu/hr.

According to Red Cedar, there are no steam generating units with a maximum design heat input capacity greater than or equal to 10 MMBtu/hr at the facility; therefore, Spring Creek is not subject to Subpart Dc.

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.

According to Red Cedar, there are no tanks at this site that were constructed, reconstructed, or modified after June 11, 1973, and prior to May 19, 1978. Therefore Subpart K, does not apply.

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

According to Red Cedar, this subpart does not apply to the storage vessels at Spring Creek 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 (~19,813 gallons).

According to Red Cedar, although all storage tanks at the facility were constructed after July 23, 1984, the only tank that has a capacity greater than 75 cubic meters (TK-501, ~79.5 cubic meters) stores waste water and trace amounts of condensate (as defined under this subpart) that are mechanically removed from the gas stream. This subpart specifically exempts vessels with a design capacity less than or equal to 1,589.874 cubic meters that store condensate prior to custody transfer (as defined under the subpart), per 40 CFR 60.110b(d)(4); therefore Spring Creek is not subject to Subpart Kb.

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

According to Red Cedar, Spring Creek 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 subpart 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.

According to Red Cedar, there are no sweetening or sulfur recovery units at Spring Creek; therefore, this subpart 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
Red Cedar Spring Creek Compressor Station

Unit	Serial Number	Unit Description	Fuel	BHP	Manufacture Date	Subpart JJJJ Requirements
C-201	4EK04171	Caterpillar G3516LE / 4SLB	Natural Gas	1,340	Prior to 1/1/2008	None
C-202	4EK04172	Caterpillar G3516LE / 4SLB	Natural Gas	1,340	Prior to 1/1/2008	None
C-203	4EK04173	Caterpillar G3516LE / 4SLB	Natural Gas	1,340	Prior to 1/1/2008	None
C-204	4EK01712	Caterpillar G3516LE / 4SLB	Natural Gas	1,340	Prior to 1/1/2008	None
C-205	4EK02328	Caterpillar G3516LE / 4SLB	Natural Gas	1,340	Prior to 1/1/2008	None

According to Red Cedar, none of the engines currently operating at the facility were manufactured on or after the manufacture trigger date of January 1, 2008; therefore, the requirements in Subpart JJJJ do not currently apply to the 5 engines at Spring Creek.

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 Clean Air Act. The general provisions under Subpart A apply to sources that are subject to the specific subparts of Part 63.

As explained below and according to Red Cedar, Spring Creek is subject to 40 CFR Part 63, Subpart ZZZZ, and 40 CFR Part 63, Subpart HH; therefore, the General Provisions of Part 63 apply.

40 CFR Part 63, Subpart HH: National Emission Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities. This subpart applies to the owners and operators of affected units located at natural gas production facilities that are major sources of 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 are to be aggregated when comparing to the major source thresholds. For facilities that are not production field facilities, HAP emissions from all HAP emission units shall be aggregated.

Area Source Applicability

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

Applicability of Subpart HH to Spring Creek

Spring Creek is a production field facility prior to the point of custody transfer. 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 has glycol dehydrators but no storage vessels with the potential for flash emissions 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. Therefore, Spring Creek is an area source of HAP emissions.

With respect to the area source requirements of this subpart, the facility is located outside both an urban area and an urban cluster. Furthermore, uncontrolled benzene emissions from the two TEG glycol dehydrator units 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, the dehydration units (X-301 and X-303) at the facility are exempt from the §63.764(d) general requirements for area sources. 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.

Should uncontrolled emissions of benzene from the dehydrators ever exceed 1 tpy, then the facility will become subject to the requirements for area sources.

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. A compressor station that transports natural gas prior to the point of custody transfer or to a natural gas processing plant (if present) is not considered a part of the natural gas transmission and storage source category.

According to Red Cedar, this subpart does not apply to Spring Creek as the facility is a natural gas production facility and not a natural gas transmission or storage facility.

40 CFR Part 63, Subpart ZZZZ (MACT 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 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.

Summary of 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

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 Spring Creek

Red Cedar provided the following information:

Table 5 - NESHAP Subpart ZZZZ Applicability

Unit	Serial Number	Unit Description	Fuel	BHP	Commenced Construction Date	Installation Date
C-201	4EK04171	Caterpillar G3516LE / 4SLB	Natural Gas	1,350	Post 12/19/2002	2/5/2005
C-202	4EK04172	Caterpillar G3516LE / 4SLB	Natural Gas	1,350	Post 12/19/2002	2/5/2005
C-203	4EK04173	Caterpillar G3516LE / 4SLB	Natural Gas	1,350	Post 12/19/2002	2/5/2005
C-204	4EK01712	Caterpillar G3516LE / 4SLB	Natural Gas	1,350	Before 12/19/2002	1/18/2009
C-205	4EK02328	Caterpillar G3516LE / 4SLB	Natural Gas	1,350	Before 12/19/2002	2/17/2009

According to Red Cedar, Spring Creek is a major HAP source for formaldehyde. None of the engines have been modified or reconstructed at the facility. Engine units C-201, C-202, and C-203 are subject to the new and reconstructed major HAP source requirements for engines with a site-rating of more than 500 bhp. Engine units C-204 and C-205 are considered existing engines, and therefore, have no applicable requirements.

Compliance Assurance Monitoring (CAM) Rule

40 CFR Part 64: Compliance Assurance Monitoring Provisions. According to 40 CFR 64.2(a), the CAM rule applies to each Pollutant Specific Emission Unit (PSEU) at a major source that is required to obtain a Part 70 or Part 71 permit if the unit satisfies all of the following criteria:

1) The unit is subject to an emission limitation or standard for the applicable regulated air pollutant other than an emissions limitation or standard that is exempt under §64.2(b)(1);

"§64.2(b)(1): Exempt emission limitations or standards. The requirements of this part shall not apply to any of the following emission limitations or standards:

(i) Emission limitations or standards proposed by the Administrator after November 15, 1990 pursuant to Section 111 or 112 of the Act;
(ii) Stratospheric ozone protection requirements under Title VI of the Act;
(iii) Acid Rain Program requirements pursuant to Sections 404, 405, 406, 407(a), 407(b) or 410 of the Act;
(iv) Emissions limitations or standards or other applicable requirements that apply solely under an emissions trading program approved or promulgated by the Administrator under the Act that allows for trading emissions with a source or between sources;
(v) An emissions cap that meets the requirements specified in §70.4(b)(12) or §71.6(a)(13)(iii) of this chapter;
(vi) Emission limitations or standards for which a Part 70 or 71 permit specifies a continuous compliance determination method, as defined in §64.1."

"§64.1: Continuous compliance method means a method, specified by the applicable standard or an applicable permit condition, which:

(1) Is used to determine compliance with an emission limitation or standard on a continuous basis, consistent with the averaging period established for the emission limitation or standard; and
(2) Provides data either in units of the standard or correlated directly with the compliance limit."

2) The unit uses a control device to achieve compliance with any such limit or standard; and

3) The unit has pre-control device emissions of the applicable regulated pollutant that are equal to or greater than 100% of the amount, in tons per year, required for a source to be classified as a major source.

According to Red Cedar, Spring Creek is not subject to CAM requirements, because no PSEUs at the facility have pre-control emissions that equal or exceed 100 tpy.

Chemical Accident Prevention Program

40 CFR Part 68: Chemical Accident Prevention Provisions. This rule applies to stationary sources that manufacture, process, use, store, or otherwise handle more than the threshold quantity of a regulated substance in a process. Regulated substances include 77 toxic and 63 flammable substances which are potentially present in the natural gas stream entering the facility and in the storage vessels located at the facility. The quantity of a regulated substance in a process is determined according to the procedures presented under §68.115. §68.115(b)(l) and (2)(i) indicate that toxic and flammable substances in a mixture do not need to be considered when determining whether more than a threshold quantity is present at a stationary source if the concentration of the substance is below one percent by weight of the mixture. §68.115(b)(2)(iii) indicates that prior to entry into a natural gas processing plant, regulated substances in naturally occurring hydrocarbon mixtures need not be considered when determining whether more than a threshold quantity is present at a stationary source. Naturally occurring hydrocarbon mixtures include condensate, field gas, and produced water.

Based on Red Cedar's application, Spring Creek currently does not manufacture, process, use, store, or otherwise handle regulated substances in excess of the threshold quantities in this rule and, therefore, is not subject to the requirement to develop and submit a risk management plan. However, Red Cedar has an ongoing responsibility to submit this plan IF a substance is listed that the total source has in quantities over the threshold amount or IF the total source ever increases the amount of any regulated substance above the threshold quantity.

Stratospheric Ozone and Climate Protection

40 CFR Part 82, Subpart F: Air Conditioning Units. Based on information supplied by the applicant, Red Cedar does not currently operate air conditioning units at Spring Creek. However, should Red Cedar perform any maintenance, service, repair, or disposal of any equipment containing chlorofluorocarbons (CFCs), or contracts 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 the applicant, there are no halon fire extinguishers at Spring Creek. 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.

Mandatory Greenhouse Gas Reporting

40 CFR Part 98: Mandatory Greenhouse Gas Reporting. This rule requires sources above certain emission thresholds to calculate, monitor, and report greenhouse gas emissions. According to the definition of "applicable requirement" in 40 CFR 71.2, neither 40 CFR Part 98, nor CAA §307(d)(1)(V), the CAA authority under which 40 CFR Part 98 was promulgated, are listed as applicable requirements for the purpose of Title V permitting. Although the rule is not an applicable requirement under

40 CFR Part 71, the source is not relieved from the requirement to comply with the rule separately from compliance with their Part 71 operating permit. It is the responsibility of each source to determine applicability to Part 98 and to comply, if necessary.

b. Conclusion

Since Spring Creek 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, Spring Creek is not subject to any implementation plan.

Based on the information provided in Red Cedar's application for Spring Creek, EPA has determined that the facility is subject only to those applicable federal CAA programs discussed 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, the EPA published the rule titled "Review of New Sources and Modifications in Indian country" on July 1, 2011. Initiated by and in response to tribal input, the rule addresses a significant regulatory gap by developing NSR rules for Indian country, which establish a preconstruction permitting program for minor stationary sources of air pollution throughout Indian country and major stationary sources located in areas in Indian country not meeting national clean air standards. The purpose of the NSR program is to protect public health and the environment, even as new industrial facilities are built and existing facilities expand. The rule requires new and existing synthetic minor sources currently operating under federal operating permits for sources in Indian country (regulated at 40 CFR Part 71), as well as sources proposing minor modifications at existing major sources, to submit applications to the region starting August 30, 2011. Existing true minor sources are required to register with the permitting authority no later than March 1, 2013. True minor sources that are looking to construct or modify will have to apply by September 2, 2014.

This program 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.

5. 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. Although EPA approved the Southern Ute Indian Tribe's Title V Operating Permit Program on March 2, 2012, EPA will continue to administer the Part 71 permit until a Part 70 permit is issued by the Tribe.

6. 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.

7. Public Participation

a. Public notice

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

Public notice was given by providing notification of EPA's intent to issue the draft permit 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 that have jurisdiction over the area where the source is located. Notification was provided to all persons who submitted a written request to be included on the mailing list. Additionally, the general public in the affected community was notified by an advertisement in the local newspaper. 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 Lead
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 March 30, 2012, giving opportunity for public comment on the draft permit and the opportunity to request a public hearing. The public comment period ended on April 30, 2012, and no comments were received.

b. Opportunity for comment

Members of the public were given an opportunity to review a copy of the draft permit prepared by EPA, the application, this statement of basis for the draft permit, and all supporting materials for the draft permit. Copies of these documents were available at:

La Plata County Clerk's Office
98 Everett Street, Suite C
Durango, Colorado 81302

and

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

and

U.S. 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 may have submitted 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.

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

c. Opportunity to request a hearing

A person may submit a written request for a public hearing to the Part 71 Permit Contact, at the address listed above, by stating the nature of the issues to be raised at the public hearing. Based on the number of hearing requests received, EPA will hold a public hearing whenever it finds there is a significant degree of public interest in a draft operating permit. EPA will provide public notice of the public hearing. If a public hearing is held, any person may submit oral or written statements and data concerning the draft permit. No request for a public hearing was received.

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 notifying 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
- WildEarth Guardians
- La Plata County Assessor's Office