Air Pollution Control
Title V Permit to Operate
Statement of Basis for Permit No. V-SU-0037-08.01
Minor Modification
August 2010

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

1. Description of Permit Changes

On May 3, 2010, the U.S. Environmental Protection Agency (EPA) received a letter from Red Cedar Gathering Company (Red Cedar) requesting a minor permit modification to address the replacement of a triethylene glycol (TEG) dehydration unit (permitted unit X-301) with a similar unit. EPA also received a letter from Red Cedar on July 9, 2010 that provided notification of the off permit replacement of permitted compressor engine unit C-202 with an engine of the same make, model and configuration. Both replacements do not result in any emission changes or increase in potential to emit. EPA has made the following modifications to the permit:

- Revised Table 1 in Section I.B to reflect the make, model, serial number, and unit description of the replacement TEG dehydration unit for X-301;
- Revised Table 1 in Section I.B to reflect an engine replacement with the same make, model and configuration of engine unit C-202; and
- Revised Table 2 in Section I.B to distinguish the TEG dehydration unit and the TEG reboiler as two different pieces of equipment.

In accordance with the requirements of permit Section III.I and 40 CFR 71.7(e)(1), EPA is making these revisions as a minor modification to the permit. The permit will be reissued as permit number V-SU-0037-08.01.

2. Facility Information

a. Location

The Homestead 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 Section 4, T32N, R8W, in La Plata County, Colorado, at 37° 02' 41.8" North latitude and -107° 43' 52" West longitude. 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)
Fax: 970-247-6825

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)

Tribal Contact:
Brenda Jarrell
Air Program Manager
Southern Ute Indian Tribe
PO Box 737
Ignacio, CO 81137
Phone: 970-563-2246

c. Description of Operations

The Homestead Compressor Station, owned and operated by Red Cedar Gathering Company, is a natural gas production field facility (prior to the point of custody transfer as defined in 40 CFR 63.7691). The facility performs natural gas compression and dehydration using three internal combustion engines driving compressors and a 25 MMscfd TEG dehydrator. All the engines are Waukesha model 7042 GL 4-stroke lean burn (4SLB) spark ignition (SI) natural gas-fired reciprocating internal combustion engines (RICE), site rated at 1,318 brake horsepower (bhp), that exhaust individually to the atmosphere.

The Homestead Compressor Station is a major source for carbon monoxide (CO), hazardous air pollutants (HAPs) and formaldehyde (CH_2O) with respect to the part 71 operating permit requirements.

d. List of All Units and Emission-Generating Activities

In the part 71 operating permit renewal and minor modification applications for the Homestead 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, Homestead Compressor Station

Emission Unit ID	Description	Control Equipment
	Waukesha L 7042 GL 4SLB Compressor Engines, 1,318 site rated bhp, natural gas fired:	None
C-201	Serial No. C-10707/1 Installed 11/8/2006*	
C-202	Serial No. C-61159/2 Installed 7/13/2010*	
C-203	Serial No. 398918 Installed 3/14/2007*	
	PESCO TEG Dehydrator Still Vent, 25 MMscfd:	None
X-301	Serial No. 102562 Installed 2010	

* 40 CFR part 60, subpart JJJJ and 40 CFR part 63, subpart ZZZZ applicability is discussed in section 4 of this Statement of Basis.

Part 71 allows sources to separately list in the permit application units or activities that qualify as "insignificant" based on potential emissions below 2 tons per year (tpy) for all regulated pollutants that are not listed as hazardous air pollutants (HAPs) under section 112(b) and below 1,000 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 minor modification 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 dehydrator using GRI-GLYCalc Version 4.0, and for the heaters using AP-42 emission factors. 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, Homestead Compressor Station

Emission Unit ID	Description
H-101	1 - inlet slug catcher heater (V-101), 8,000 Btu/hr
H-401A, H-401B	2 – fuel gas skid heaters (V-401), 18,000 Btu/hr each
H-501, H-502, H-504	3 – tank heaters (TK-501, TK-502, TK-504), 325,000 Btu/hr each
TK-501	1 – production water tank, 500 bbl
TK-502	1 – waste oil drain tank, 210 bbl
TK-503	1 – glycol dehydrator still vent tank, 500 gal (X-301)
TK-504	1 – clean water blowcase tank, 210 bbl
TK-505	1 – TEG storage tank, 500 gal
TK-506	1 – lube oil storage tank, 1,800 gal
TK-507, TK-508	2 – engine coolant storage tanks, 500 gal each
X-301	1 – TEG Reboiler, 800,000 Btu/hr

e. Construction, Permitting, and Compliance History

The Homestead Compressor Station commenced operation on December 6, 2001, with two 4SLB SI RICE (C-201 and C-202) for gas compression. A third compressor 4SLB SI RICE (C-203) was installed and started up on June 17, 2002. Installation of the third compressor engine increased the facility-wide emissions of CO above 100 tpy, triggering the requirement for Red Cedar to submit an application for a part 71 operating permit within 12 months of installation. According to Red Cedar's records of PTE calculation at the time, the facility was a minor source of HAP emissions.

EPA received Red Cedar's initial part 71 operating permit application for the Homestead Compressor Station on June 10, 2003, and determined the application administratively complete on July 17, 2003. EPA issued the initial part 71 permit (#V-SU-0037-04.00) on January 9, 2004, and it became effective on January 19, 2004. EPA has no record of any other federal permitting activity at this facility prior to the application for and issuance of the initial part 71 operating permit.

EPA promulgated the National Emissions Standards for Hazardous Air Pollutants (NESHAPs), also known as the Maximum Achievable Control Technologies (MACT), for stationary RICE (RICE MACT) found at 40 CFR part 63, subpart ZZZZ, on June 15, 2004. The requirements of the RICE MACT applied to all 4SLB SI RICE at major sources of HAP emissions (≥25 tpy HAPs in aggregate or ≥10 tpy of a single HAP) that commenced construction, reconstruction, or modification (as defined in 40 CFR part 60, subpart A) on or after December 19, 2002. All three 4SLB SI ICE operating at the facility were considered existing engines and were not subject to

the requirements of the subpart, because the facility was a minor source of HAP emissions and the engines commenced construction prior to December 19, 2002.

On October 19, 2005, Red Cedar replaced an existing 4SLB SI RICE (unit C-202) with a 4SLB SI RICE of the same make, model, and configuration that had previously been installed and operated at another location prior to December 19, 2002. The replacement engine had not been reconstructed or modified prior to installation and startup at the Homestead Compressor Station, and did not increase the facility-wide PTE for HAPs; therefore, the replacement engine was not subject to the RICE MACT requirements.

On May 22, 2006, EPA issued an administrative amendment of the initial permit (#V-SU-0037-04.01), at Red Cedar's request, to account for changes in the responsible official and the tribal contact.

On November 8, 2006, Red Cedar replaced an existing 4SLB SI RICE (unit C-201) with a 4SLB SI RICE of the same make, model, and configuration that had previously been installed and operated at another location prior to December 19, 2002. The replacement engine had not been reconstructed or modified prior to installation and startup at the Homestead Compressor Station, and did not increase the facility-wide PTE for HAPs; therefore, the replacement engine was not subject to the RICE MACT requirements.

On March 15, 2007, Red Cedar replaced an existing 4SLB SI RICE (unit C-203) with a 4SLB SI RICE of the same make, model, and configuration that had previously been installed and operated at another location prior to December 19, 2002. The replacement engine had not been reconstructed or modified prior to installation and startup at the Homestead Compressor Station, and did not increase the facility-wide PTE for HAPs; therefore, the replacement engine was not subject to the RICE MACT requirements.

On August 17, 2007, EPA issued a second administrative amendment of the initial permit (#V-SU-0037-04.02), at Red Cedar's request, to account for changes in the responsible official and the facility contact, and to clarify existing requirements.

EPA promulgated the New Source Performance Standards (NSPS) for Stationary SI RICE, found at 40 CFR part 60, subpart JJJJ, in conjunction with revisions to the RICE MACT, on January 18, 2008. The RICE MACT revisions extended the definition of a new, reconstructed, or modified affected source to include any size RICE located at area sources of HAPs, and engines less than or equal to 500 bhp located at major sources of HAPs, that commenced construction on or after June 12, 2006. Under NSPS subpart JJJJ, any SI RICE constructed on or after
June 12, 2006 is an affected source. Units C-201, C-202, and C-203 all commenced construction prior to June 12, 2006, and, therefore, were not subject to the area source RICE MACT requirements or the NSPS subpart JJJJ requirements.

On February 5, 2008, EPA reopened the part 71 permit for cause and issued a third administrative amendment of the initial permit (#V-SU-0037-04.03), to account for a change in the fee bank and address for submittal of annual part 71 fees. Because the permit was being

reopened, EPA also took the opportunity to make other administrative changes to the permit. EPA updated the serial numbers of emission units based on off permit changes and clarified existing requirements based on the promulgation of NSPS JJJJ and the RICE MACT revisions. EPA also restructured the format of the permit such that non-enforceable facility-specific administrative information, such as names, addresses, and phone numbers of facility contacts, were removed from the permit and maintained in the Statement of Basis only.

On July 16, 2008, EPA issued a fourth administrative amendment of the initial permit (#V-SU-0037-04.04), at Red Cedar's request, to account for a change in the mailing address for the facility. At that time EPA also removed the facility mailing address from the permit and added clarification to some existing requirements.

EPA received Red Cedar's application to renew the part 71 operating permit on July 21, 2008, and determined the application administratively complete as of the same date. Red Cedar updated emission estimates for units C-201, C-202, C-203, and TEG dehydration unit X-301, based on updated manufacturer information and updated extended gas analyses. As a result of the updated emissions estimates, facility-wide formaldehyde and total HAP emissions were estimated to exceed the major source thresholds of 10 tpy for a single HAP and 25 tpy for HAPs in aggregate. Additionally, unit X-301, which was formerly considered an IEU, was then considered a significant emission unit. Although the facility was then considered a major source of HAP emissions, units C-201, C-202, and C-203 were exempt from the RICE MACT requirements for major sources, because they commenced construction prior to December 19, 2002.

On May 3, 2010, EPA received a letter from Red Cedar requesting a minor permit modification to address the replacement of a TEG dehydration unit (permitted unit X-301) with a similar unit. EPA also received a letter from Red Cedar on July 9, 2010 that provided notification of the off permit replacement of 4SLB SI RICE unit C-202 with an engine of the same make model and configuration. Both replacements did not result in any emission changes or increase in potential to emit. There are no new requirements that apply to this facility. This minor modification is being issued as updated permit V-SU-0037-08.01 and is the first modification after the issuance of the renewal permit.

Table 3 outlines the construction and permitting history of the facility, in the context of the history and description of certain regulations that potentially apply to this facility.

Table 3 – Construction, Permitting, and Compliance History
Red Cedar Gathering Company, Homestead Compressor Station

August 7, 1980 - Prevention of Significant Deterioration Pre-Construction Permitting Program Promulgated
(the 8/7/80 rules form the basis of the current regulations)

Applicability:

PSD is a preconstruction review requirement that applies to proposed projects that are sufficiently large (in terms of emissions) to be a "major" stationary source or "major" modification. Source size is defined in terms of "potential to emit," which is its capability at maximum design capacity to emit a pollutant, except as constrained by federally and practically enforceable conditions. A new source or a modification to an existing minor 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 [100 tpy for the 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. A modification is a physical change or change in the method of operation. Significance levels for each pollutant are defined in the PSD regulations at 40 CFR 52.21.

Compliance: No new source or modification of a source subject to PSD review may be constructed without a permit.

February 19, 1999 - Part 71 (Title V) Operating Permit Program Promulgated
(the 2/19/99 rules form the basis of the current regulations)

Applicability:

Any major source (criteria pollutants > 100 tpy, or any single HAP > 10 tpy, or aggregated HAPS > 25 tpy);
Any source, including an area source, subject to a standard, limitations, or other requirements under 111 or 112 of the CAA promulgated on or before July 21, 1992. Non-major sources subject to 111 or 112 regulation promulgated after July 21, 1992 are subject unless the rule specifies otherwise;
Any Acid Rain source;
Any Solid Waste Incineration Unit.

Application Due Date: Within 12 months after commencing operation.

June 17, 1999 – MACT HH for Major HH HAP Oil and Gas Production Sources Promulgated (HAP > 10/25 tpy)

HAP PTE determined by emissions from dehydrators and storage vessels with a potential for flash emissions only, unless the facility is oil and gas plant.

Affected Sources:

Glycol dehydration units
Storage vessels with the potential for flash emissions
Group of ancillary equipment (pumps, valves, flanges, etc…)
Compressors intended to operate in volatile hazardous air pollutant service, located at natural gas processing plants

Final Compliance Dates:

Construction or reconstruction commenced before February 6, 1998 – June 17, 2002
Construction or reconstruction commenced after February 6, 1998 – Upon startup or June 17, 2002, whichever date is later

Area → Major

Construction or reconstruction of affected unit commenced before February 6, 1998, causing source to become major – 3 years after becoming major
Construction or reconstruction of affected unit commenced after February 6, 1998, causing source to become major – Upon startup

Table 3 – Construction, Permitting, and Compliance History (continued…)
Red Cedar Gathering Company, Homestead Compressor Station

December 6, 2001 - Initial Construction and Facility Start Up

Unit	Description	Potential to Emit				
		NOx (tpy)	CO (tpy)	VOC (tpy)	CH_2O (tpy)	Total HAPs (tpy)
C-201	Waukesha 7042GL 4SLB SI Compressor RICE	22.4	40.8	9.2	2.3	3.1
C-202	Waukesha 7042GL 4SLB SI Compressor RICE	22.4	40.8	9.2	2.3	3.1
IEUs	Various storage tanks, heaters, & a TEG dehydrator	0.6	0.2	0.5	0.0	0.0
	December 2001 Facility-Wide PTE Totals	45.4	81.8	18.9	4.6	12.5

Minor source for PSD and title V. Area HAP source. MACT HH Area HAP Source.

June 17, 2002 Modification – Add 1 Lean Burn Compressor Engine; Source Becomes Major for Title V for CO Emissions; Application Due Within 12 Months

Unit	Description	Potential to Emit				
		NOx (tpy)	CO (tpy)	VOC (tpy)	CH_2O (tpy)	Total HAPs (tpy)
C-203	Waukesha 7042GL 4SLB SI Compressor RICE	22.4	40.8	9.2	2.3	3.1
	Total Emissions Increase for Project	*+22.4*	*+40.8*	*+9.2*	*+2.3*	*+3.1*

Minor modification of a minor PSD source.

June 2002 Facility-Wide PTE Totals	67.8	122.6	28.1	6.9	15.6

Minor source for PSD. Major source for title V. Area HAP source. MACT HH Area HAP Source.

June 10, 2003 – Initial Title V Permit Application Received;
July 9, 2004 – Initial Title V Permit to Operate #V-SU-0037-04.00 Issued (effective July 19, 2004)

Unit	Description	Potential to Emit				
		NOx (tpy)	CO (tpy)	VOC (tpy)	CH_2O (tpy)	Total HAPs (tpy)
C-201	Waukesha 7042GL 4SLB SI Compressor RICE	22.4	40.8	9.2	2.3	3.1
C-202	Waukesha 7042GL 4SLB SI Compressor RICE	22.4	40.8	9.2	2.3	3.1
C-203	Waukesha 7042GL 4SLB SI Compressor RICE	22.4	40.8	9.2	2.3	3.1
IEUs	Various storage tanks, heaters, & a TEG dehydrator	0.6	0.2	0.5	0.0	0.0
	June 2003 PTE Totals	67.8	122.6	28.1	6.9	15.6

Minor PSD source. Area HAP source. Major title V source. MACT HH Area HAP source.

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 startup

Applicability to Homestead Compressor Station:

C-201, C-202, and C-203 not subject (exempt) because they commenced construction prior to December 19, 2002.

Table 3 – Construction, Permitting, and Compliance History (continued…)
Red Cedar Gathering Company, Homestead Compressor Station

October 19, 2005 – 4SLB SI RICE Unit C-202 Replaced with Existing Engine (same make, model, and configuration)

No change in PTE or PSD, title V, or HAP status. Facility an area source of HAP emissions and replacement engine constructed prior to December 19, 2002; therefore, it was not subject to RICE MACT requirements.

January 3, 2007 – MACT HH for Area Sources of Oil & Gas Production Facilities Promulgated (HAP < 10/25 tpy)

Affected Sources:

Triethylene Glycol (TEG) dehydration units

Final Compliance Dates:

Construction or reconstruction of the affected unit located in an Urban-1 county commenced before February 6, 1998:
- Located w/in Urban Area (UA) Plus Offset and Urban Cluster (UC) boundary – January 4, 2010
- Not Located w/i UA Plus Offset and UC boundary – January 5, 2009

Construction or reconstruction of the affected unit located in an Urban-1 county commenced on or after February 6, 1998 – Upon start-up or January 3, 2007, whichever date is later.

Construction or reconstruction of the affected unit not located in an Urban-1 county commenced before July 8, 2005:
- Located w/i UA Plus Offset and UC boundary – January 4, 2010
- Not Located w/i UA Plus Offset and UC boundary – January 5, 2009

Applicability to Homestead Compressor Station:

Facility is area HAP source, but X-301 is not subject (exempt), because actual average benzene emissions <1 tpy per 40 CFR 63.772(b)(2)(i).

May 22, 2006 – Administrative Amendment; Permit #V-SU-0037-04.01 Issued

No change in PTE or PSD, title V, or HAP status.

November 8, 2006 – 4SLB SI RICE Unit C-201 Replaced with Existing Engine (same make, model, and configuration)

No change in PTE or PSD, title V, or HAP status. Facility an area source of HAP emissions and replacement engine constructed prior to December 19, 2002; therefore, it was not subject to RICE MACT requirements.

March 15, 2007 – 4SLB SI RICE unit C-203 Replaced with Existing Engine (same make, model, and configuration)

No change in PTE or PSD, title V, or HAP status. Facility an area source of HAP emissions and replacement engine constructed prior to December 19, 2002; therefore, it was not subject to RICE MACT requirements.

August 17, 2007 – Administrative Amendment; Permit #V-SU-0037-04.02 Issued

No change in PTE or PSD, title V, or HAP status.

January 18, 2008 MACT ZZZZ Amendments Promulgated to Include:
Area Sources (HAP < 25 tpy & for any size engine)
Major Sources (HAP > 25 tpy & for engines ≤ 500 hp)

Affected Sources (Additional to 2004 MACT ZZZZ Promulgation):

New or reconstructed Stationary RICE of any hp at area sources of HAP emissions, constructed or reconstructed on or after 6/12/06

New or reconstructed Stationary RICE ≤ 500 hp at major sources of HAP emissions, constructed or reconstructed on or after 6/12/06

Comply by complying with NSPS for Stationary Spark Ignition Internal Combustion Engines (SI ICE) or NSPS for Compression Ignition ICE (CI ICE), as appropriate.

Final Compliance Dates

Major HAP source
- Start up a new or reconstructed RICE ≤ 500 hp before January 18, 2008 – January 18, 2008
- Start up a new or reconstructed RICE ≤ 500 hp after January 18, 2008 – upon start-up

Area HAP source

Applicability to Homestead Compressor Station

C-201, C-202 and C-203 not subject to area source RICE MACT requirements, because they commenced construction prior to June 12, 2006.

Table 3 – Construction, Permitting, and Compliance History (continued…)
Red Cedar Gathering Company, Homestead Compressor Station

January 18, 2008 – NSPS Stationary SI ICE Promulgated at 40 CFR Part 60, Subpart JJJJ (NSPS JJJJ)

Affected Sources:

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.

Compliance Date – Upon start up

Applicability to Homestead Compressor Station

Not Subject: C-201, C-202, C-203 not subject to NSPS for SI ICE, because they commenced construction prior to June 12, 2006.

February 5, 2008 – Administrative Amendment; Permit #V-SU-0037-04.03 Issued

No change in PTE or PSD, title V, or HAP status.

July 16, 2008 – Administrative Amendment; Permit #V-SU-0037-04.04 Issued

No change in PTE or PSD, title V, or HAP status.

July 21, 2008 - 1st Renewal Title V Permit Application Received; Permit #V-SU-0037-08.00 Issued September 21, 2009, Effective October 1, 2009; Facility becomes major for HAP emissions due to updated emissions estimates.

Unit	Description	Potential to Emit				
		NOx (tpy)	CO (tpy)	VOC (tpy)	CH_2O (tpy)	Total HAPs (tpy)
C-201	Waukesha 7042GL 4SLB SI Compressor RICE	19.1	33.7	12.7	3.7	4.9
C-202	Waukesha 7042GL 4SLB SI Compressor RICE	19.1	33.7	12.7	3.7	4.9
C-203	Waukesha 7042GL 4SLB SI Compressor RICE	19.1	33.7	12.7	3.7	4.9
X-301	25 MMscfd TEG Dehydrator	-	-	29.7	-	14.2
IEUs		0.6	0.2	0.5	0.0	0.0
Total Emissions Change Due to Updated Emissions		*-9.8*	*-20.9*	*+39.9*	*+4.2*	*+13.4*
Minor modification of a minor PSD source.						
July 2008 Facility-Wide PTE Totals		58.0	101.7	68.0	11.1	29.0
Minor PSD source. Major for title V permitting. Major HAP source – C-201, C-202, & C-203 RICE MACT exempt. **MACT HH Area HAP Source –** X-301 exempt (act. avg. benzene <1 tpy).						

May 3, 2010 – Minor Modification Application Received; Permit #V-SU-0037-08.01 Issued August 2010 – Replacement of emission units X-301 and C-202.

No change in PTE or PSD, title V, or HAP status.

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

The facility-wide and unit-specific PTE for the Homestead Compressor Station was listed by Red Cedar in Forms "GIS" and "PTE", and in the supporting documentation, of the part 71 operating permit minor modification application. The emission unit-specific PTE and facility-wide PTE are shown in Table 4 below.

Table 4 - Potential to Emit
Red Cedar Gathering Company, Homestead Compressor Station

Emission Unit ID	Regulated Air Pollutants in tpy (controlled)							
	NO_X	VOC	SO_2	PM_{10}	CO	Lead	HAP	CH_2O
C-201	19.1	12.7	-	0.4	33.7	-	4.9	3.7
C-202	19.1	12.7	-	0.4	33.7	-	4.9	3.7
C-203	19.1	12.7	-	0.4	33.7	-	4.9	3.7
X-301	0.2	29.7	-	-	0.2	-	14.2	-
IEUs	0.5	0.2	-	0.1	0.4	-	0.1	-
TOTAL	58.0	68.0	0.0	1.3	101.7	-	29.0	11.1

The PTE for the Homestead facility, are as follows:

Nitrogen oxides (NOx) – 58.0 tpy
Carbon monoxide (CO) – 101.7 tpy
Volatile organic compounds (VOC) – 68.0 tpy
Small particulates (PM_{10}) – 1.3 tpy
Lead – 0 tpy
Sulfur dioxide (SO_2) – 0 tpy
Hazardous Air Pollutants (HAP) – 29.0 tpy
Largest single HAP (formaldehyde, CH_2O) – 11.1 tpy

3. Tribe Information

a. Indian Country

The Homestead 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.

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 1,450 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 (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

The Tribe maintains an air monitoring network consisting of two stations equipped to measure ambient concentrations of oxides of nitrogen (NO, NO_2, and NO_x), ozone (O_3), and carbon monoxide (CO), and to collect meteorological data. The Tribe has collected NO_2 and O_3 data at the Ignacio, Colorado station (also known as the Ute 1 station, with AQS identification number 08-067-7001) and the Bondad, Colorado station (also known as Ute 3, with AQS identification number 08-067-7003) since June 1, 1982, and April 1, 1997, respectively. The CO channel at the Ignacio station has been reporting to AQS since January 1, 2000, and both stations began reporting NO and NO_x data to AQS on the same day. Also in 2000, both stations initiated meteorological monitors measuring wind speed, wind direction, vertical wind speed, outdoor temperature, relative humidity, solar radiation, and rain/snowmelt precipitation. Reporting of vertical wind speed data from both stations terminated on July 1, 2007. Particulate data (PM_{10}) was collected from December 1, 1981 to September 30, 2006 at the Ignacio station and from

April 1, 1997 to September 30, 2006 at the Bondad station. The Tribe reports hourly data to AQS for the criteria pollutants being monitored (NO_2, O_3, and CO), allowing AQS users to retrieve data that can be compared to any of the National Ambient Air Quality Standards for these pollutants.

4. Analysis of Applicable Requirements

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 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 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)

40 CFR Part 52: 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. The PSD regulations are found at 40 CFR 52.21. Source size is defined in terms of "potential to emit," which is its capability at maximum design capacity to emit a pollutant, except as constrained by existing federally and practically enforceable conditions applicable to the 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.

The Homestead Compressor Station does not belong to any of the 28 listed source categories. Therefore, the potential to emit threshold for determining PSD applicability for this newly constructed source is 250 tpy. A review of the Homestead Compressor Station permit records indicates that facility-wide potential emissions of any pollutant regulated under the CAA (not including pollutants listed under section 112) at the time of construction were below the PSD Major source levels, and remained so after the June 2002 construction project; therefore, this facility was never 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.

According to Red Cedar and as explained below, the Homestead Compressor Station is not subject to any specific subparts of part 60, therefore the General Provisions of part 60 do not apply.

40 CFR Part 60, Subpart 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 equal to or greater than 10 MMBtu/hr at the facility; therefore, the Homestead Compressor Station 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, the subpart does not apply to the storage vessels at the Homestead Compressor Station because there are no tanks at this site with a storage capacity greater than 40,000 gallons 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.

According to Red Cedar, the subpart does not apply to the storage vessels at the Homestead Compressor Station because there are no tanks at this site with a storage capacity greater than 40,000 gallons 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 the facility has one tank that qualifies as an affected source

under this rule (TK-501), it meets one of the exemption provisions of the rule, because it stores produced water with trace amounts of condensate. The subpart specifically exempts vessels with a design capacity less than or equal to 1,589.874 cubic meters that store condensate prior to custody transfer (as defined under the subpart), per 40 CFR 60.110b(d)(4). Therefore, the Homestead Compressor Station 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, the Homestead Compressor Station does not extract NGLs from field gas, nor does it fractionate mixed NGLs to natural gas products, and thus, it 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.

According to Red Cedar, sweetening or sulfur recovery is not performed at the Homestead Compressor Station; therefore, this rule does not apply.

40 CFR Part 60, Subpart JJJJ: New Source Performance Standards (NSPS) 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 5 –NSPS Subpart JJJJ Applicability
Red Cedar Homestead Compressor Station

Unit	Serial Number	Unit Description	Fuel	BHP	Commenced Construction Date / Manufacture Date	Start-up or installation Date	Trigger Date – Manufactured on or after	Requirements
C-201	C-10707/1	Waukesha L 7042GL / 4SLB	Natural Gas	1,318	Prior to 6/12/06 / Prior to 1/1/2008	11/18/2006	1/1/2008	None (exempt)
C-202	C-61159/2	Waukesha L 7042GL / 4SLB	Natural Gas	1,318	Prior to 6/12/06 / Prior to 1/1/2008	7/13/2010	1/1/2008	None (exempt)
C-203	398918	Waukesha L 7042GL / 4SLB	Natural Gas	1,318	Prior to 6/12/06 / Prior to 1/1/2008	3/14/2007	1/1/2008	None (exempt)

According to the information provided by Red Cedar in the July 2008 renewal permit application, C-201, C-202, and C-203 commenced construction prior to June 12, 2006; therefore, subpart JJJJ does not apply to those engines. Should Red Cedar decide to install replacement engines for C-201, C-202, or C-203 that are subject to subpart JJJJ, Red Cedar will not be allowed to use the off permit changes provisions of the permit, and will be required to submit a permit modification application to incorporate subpart JJJJ requirements into the permit.

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 (CAA). The general provisions under subpart A apply to sources that are subject to the specific subparts of part 63.

According to Red Cedar and as explained below, the Homestead Compressor Station emits at least one HAP regulated under the CAA, and has equipment in relevant source categories (i.e. TEG dehydrator X-301 and tank TK-503 (subpart HH), and existing stationary RICE C-201, C-202, and C-203 (subpart ZZZZ)), which are not subject to the relevant standards. A record of an applicability determination demonstrating that these sources are not subject to the relevant part 63 standards must be kept (per §63.10(b)(3)) on site for five (5) years after the determinations or until a source changes its operations to become an affected source. EPA approved a request from Red Cedar for a waiver of the onsite recordkeeping requirement in a letter dated August 6, 2008. These applicability determinations will be kept at the corporate headquarters office in Durango, Colorado.

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 the Homestead Compressor Station

According to Red Cedar, the Homestead Compressor Station 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 one TEG dehydrator (X-301), with an associated flash tank
(TK-503). The total HAP emissions from those units alone are below the major source thresholds of 10 tpy of a single HAP and 25 tpy of aggregated HAPs. Therefore, the Homestead Compressor Station 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 TEG glycol dehydrator has 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, dehydration unit X-301 at the facility is 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 dehydrator 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 the Homestead 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 HAP emissions emitted from stationary RICE.

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

Major Source Applicability

The standard now applies to engines with a horsepower rating of less than or equal to 500 bhp in addition to those engines with a horsepower rating greater than 500 bhp. The standard continues to have specific requirements for new or reconstructed RICE and for existing SI 4 stroke rich burn (4SRB) stationary RICE 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 4SLB, compression ignition (CI), stationary RICE that combust landfill or digester gas equivalent to 10 percent or more of the gross heat input on an annual basis, emergency, and limited use units) located at a major source of HAP emissions are not subject to any specific requirement under the final rule.

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 (minor) Source Applicability

The standard now has specific requirements for new and reconstructed stationary RICE located at minor sources of HAP emissions, for engines of all horsepower ratings. The area source standards for new stationary RICE reference the requirements of NSPS JJJJ for Spark Ignition Internal Combustion Engines and/or NSPS IIII for Compression Ignition Internal Combustion Engines. Existing RICE located at an area HAP source are not subject to any specific requirement 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 Homestead Compressor Station

Red Cedar provided the following information:

Table 6- NESHAP Subpart ZZZZ Applicability

Unit	Serial Number	Unit Description	Fuel	BHP	Commenced Construction, Reconstruction, or Modification Date	Installation Date	Compliance Date
C-201	C-10707/1	Waukesha L 7042GL / 4SLB	Natural Gas	1,318	Pre 12/19/2002	11/18/2006*	None (exempt)
C-202	C-61159/2	Waukesha L 7042GL / 4SLB	Natural Gas	1,318	Pre 12/19/2002	7/13/2010*	None (exempt)
C-203	398918	Waukesha L 7042GL / 4SLB	Natural Gas	1,318	Post 12/19/2002	3/14/2007*	None (exempt)

* Engines C-201, C-202, and C-203 were previously operated at other locations prior to 12/19/2002, were relocated to the Homestead Compressor Station, and have not been reconstructed or modified since 12/19/2002.

The Homestead Compressor Station is a major source of HAP emissions. According to the information Red Cedar provided its application, units C-201, C-202, and C-203 are existing 4SLB RICE greater than 500 bhp, and are, therefore, not subject to the major source requirements of subpart ZZZZ. Should Red Cedar decide to install replacement engines for C-201, C-202, or C-203, that are subject to subpart ZZZZ, Red Cedar will not be allowed to use the off permit changes provisions of the permit, and will be required to submit a permit

modification application to indicate that the RICE MACT requirements in the permit also apply to the replacement engines.

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 percent of the amount, in tons per year, required for a source to be classified as a major source.

According to Red Cedar, the Homestead Compressor Station 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, the Homestead 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 provided in the application, Red Cedar does not currently operate air conditioning units containing chlorofluorocarbons (CFCs) at the Homestead Compressor Station. However, should Red Cedar perform any maintenance, service, repair, or disposal of any equipment containing 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 provided by Red Cedar, there are no halon fire extinguishers at the Homestead 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 a request by Red Cedar, EPA has included language in the permit to allow for 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, has equivalent air emission controls and meets 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, NSPS, and MACT permitting requirements are not circumvented by off permit changes. Related language is also included in the section on Alternative Operating Scenarios.

Conclusion

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

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.

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.

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. 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.