



**Southern Ute Indian Tribe
Environmental Programs Division
Air Quality Program
71 Mike Frost Way
Ignacio, Colorado 81137**

**AIR POLLUTION CONTROL
TITLE V PERMIT TO OPERATE**

In accordance with the provisions of Title V of the Clean Air Act (42 U.S.C. 7661-7661f) and Part 1, Article II of the Southern Ute Indian Tribe/State of Colorado Environmental Commission's Reservation Air Code (RAC) and applicable rules and regulations,

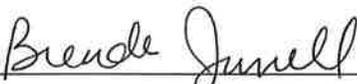
**Elm Ridge Exploration Company
Ignacio Gas Treating Plant**

is authorized to operate air emission units and to conduct other air pollutant emitting activities in accordance with the conditions listed in this permit.

This source is authorized to operate at the following location:

**Southern Ute Indian Reservation
Section 13, T33N R9W
La Plata County, Colorado**

Terms not otherwise defined in this permit have the meaning assigned to them in the referenced regulations. All terms and conditions of the permit are enforceable by the Tribe and citizens under the Clean Air Act.



Brenda Jarrell, Air Quality Program Manager
Environmental Programs Division
Southern Ute Indian Tribe

**AIR POLLUTION CONTROL
TITLE V PERMIT TO OPERATE
Elm Ridge Exploration Company
Ignacio Gas Treating Plant**

Permit Number: V-SUIT-0052-2014.00
[Replaces EPA-issued Permit No.:]

Issue Date: August 28, 2014
Effective Date: October 7, 2014
Expiration Date: October 7, 2019

The permit number cited above should be referenced in future correspondence regarding this facility.

Permit Issuance History

DATE	TYPE OF ACTION	SECTION NUMBER AND TITLE	DESCRIPTION OF ACTION
August 2014	Initial Part 70 Permit Issued		# V-SUIT-0052-2014.00

Table of Contents

Abbreviations and Acronyms	iii
List of Tables	iv
I. Source Information and Emission Unit Identification	1
I.A. Source Information	1
I.B. Source Emission Points	2
II. Site Specific Requirements	4
II.A. 40 CFR Part 63, Subpart A - National Emission Standards for Hazardous Air Pollutants, General Provisions	4
II.B. 40 CFR Part 63, Subpart HH - National Emission Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities	4
II.C. 40 CFR Part 60, Subpart A –Standards of Performance for New Stationary Sources	4
II.D. Standards of Performance for Stationary Spark Ignition Internal Combustion Engines - 40 CFR Part 60, Subpart JJJJ	4
1. Applicability	4
2. Emission Standards	5
3. Compliance Requirements	5
4. Testing Requirements	5
5. Notification, Reports, and Records	5
II.E. 40 CFR Part 63, Subpart A – National Emission Standards for Hazardous Air Pollutants, General Provisions,	6
II.F. 40 CFR Part 63, Subpart ZZZZ - National Emission Standards for Hazardous Air Pollutants From Reciprocating Internal Combustion Engines	6
1. Applicability	6
2. Emission Limits and Operating Requirements	7
3. Operation and Maintenance Requirements	8
4. Performance Test Requirements	8
5. Performance Test Procedures	9
6. Monitoring	10
7. Initial Compliance Requirements	10
8. Continuous Compliance Requirements	12
9. Notifications	14
10. Record Keeping	15
11. Reporting	16
III. Consent Decree Requirements	19
Requirements of Consent Decree Case No. 1:12-cv-02584-REB-KLM	19
III.A. Mitigation Project: Replacement of Engines E1, E2, E3, and E4	19
III.B. RICE Requirements	19
III.C. Additional Requirements under This Agreement	20
III.D. Reporting Requirements	21

IV.	Facility-Wide Requirements	22
IV.A.	<i>General Recordkeeping Requirements</i>	22
IV.B.	<i>General Reporting Requirements</i>	22
IV.C.	<i>Alternative Operating Scenarios</i>	24
IV.D.	<i>Permit Shield</i>	25
V.	Part 70 Administrative Requirements	25
V.A.	<i>Annual Fee Payment</i>	25
V.B.	<i>Compliance Requirements</i>	27
V.C.	<i>Duty to Provide and Supplement Information</i>	29
V.D.	<i>Submissions</i>	29
V.E.	<i>Severability Clause</i>	30
V.F.	<i>Permit Actions</i>	30
V.G.	<i>Administrative Permit Revision</i>	30
V.H.	<i>Minor Permit Revisions</i>	31
V.I.	<i>Significant Permit Revisions</i>	32
V.J.	<i>Permit Reopenings, Revocations and Reissuances, and Terminations</i>	32
V.K.	<i>Property Rights</i>	33
V.L.	<i>Inspection and Entry</i>	33
V.M.	<i>Emergency Situations</i>	34
V.N.	<i>Permit Transfers</i>	34
V.O.	<i>Off-Permit Changes</i>	34
V.P.	<i>Permit Expiration and Renewal</i>	35
VI.	Appendix	37
VI.A.	<i>Inspection Information</i>	37
VI.B.	<i>Consent Decree Case No. 1:12-cv-02584-REB-KLM</i>	38

Abbreviations and Acronyms

4SLB	Four-Stroke Lean-Burn
4SRB	Four-Stroke Rich-Burn
AFS	Air Facility System database
AQP	Southern Ute Indian Tribe's Air Quality Program
bbf	Barrels
BACT	Best Available Control Technology
CAA	Clean Air Act [42 U.S.C. Section 7401 et seq.]
CAM	Compliance Assurance Monitoring
CEMS	Continuous Emission Monitoring System
CFR	Code of Federal Regulations
CMS	Continuous Monitoring System (includes COMS, CEMS and diluent monitoring)
COMS	Continuous Opacity Monitoring System
CO	Carbon monoxide
CO ₂	Carbon dioxide
dscf	Dry standard cubic foot
dscm	Dry standard cubic meter
EPA	United States Environmental Protection Agency
gal	Gallon
GPM	Gallons per minute
H ₂ S	Hydrogen sulfide
HAP	Hazardous Air Pollutant
hr	Hour
ID	Identification Number
kg	Kilogram
lbs	Pounds
MACT	Maximum Achievable Control Technology
Mg	Megagram
MMBtu	Million British Thermal Units
MMSCFD	Million standard cubic feet per day
mo	Month
NESHAP	National Emission Standards for Hazardous Air Pollutants
NMHC	Non-methane hydrocarbons
NO _x	Nitrogen Oxides
NSPS	New Source Performance Standard
NSR	New Source Review
pH	Negative logarithm of effective hydrogen ion concentration (acidity)
PM	Particulate Matter
PM ₁₀	Particulate matter less than 10 microns in diameter
ppbvd	Parts per billion by volume, dry
ppm	Parts per million
ppmvd	Parts per million by volume, dry
PSD	Prevention of Significant Deterioration
PTE	Potential to Emit
psi	Pounds per square inch
psia	Pounds per square inch absolute
RAC	Southern Ute Indian Tribe/State of Colorado Environmental Commission's Reservation Air Code
RICE	Reciprocating Internal Combustion Engine
RMP	Risk Management Plan
scf	Standard cubic feet
scfm	Standard cubic feet per minute
SI	Spark Ignition
SO ₂	Sulfur Dioxide
SUIT	Southern Ute Indian Tribe
tpy	Ton(s) Per Year
Tribe	Southern Ute Indian Tribe
US EPA	United States Environmental Protection Agency
VOC	Volatile Organic Compounds

List of Tables

Table 1 - Emission Units.....	2
Table 2 - Insignificant Emission Units	3

I. Source Information and Emission Unit Identification

I.A. Source Information

Parent Company Name: Elm Ridge Exploration Company

Plant Name: Ignacio Gas Treating Plant

Plant Location: Section 13, T33N R9W
Latitude: N 37.10
Longitude: W 107.77

State: Colorado

Reservation: Southern Ute Indian Reservation

County: La Plata County

Responsible Official: Vice President

SIC Code: 1311

AFS Plant Identification Number: 08-067-U0045

Other Clean Air Act Permits: This permit (V-SUIT-0052-2014.00) is the first operating permit issued to the facility. There are no other Clean Air Act permits issued to the facility.

Description of Process:

The Ignacio Gas Treating Plant compresses and then dehydrates natural gas for transmission. The plant can process up to 25 MMscf/day of natural gas and began initial operation in 1999. The plant includes eight (8) natural gas-fired compressor engines. These engines were not installed at the same time; they were installed through phases in 1999, 2000, 2004, and 2009 respectively.

The plant also includes three 1.042 MMscf/hr TEG dehydrators with flash tanks. Unit 12b is a standby for unit 12a. The two vents do not operate simultaneously. The facility also includes a membrane unit with a line heater to separate carbon dioxide gas from the natural gas stream. This unit is an insignificant emission unit and is not a regulated source of emissions. Two streams exit the membrane unit: a residue gas stream with a low concentration of carbon dioxide and a permeate gas stream that contains methane and the recovered carbon dioxide. The permeate gas is sent to market via pipeline for downstream

processing and treating. The Ignacio Gas Treating Plant also includes a combination of heaters and reboilers that are considered insignificant emission units.

In accordance with Consent Decree Case No. 1:12-cv-02584-REB-KLM, Elm Ridge is required to replace engine Nos. 1-4 with Caterpillar G3516LE or equivalent, natural gas-fired, turbocharged, four-cycle, lean-burn RICE, site rated at 1,146 hp, which are designed to continually meet a nitrogen oxide rate of 1.00 grams per horsepower hour. Each replacement RICE must be equipped with oxidation catalysts designed to reduce CO, VOC, and formaldehyde emissions by 93%, 60%, and 90% respectively. Two of the existing engines (engines 3 and 4) were replaced as of December 31, 2013. The remaining two engines must be replaced no later than December 31, 2014.

I.B. Source Emission Points

**Table 1 – Emission Units
Elm Ridge Exploration Company, Ignacio Gas Treating Plant**

Emission Unit ID	Description	Control Equipment
E1 E2	2– Caterpillar G3516LE (4SLB SI) natural gas-fired Compressor Engine 1,265 nameplate rated HP Serial No.: 4EK01677 Installed: 01/31/1999 Serial No.: 4EK03210 Installed: 01/31/1999	Miratech Oxidation Catalyst [After Replacement]
E3	1 – Caterpillar G3516LE (4SLB SI) natural gas-fired Compressor Engine, 1,366 nameplate rated HP Serial No.:4EK00226 Installed: 10/30/2013	Miratech Oxidation Catalyst
E4	1 – Caterpillar G3516B (4SLB SI) natural gas-fired Compressor Engine 1,366 nameplate rated HP Serial No.: 4EK01868 Installed: 12/18/2013	Miratech Oxidation Catalyst
E5 E6	2 – Caterpillar G3516LE (4SLB SI) natural gas-fired Compressor Engine 1,265 nameplate rated HP Serial No.:4EK03639 Installed: 01/31/2004 Serial No.:4EK03640 Installed: 01/31/2004	Oxidation Catalyst
E7 E8	2 – Caterpillar G3516LE (4SLB SI) natural gas-fired Compressor Engine 1,340 nameplate rated HP Serial No.:WPW01911 Installed: 05/31/2009 Serial No.:WPW01828 Installed: 05/31/2009	Miratech Oxidation Catalyst
	1 – PBP Fabrication High Pressure TEG Dehydrator Still Vent	Flash Tank

12a	with flash tanks, 25 MMscf/day Serial No.: 125001 Installed: 01/07/2001	Combustion Device
12b	1 – New Point High Pressure TEG Dehydrator Still Vent with flash tanks, 25 MMscf/day Serial No.: 508774 Installed: 01/01/2006	Flash Tank Combustion Device
14	1 – Valerus Low Pressure TEG Dehydrator Still Vent With Flash Tanks, 12 MMscf/day Serial No.: P2162 Installed: 01/04/2008	Flash Tank Combustion Device
15	Fugitive Emissions-Estimated 8,941 components	None

**Table 2 – Insignificant Emission Units
Elm Ridge Exploration Company, Ignacio Gas Treating Plant**

Emission Unit ID	Description	Size/Rating
10b	1 - Line Heater for Membrane Unit	1.75 MMBtu/hr
11a/b	1 - High Pressure Dehydrator Reboiler	1.25 MMBtu/hr
11b	1 - High Pressure Dehydrator Reboiler	0.5 MMBtu/hr
13	1 - Low Pressure Dehydrator Reboiler	1.0 MMBtu/hr
Tank 1	1 - Produced water (inlet) tank	400 bbl
Tank 2	1 - Water/waste oil (compressors) tank	400 bbl
Tank 3	1 - Water/waste oil (compressors) tank	300 bbl
Tank 4, 5	2 - Wash water/oil (compressors) tank	62 bbl
Tank 6, 8	1 - Condensed water (dehydrator regenerator) tank	10 bbl
Tank 7	1 - Triethylene Glycol makeup tank	1,500 gal
Tank 10	1 - Triethylene Glycol makeup tank	2,100 gal
Tank 9	1 - Pit-tank – miscellaneous liquids	62 bbl
Tank 11-16	6 - Lubrication oil tank	500 gal
Tank 17	1 - Lubrication oil tank	300 gal
Tank 18	1 - Coolant tank (50% ethylene glycol)	500 gal
Tank 19, 20	2 - Coolant tank (50% ethylene glycol)	300 gal

II. Site Specific Requirements

Requirements for Dehydrators

II.A. 40 CFR Part 63, Subpart A - National Emission Standards for Hazardous Air Pollutants, General Provisions [40 CFR 63.1 - 63.16, RAC 4-103]

This facility is subject to the requirements of 40 CFR Part 63, Subpart A as outlined in Table 2 of 40 CFR Part 63, Subpart HH. Notwithstanding conditions in this permit, the permittee shall comply with all applicable requirements of 40 CFR Part 63, Subpart A.

[40 CFR 63.764(a)]

II.B. 40 CFR Part 63, Subpart HH - National Emission Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities [40 CFR 63.760 - 63.774, RAC 4-103]

The permittee is the owner or operator of glycol dehydration units (Units 12a, 12b and 14) that are exempt from the standards of 40 CFR §63.764(d). The permittee shall retain each determination used to demonstrate that actual annual average flowrate of natural gas to each glycol dehydrator is less than 85,000 scm/day (3,000,000 scf/day) or the actual average benzene emissions from each dehydrator are below 1 tpy.

[40 CFR 63.764(e)(1), 63.772(b), and 63.774(d)(1)]

Requirements for Engines

II.C. 40 CFR Part 60, Subpart A –Standards of Performance for New Stationary Sources [40 CFR 60.4, 60.4246, 60.4236(b), and RAC 3-102]

This facility is subject to the requirements of 40 CFR Part 60, Subpart A as outlined in Table 3 of 40 CFR Part 60, Subpart JJJJ. Notwithstanding conditions in this permit, the permittee shall comply with all applicable requirements of 40 CFR Part 60, Subpart A.

[40 CFR 60.4246 and 40 CFR 63.6665]

II.D. Standards of Performance for Stationary Spark Ignition Internal Combustion Engines - 40 CFR Part 60, Subpart JJJJ [40 CFR 60.4230-60.4248, RAC 3-102]

1. Applicability [40 CFR 60.4230]

a. 40 CFR Part 60, Subpart JJJJ applies to the following emission unit:

- i. Unit E3 – 1366 nameplate rated bhp Caterpillar G3516B natural gas-fired SI 4SLB engine, manufactured after July 1, 2010 ; and

- ii. Unit E4 - 1366 nameplate rated bhp Caterpillar G3516B natural gas-fired SI 4SLB engine, manufactured after July 1, 2010

2. Emission Standards [40 CFR 60.4233, 60.4234]

- a. The Permittee must comply with the following emissions standards for each engine as specified in §60.4233(e) and Table 1 of 40 CFR Subpart JJJJ:

Emission standards					
g/HP-hr			ppmvd at 15% O ₂		
NO _x	CO	VOC	NO _x	CO	VOC
1.0	2.0	0.7	82	270	60

- b. For each engine that was certified to the certification emission standards in 40 CFR Part 1048 applicable to engines that are not severe duty engines, the permittee may meet the CO certification (not field testing) standard for which the engine was certified in accordance with §60.4233(e).
- c. The Permittee must operate and maintain the engines subject to the emission standards over the entire life of the engine, as specified in §60.4234.

3. Compliance Requirements [40 CFR 60.4243]

The Permittee must meet all of the applicable compliance requirements as specified in §60.4243.

4. Testing Requirements [40 CFR 60.4244]

For each performance test required under §60.4243, the Permittee must meet the performance testing requirements of §60.4244.

5. Notification, Reports, and Records [40 CFR 60.4245]

The Permittee must meet all of the applicable notification, reporting, and recordkeeping requirements of §60.4245.

II.E. 40 CFR Part 63, Subpart A – National Emission Standards for Hazardous Air Pollutants, General Provisions, [40 CFR 63.1 - 63.16, RAC 4-103]

This facility is subject to 40 CFR Part 63, Subpart A as outlined in Table 8 of 40 CFR Part 63, Subpart ZZZZ. Notwithstanding conditions in this permit, the permittee shall comply with all applicable requirements of 40 CFR Part 63, Subpart A.

[40 CFR 63.6665]

II.F. 40 CFR Part 63, Subpart ZZZZ - National Emission Standards for Hazardous Air Pollutants From Reciprocating Internal Combustion Engines [40 CFR 63.6580 - 63.6675, RAC 4-103]

This facility is subject to the requirements of 40 CFR Part 63, Subpart ZZZZ for new four-stroke lean-burn (4SLB) stationary reciprocating internal combustion engines (RICE) with a site rating of more than 500 brake horsepower located at a major source of hazardous air pollutants (HAPs). Notwithstanding conditions in this permit, the permittee shall comply with all applicable requirements of 40 CFR Part 63, Subpart ZZZZ.

1. Applicability

- a. 40 CFR Part 63, Subpart ZZZZ applies to the following engines:
 - i. Unit E3 -1,348 site rated bhp, Caterpillar G3516B, natural gas-fired SI 4SLB engine, constructed prior to December 19, 2002;
 - ii. Unit E4 - 1,348 site rated bhp, Caterpillar G3516B, natural gas-fired SI 4SLB engine, constructed prior to December 19, 2002;
 - iii. Unit E5 - 1,146 site rated bhp, Caterpillar G3516LE, natural gas-fired SI 4SLB engine, constructed after December 19, 2002;
 - iv. Unit E6 – 1,146 site rated bhp, Caterpillar G3516LE, natural gas-fired SI 4SLB engine, constructed after December 19, 2002;
 - v. Unit E7 - 1,197 site rated bhp, Caterpillar G3516LE, natural gas-fired SI 4SLB engine, constructed after December 19, 2002;
 - vi. Unit E8 - 1,197 site rated bhp, Caterpillar G3516LE, natural gas-fired SI 4SLB engine, constructed after December 19, 2002;

2. Emission Limits and Operating Requirements

- a. The permittee must comply with the applicable requirements in Tables 2a, 2b, and 2c to this subpart.

[40 CFR 63.6600, 63.6602]

- b. Emissions from engine units E3, E4, E5, E6, E7, and E8, equipped with an oxidation catalyst device, must meet one of the following emission limitations according to Table 2a of 40 CFR Part 63, Subpart ZZZZ:

- i. Except during periods of startup:

1. Reduce CO emissions by 93 percent or more; or
2. Limit the concentration of formaldehyde in the engine exhaust to 14 ppmvd or less at 15 percent O₂.

- ii. During periods of startup:

1. Minimize the engine's time spent at idle and minimize the engine's startup time to a period needed for appropriate and safe loading of the engine, not to exceed 30 minutes, after which time the non-startup emission limitations apply.

[40 CFR 63.6600(b) & Table 2a of 40 CFR Part 63, Subpart ZZZZ]

- c. The permittee shall comply with the emission limitations, operating limitations, and other requirements in 40 CFR Part 63, Subpart ZZZZ at all times.

[40 CFR 63.6605(a)]

- d. For engine units E3, E4, E5, E6, E7, and E8, equipped with an oxidation catalyst device, the permittee must meet the following operating limitations except during periods of startup according to Table 2b to 40 CFR Part 63, Subpart ZZZZ:

- i. Maintain the catalyst so that the pressure drop across the catalyst does not change by more than two inches of water at 100 percent load plus or minus 10 percent from the pressure drop across the catalyst measured during the initial performance test; and
- ii. Maintain the temperature of the engine exhaust so that the catalyst inlet temperature is greater than or equal to 450 °F and less than or equal to 1,350 °F.

[40 CFR 63.6600(b) and Table 2b of Subpart ZZZZ]

3. Operation and Maintenance Requirements

- a. The permittee must be in compliance with the emission limitations, operating limitations and other requirements in this subpart at all times.
[40 CFR 63.6605(a)]
- b. At all times, the permittee must operate and maintain any affected source, including associated air pollution control equipment and monitoring equipment, in a manner consistent with safety and good air pollution control practices for minimizing emissions to the levels required by 40 CFR Part 63, Subpart ZZZZ. The general duty to minimize emissions does not require the permittee to make any further efforts to reduce emissions if the required levels have been achieved. Determination of whether such operations and maintenance procedures are being used will be based on information available to the Administrator, which may include, but is not limited to, monitoring results, review of operation and maintenance procedures, review of operation and maintenance records, and inspection of the source.
[40 CFR 63.6605(b)]
- c. For emission units E3, E4, E5, E6, E7, and E8, the permittee must minimize the engine's time spent at idle during startup and minimize the engine's startup time to a period needed for appropriate and safe loading of the engine, not to exceed 30 minutes.
[40 CFR 63.6625(h)]

4. Performance Test Requirements

- a. The permittee must conduct an initial performance test or other initial compliance demonstrations that apply within 180 days after the compliance date that is specified for engine units E3, E4, E5, E6, E7, and E8, in §63.6595 and according to the provisions of §63.7(a)(2).
[40 CFR 63.6610(a)]
- b. The permittee is not required to conduct an initial performance test on units for which a performance test has been previously conducted, but the test must meet all of the conditions described in §§63.6610(d)(1) through (5).
[40 CFR 63.6610(d)]
- c. The permittee shall perform subsequent performance tests semi-annually. After compliance is demonstrated for two consecutive tests, the testing frequency shall be reduced to annually. However, should the results of any subsequent annual performance test indicate that engine unit(s) E3, E4, E5, E6, E7, or E8 is not in compliance with the emission limitations, or the permittee deviates from any operating limitations, then semi-annual performance tests shall be resumed.

5. Performance Test Procedures

- a. The permittee may demonstrate compliance with the requirements to reduce carbon monoxide emissions using the performance test requirements according to Table 4, Item 1 of 40 CFR Part 63, Subpart ZZZZ; or
[40 CFR 63.6610(a)]
- b. The permittee may demonstrate compliance with the requirements to limit the concentration of formaldehyde in the engine exhaust using the performance test requirements according to Table 4, Item 3 of 40 CFR Part 63, Subpart ZZZZ.
[40 CFR 63.6610(a)]
- c. The permittee must conduct each performance test according to the requirements in Table 4 of 40 CFR Part 63, Subpart ZZZZ. The test must be conducted at any load condition within plus or minus 10 percent of 100 percent load. If an engine unit is non-operational (E3, E4, E5, E6, E7, or E8), the permittee does not need to start up the engine solely to conduct the performance test. The permittee can conduct the performance test when the engine is started up again.
[40 CFR 63.6620(b)]
- d. The permittee must conduct three separate test runs for each performance test required, as specified in §63.7(e)(3). Each test run must last at least 1 hour as specified in §63.7(e)(3).
[40 CFR 63.6620(d)]
- e. The permittee must use the equations of §63.6620(e) when:
 - i. Demonstrating compliance with the percent carbon monoxide reduction requirements; or
 - ii. Demonstrating compliance by limiting the concentration of formaldehyde.[40 CFR 63.6620(e)]
- f. The engine percent load during a performance test must be determined by documenting the calculations, assumptions, and measurement devices used to measure or estimate the percent load in a specific application. A written report of the average percent load determination must be included in the notification of compliance status. The following information must be included in the written report:
 - i. The engine model number;

- ii. The engine manufacturer;
 - iii. The year of purchase;
 - iv. The manufacturer's site-rated brake horsepower;
 - v. The ambient temperature, pressure, and humidity during the performance test;
 - vi. All assumptions that were made to estimate or calculate percent load during the performance test must be clearly explained; and
 - vii. If measurement devices such as flow meters, kilowatt meters, beta analyzers, strain gauges, etc. are used, the model number of the measurement device, and an estimate of its accuracy in percentage of true value must be provided.
- [40 CFR 63.6620(i)]

6. Monitoring

- a. The permittee must install, operate, and maintain each Continuous Parameter Monitoring System (CPMS) according to the requirements in paragraphs (b)(1) through (8) of §63.6625 of 40 CFR Part 63, Subpart ZZZZ.

[40 CFR 63.6625(b)]
- b. Except for monitor malfunctions, associated repairs, required performance evaluations, and required quality assurance or control activities (including, as applicable, calibration checks and required zero and span adjustments), the permittee must monitor continuously at all times that the engines are operating.

[40 CFR 63.6635(b)]
- c. The permittee may not use data recorded during monitoring malfunctions, associated repairs, and required quality assurance or control activities in data averages and calculations used to report emission or operating levels. The permittee must, however, use all the valid data collected during all other periods.

[40 CFR 63.6635(c)]

7. Initial Compliance Requirements

- a. The permittee must demonstrate initial compliance with each emission and operating limitation that applies according to the following:

- i. For engine unit(s) E3, E4, E5, E6, E7, or E8, complying with the requirement to reduce CO emissions and using an oxidation catalyst as specified in the **Subpart ZZZZ, Emission Limits and Operating Requirements** section of this permit, the permittee shall:
 1. Demonstrate that the average reduction of emissions of CO determined from the initial performance test achieves the required CO percent reduction; and
 2. Install a Continuous Parameter Monitoring System (CPMS) to continuously monitor catalyst inlet temperature according to the requirements in §63.6625(b); and
 3. Record the catalyst pressure drop and catalyst inlet temperature during the initial performance test.

- ii. For engine unit(s) E3, E4, E5, E6, E7, or E8, complying with the requirement to reduce CO emissions, using an oxidation catalyst as specified in the **Subpart ZZZZ, Emission Limits and Operating Requirements** section of this permit, and using a continuous emissions monitoring system (CEMS) the permittee shall:
 1. Install a CEMS to continuously monitor CO and either O₂ or CO₂ at both the inlet and outlet of the oxidation catalyst according to the requirements in §63.6625(a);
 2. Conduct a performance evaluation of the CEMS using performance specifications 3 and 4A or 40 CFR part 60, Appendix B; and
 3. Demonstrate that the average reduction of CO equals or exceeds the required percent reduction. The initial test comprises the first 4-hour period after successful validation of the CEMS. Compliance is based on the average percent reduction achieved during the 4-hour period.

- iii. For engine unit(s) E3, E4, E5, E6, E7, or E8, complying with the requirement to limit the concentration of formaldehyde in the engine exhaust and using an oxidation catalyst as specified in the **Subpart ZZZZ, Emission Limits and Operating Requirements** section of this permit, the permittee shall:
 1. Demonstrate that the average formaldehyde concentration, corrected to 15 percent O₂, dry basis, from the three test runs is less than or equal to the formaldehyde emission limitation;
 2. Install a CPMS to continuously monitor catalyst inlet temperature according to the requirements in §63.6625(b); and

3. Record the catalyst pressure drop and catalyst inlet temperature during the initial performance test.

[40 CFR 63.6630(a)]

- b. During the initial performance test, the permittee must establish each of the following operating limitations for engine units E3, E4, E5, E6, E7, and E8:

- i. The pressure drop across the catalyst at 100 percent load plus or minus 10 percent; and
- ii. The temperature of the engine exhaust so that the catalyst inlet temperature is greater than or equal to 450 °F and less than or equal to 1,350 °F.

[40 CFR 63.6630(b)]

- c. The permittee must submit the Notification of Compliance Status containing the results of the initial compliance demonstration, including the performance test results, before the close of business on the 60th day following the completion of the performance test according to requirements of §63.10(d)(2).

[40 CFR 63.6630(c) and 40 CFR 63.6645(h)(2)]

8. Continuous Compliance Requirements

- a. The permittee must demonstrate continuous compliance with each emission limitation and operating limitation in 40 CFR Part 63, Subpart ZZZZ that applies according to the following methods:

- i. For engine unit(s) E3, E4, E5, E6, E7, or E8, complying with the requirement to reduce CO emissions and using an oxidation catalyst as specified in the **Subpart ZZZZ, Emission Limits and Operating Requirements** section of this permit and using a Continuous Parameter Monitoring System (CPMS), the permittee shall:

1. Conduct semiannual performance tests for CO to demonstrate that the required CO percent reduction is achieved. After compliance has been demonstrated for two consecutive tests, the permittee may reduce the frequency of subsequent performance tests to annually. If the results of any subsequent annual performance test indicate the engine is not in compliance with the CO or formaldehyde emission limitations, or the permittee deviates from any of the operating limitations, the permittee must resume semiannual performance tests; and
2. Collect the catalyst inlet temperature data according to §63.6625(b) reduce these data to 4-hour rolling averages, and maintain the 4-hour rolling average within the operating limitations for the catalyst inlet temperature; and

3. Measure the pressure drop across the catalyst once per month and demonstrate that the pressure drop across the catalyst is within the operating limitation established during the performance test.
- ii. For engine unit(s) E3, E4, E5, E6, E7, or E8, complying with the requirement to reduce CO emissions, using an oxidation catalyst as specified in the **Subpart ZZZZ, Emission Limits and Operating Requirements** section of this permit, and using a continuous emissions monitoring system (CEMS) the permittee shall:
 1. Collect monitoring data according to §63.6625(a), reducing the measurements to 1-hour averages, calculating the percent reduction of CO emission according to §63.6620;
 2. Demonstrate that the catalyst achieves the required percent reduction of CO emissions over the 4-hour averaging period; and
 3. Conduct an annual RATA of the CEMS using performance specifications 3 and 4A of 40 CFR Part 60, Appendix B, as well as daily and periodic data quality checks in accordance with 40 CFR Part 60 Appendix F, procedure 1.
 - iii. For engine unit(s) E3, E4, E5, E6, E7, or E8, complying with the requirement to limit the concentration of formaldehyde in the engine exhaust and using an oxidation catalyst as specified in the **Subpart ZZZZ, Emission Limits and Operating Requirements** section of this permit, the permittee shall:
 1. Conduct semiannual performance tests for formaldehyde to demonstrate that the emissions remain at or below the formaldehyde concentration limit. After compliance has been demonstrated for two consecutive tests, the permittee may reduce the frequency of subsequent performance tests to annually. If the results of any subsequent annual performance test indicate the engine is not in compliance with the CO or formaldehyde emission limitations, or the permittee deviates from any of the operating limitations, the permittee must resume semiannual performance tests;
 2. Collect the catalyst inlet temperature data according to §63.6625(b);
 3. Reduce the data to 4-hour rolling averages;
 4. Maintain the 4-hour rolling averages within the operating limitations for the catalyst inlet temperature; and

5. Measure the pressure drop across the catalyst once per month and demonstrate that the pressure drop across the catalyst is within the operating limitation established during the performance test.

[40 CFR 63.6640(a)]

- b. The permittee must report each instance in which an emission or operating limit was not met. These instances are deviations from the emission and operating limitations and must be reported according to reporting requirements of §63.6650 and the **Subpart ZZZZ, Reporting** section of this permit.

[40 CFR 63.6640(b)]

- c. Upon changing of catalyst, values of the operating parameters measured during the initial performance test must be reestablished. Upon reestablishment of the operating parameters, the permittee must conduct a performance test to demonstrate that the required emission limitations continue to be met.

[40 CFR 63.6640(b)]

- d. Deviations from the emission or operating limitations that occur during 200 hours of operation from engine startup (engine burn-in period) are not violations.

[40 CFR 63.6640(d)]

- e. The permittee must also report each instance in which the requirements in Table 8 of 40 CFR Part 63, Subpart ZZZZ, were not met.

[40 CFR 63.6640(e)]

9. Notifications

- a. The permittee must submit all of the notifications in §§63.7(b) and (c), §§63.8(e), (f)(4) and (f)(6), §§63.9(b) through (e), and (g) and (h) of the General Provisions that apply by the dates specified.

[40 CFR 63.6645(a)]

- b. Upon startup of a new or reconstructed stationary RICE occurring on or after August 16, 2004, the permittee must submit an Initial Notification not later than 120 days after it becomes subject to 40 CFR Part 63, Subpart ZZZZ.

[40 CFR 63.6645(c)]

- c. If the permittee is required to submit an Initial Notification but the engine in question is otherwise not affected by the requirements of 40 CFR Part 63, Subpart ZZZZ, in accordance with §63.6590(b), the notification should include the information in §§63.9(b)(2)(i) through

(v), and a statement that the engine has no additional requirements and explain the basis of the exclusion (for example, that it operates exclusively as an emergency stationary RICE).

[40 CFR 63.6645(f)]

- d. If a performance test is required, the permittee must submit a Notification of Intent to conduct a performance test at least 60 days before the performance test is scheduled to begin as required in §63.7(b)(1).

[40 CFR 63.6645(g)]

- e. If a performance test or other initial compliance demonstration is required, the permittee must submit a Notification of Compliance Status according to §63.9(h)(2)(ii).

[40 CFR 63.6645(h)]

10. Record Keeping

- a. The permittee must keep the following records to comply with the emission and operating limitations:
- i. A copy of each notification and report that was submitted to comply with 40 CFR Part 63, Subpart ZZZZ, including all documentation supporting any Initial Notification or Notification of Compliance Status that was submitted, according to the requirements of §63.10(b)(2)(xiv);
 - ii. Records of the occurrence and duration of each malfunction of operation (i.e. process equipment) or the air pollution control and monitoring equipment;
 - iii. Records of performance tests and performance evaluations as required in §63.10(b)(2)(viii);
 - iv. Records of all required maintenance performed on the air pollution control equipment; and
 - v. Records of actions taken during periods of malfunction to minimize emissions in accordance with §63.6605(b) and the **Subpart ZZZZ, Operation and Maintenance Requirements** section of this permit, including corrective actions to restore malfunctioning process and air pollution control and monitoring equipment to its normal or usual manner of operation.

[40 CFR 63.6655(a)]

- b. For each CEMS or CPMS, the permittee must keep the following records:

- i. Records described in §63.10(b)(2)(vi) through (xi);
- ii. Previous (i.e., superseded) versions of the performance evaluation plan as required in §63.8(d)(3); and
- iii. Requests for alternatives to the relative accuracy test for CEMS or CPMS as required in §63.8(f)(6)(i), if applicable.

[40 CFR 63.6655(b)]
- c. The permittee must keep the records required in Table 6 of this subpart and the **Subpart ZZZZ, Continuous Compliance Requirements** section of this permit to show continuous compliance with each emission or operating limitation that applies.

[40 CFR 63.6655(d)]
- d. Records must be in a form suitable and readily available for expeditious review.

[40 CFR 63.6660(a) and 40 CFR 63.10(b)(1)]
- e. The permittee must keep each record for 5 years following the date of each occurrence, measurement, maintenance, corrective action, report, or record.

[40 CFR 63.6660(b) and 40 CFR 63.10(b)(1)]
- f. The permittee must keep each record readily accessible in hard copy or electronic form at the Ignacio Gas Treating Plant, for five (5) years after the date of each occurrence, measurement, maintenance, corrective action, report, or record.

[40 CFR 63.10(b)(1), 40 CFR 63.10(f), and 40 CFR 63.6660(c)]

11. Reporting

- a. The permittee must submit a compliance report semi-annually by January 31st and July 31st of each year. The report due on January 31st shall cover the prior six-month period from July 1st through the end of December. The report due on July 31st shall cover the prior six-month period from January 1st through the end of June.

[40 CFR 63.6650(b)]
- b. The compliance report must report all deviations as defined in this subpart in the semi-annual monitoring report required by §70.6(a)(3)(iii)(A) and the **General Reporting Requirements** section of this permit. If the compliance report is submitted along with, or as part of the semiannual monitoring report, and the compliance report includes all required information concerning deviation from any emission or operating limitation in this subpart, submission of

the compliance report shall be deemed to satisfy any obligation to report the same deviations in the semiannual monitoring report. However, submission of a compliance report shall not otherwise affect any obligation the affected source may have to report deviations from permit requirements to the Tribe.

[40 CFR 63.6650(f)]

c. The semiannual compliance report must contain the following:

- i. Company name and address;
- ii. Statement by the responsible official, with that official's name, title, and signature, certifying the accuracy of the content of the report;
- iii. The date of the report and beginning and ending dates of the reporting period;
- iv. In the event a malfunction has occurred during the reporting period, the report must include the number, duration, and a brief description for each type of malfunction which occurred during the reporting period and which caused or may have caused any applicable emission limitation to be exceeded. The report must also include a description of actions taken by the permittee during a malfunction of an engine to minimize emissions in accordance with the **Subpart ZZZZ, Operation and Maintenance Requirements** section of this permit, including actions taken to correct a malfunction;
- v. If there are no deviations from any applicable emission limitations, or operating limitations, a statement that there were no deviations from the emissions limitations or operating limitations during the reporting period; and
- vi. If there were no periods during which the continuous monitoring system (CMS), including CEMS and CPMS, was out-of-control, as specified in §63.8(c)(7), a statement that there were no periods during which the CMS was out-of-control during the reporting period.

[40 CFR 63.6650(c)]

d. For each deviation from an emission or operating limitation that occurs for an engine where a CMS is not being used to comply with the emission and operating limits, the compliance report must contain the following information:

- i. Information required in the **Subpart ZZZZ, Reporting** (3(a) through (d)) section of this permit;
- ii. The total operating time of the engine at which the deviation occurred during the reporting period; and

- iii. Information on the number, duration, and cause of deviations (including unknown cause, if applicable), and the corrective action taken.

[40 CFR 63.6650(d)]

- e. For each deviation from an emission or operating limitation that occurs for an engine where a CMS is being used to comply with the emission and operating limits, the compliance report must contain the following information:
 - i. Information required in the **Subpart ZZZZ, Reporting** (3(a) through (d)) section of this permit;
 - ii. The date and time that each malfunction started and stopped;
 - iii. The date, time, and duration that each CMS was inoperative, except for zero (low-level) and high-level checks;
 - iv. The date, time, and duration that each CMS was out-of-control, including the information in §63.8(c)(8);
 - v. The date and time that each deviation started and stopped, and whether each deviation occurred during a period of malfunction or during another period;
 - vi. A summary of the total duration of the deviation(s) during the reporting period, and the total duration as a percent of the total source operating time during that reporting period;
 - vii. A breakdown of the total duration of the deviations during the reporting period into those that are due to control equipment problems, process problems, other known causes, and other unknown causes;
 - viii. A summary of the total duration of CMS downtime during the reporting period, and the total duration of CMS downtime as a percent of the total operating time of the engine at which the CMS downtime occurred during the reporting period;
 - ix. An identification of each parameter and pollutant (CO or formaldehyde) that was monitored at the engine;
 - x. A brief description of the engine;
 - xi. A brief description of the CMS;

- xii. The date of the last CMS certification audit; and
- xiii. A description of any changes in CMS, processes, or controls since the last reporting period.

[40 CFR 63.6650(e)]

III. Consent Decree Requirements

Requirements of Consent Decree Case No. 1:12-cv-02584-REB-KLM

This source is subject to the requirements of Consent Decree Case No. 1:12-cv-02584-REB-KLM (Consent Decree), filed and effective on November 8, 2012. Notwithstanding the conditions in this permit, the permittee shall comply with all applicable provisions of the Consent Decree.

III.A. Mitigation Project: Replacement of Engines E1, E2, E3, and E4

[Consent Decree Case No. 1:12-cv-02584-REB-KLM, Paragraph 11]

1. Not later than December 31, 2013, the permittee shall replace two of the currently uncontrolled E1, E2, E3 and E4 with “Replacement RICE”, and not later than December 31, 2014, the permittee shall replace the remaining two of the currently uncontrolled E1, E2, E3 and E4 with “Replacement RICE”. The Replacement RICE will be Caterpillar G3516LE, or equivalent, natural gas fired, turbocharged, four-cycle, lean burn reciprocating engines, site-rated at 1,146 brake horsepower, designed to continually meet a nitrogen oxides (NO_x) rate of 1.00 grams/horsepower hour. Each Replacement RICE will be equipped with oxidation catalysts designed to reduce carbon monoxide (CO) by 93%, volatile organic compounds (VOC) by 60%, and to reduce formaldehyde by 90%.

III.B. RICE Requirements

[Consent Decree Case No. 1:12-cv-02584-REB-KLM, Paragraphs 12 through 14]

1. The following “RICE Requirements” shall apply to E5, E6, E7, and E8 (“Remaining RICE”) on the Effective Date of this Consent Decree, and to each Replacement RICE upon its installation at the Facility.
2. Each Remaining RICE, and each Replacement RICE is subject to 40 C.F.R. Part 63, Subpart ZZZZ – National Emission Standards for Hazardous Air Pollutants from Stationary Reciprocating Internal Combustion Engines (hereinafter “Subpart ZZZZ”). For purposes of Subpart ZZZZ compliance, the Facility is considered a major source under Subpart ZZZZ as of the Effective Date of this Consent Decree and all RICE will be considered “new” for purposes of Subpart ZZZZ once the Replacement RICE are installed. The initial notification requirements of 40 C.F.R. §§63.9(b) and 63.6645, and any other initial notifications required by ZZZZ for the Remaining RICE, shall

be deemed satisfied on the Effective Date of this Consent Decree. The permittee shall thereafter comply with all other emission and operating limitations, compliance demonstration, notification, and reporting requirements of 40 C.F.R. Part 63, Subparts A and ZZZZ by the dates set forth in the regulations. For purposes of the testing and initial compliance requirements in 40 C.F.R. §63.6610 and the compliance reporting requirements in 40 C.F.R. §63.6650(b), the “compliance date” and “start up” date shall be the Effective Date of this Consent Decree for each Remaining RICE, and the installation date for each Replacement RICE.

3. For each Replacement RICE, the permittee shall comply with the requirements specified below:
 - a. Emissions Control. In addition to complying with the requirements of Subpart ZZZZ, each Replacement RICE at the Facility shall be equipped with oxidation catalyst controls and shall not exceed an emission limit of 1.3 g/hp-hr for NO_x, as determined below, in paragraph c(2), using the averaging times for the applicable test method.
 - b. Performance Testing for NO_x.
 - i. Not later than 180 days after the start-up date for each Replacement RICE, the permittee shall conduct initial performance tests for NO_x on each Replacement RICE using a test protocol identified in subparagraph c(2)(iii), below.
 - ii. The permittee shall retest each RICE for NO_x on the same schedule and concurrently with each subsequent performance test required for Subpart ZZZZ (for CO or formaldehyde) using the same test protocol as used to comply with subparagraph c(2)(i), above. The permittee shall submit to EPA the test results for NO_x on the Replacement RICE with the semi-annual report required pursuant to Subpart ZZZZ.
 - iii. The permittee shall select among the following test methods: 40 C.F.R. Part 60, Appendix A, Method 1 or 1A – Sampling port location and number of traverse points; 40 C.F.R. Part 60, Appendix A, Method 3, 3A or 3B – O₂ concentration at inlet and outlet; 40 C.F.R. Part 60, Appendix A, Method 4 – Moisture Content; 40 C.F.R. Part 60, Appendix A, Method 7E – Determination of nitrogen oxides emissions. In the alternative, the permittee may select methods for NO_x measurements contained in the State of Wyoming Portable Analyzer Monitoring Protocol (revised January 25, 2006), or other methods if approved by EPA under this Consent Decree.

III.C. Additional Requirements under This Agreement

[Consent Decree Case No. 1:12-cv-02584-REB-KLM, Paragraph 19]

1. Not later than 180 days after the Effective Date of this Consent Decree, the permittee shall convert all natural gas powered pneumatic controllers at the Facility to compressed instrument air. Not later than 30 days after completing this project, the permittee shall submit a report to EPA with an

accompanying spreadsheet that identifies a description of the work completed, the estimated annual methane and VOC emission reductions, amount of natural gas conserved, and the approximate cost of the work.

III.D. Reporting Requirements

[Consent Decree Case No. 1:12-cv-02584-REB-KLM, Paragraphs 37 through 42]

1. On the date the permittee submits its semi-annual or other periodic reports pursuant to 40 C.F.R. Subpart ZZZZ or, if no such reports are submitted during a calendar year, not later than January 31 of the succeeding calendar year, the permittee shall submit a report for the preceding year that shall include a description of any non-compliance with the requirements of this Consent Decree and an explanation of the violation's likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation. If the cause of a violation cannot be fully explained at the time the report is due, the permittee shall so state in the report. The permittee shall thereafter investigate the cause of the violation and shall then submit an amendment to the report, including a full explanation of the cause of the violation, within 30 Days of the Day the permittee becomes aware of the cause of the violation.
2. Whenever any violation of this Consent Decree or of any applicable permits or any other event affecting the permittee's performance under this Decree, or the performance of its Facility, may pose an immediate threat to the public health or welfare or the environment, the permittee shall notify EPA orally or by electronic facsimile transmission as soon as possible, but no later than 24 hours after the permittee first knew of the violation or event. This procedure is in addition to the requirements set forth in the preceding paragraph.
3. All reports shall be submitted to the persons designated in Section XIV of the Consent Decree (Notices).
4. Each report submitted by the permittee under this Section shall be signed by an official of the submitting party and include the following certification:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

This certification requirement does not apply to emergency or similar notifications where compliance would be impractical.

IV. Facility-Wide Requirements

Conditions in this section of the permit apply to all emissions units located at the facility, including any units not specifically listed in Table 1 or Table 2 of the Source Emission Points section of this permit.

[RAC 2-110(1)(d)]

IV.A. General Recordkeeping Requirements [RAC 2-110(6)]

The permittee shall comply with the following generally applicable recordkeeping requirements:

1. If the permittee determines that his or her stationary source that emits (or has the potential to emit, without federally recognized controls) one or more hazardous air pollutants is not subject to a relevant standard or other requirement established under 40 CFR Part 63, the permittee shall keep a record of the applicability determination on site at Ignacio Gas Treating Plant for a period of five years after the determination, or until the source changes its operations to become an affected source, whichever comes first. The record of the applicability determination shall include an analysis (or other information) that demonstrates why the permittee believes the source is unaffected (e.g., because the source is an area source).

[40 CFR 63.10(b)(3)]

2. Records shall be kept of off permit changes made, as required by the Off Permit Changes section of this permit.

IV.B. General Reporting Requirements

1. The permittee shall submit to the Tribe all reports of any required monitoring under this permit semiannually, by January 31 and July 31 of each year. The report due on January 31 shall cover the July 1 - December 31 reporting period of the previous calendar year. The report due on July 31 shall cover the January 1 - June 30 reporting period of the current calendar year. The initial report shall cover the period from the effective date of this permit through the end of the relevant semi-annual reporting period. All instances of deviations from permit requirements shall be clearly identified in such reports. All required reports shall be certified by a responsible official consistent with the **Submissions** section of this permit.

[RAC 2-110(7)(a)]

2. "Deviation" means any situation in which an emissions unit fails to meet a permit term or condition. A deviation is not always a violation. A deviation can be determined by observation or through review of data obtained from any testing, monitoring, or recordkeeping established in

accordance with RAC 2-110(5) and (6). For a situation lasting more than 24 hours which constitutes a deviation, each 24 hour period is considered a separate deviation. Included in the meaning of deviation are any of the following:

- a. A situation where emissions exceed an emission limitation or standard;
- b. A situation where process or emissions control device parameter values indicate that an emission limitation or standard has not been met; or
- c. A situation in which observations or data collected demonstrate noncompliance with an emission limitation or standard or any work practice or operating condition required by the permit.
- d. A situation in which an exceedance or an excursion, as defined in 40 CFR Part 64 occurs.

[RAC 1-103(21)]

- 3. The permittee shall promptly report to the Tribe deviations from permit requirements, (including emergencies), including the date, time, duration, and the probable cause of such deviations, the quantity and pollutant type of excess emissions resulting from the deviation, and any preventative, mitigation, or corrective actions or measures taken. “Prompt” is defined as follows:
 - a. Where the underlying applicable requirement contains a definition of “prompt” or otherwise specifies a time frame for reporting deviations, that definition or time frame shall govern.
 - b. Where the underlying applicable requirement fails to address the time frame for reporting deviations, reports of deviations will be submitted based on the following schedule:
 - i. For emissions of a hazardous air pollutant or a toxic air pollutant (as identified in the applicable regulation) that continue for more than an hour in excess of permit requirements, the report must be made by email, telephone, verbal, or facsimile communication by the close of business the next working day, upon discovery of the occurrence, and in writing within 10 working days from the occurrence;
 - ii. For emissions of any regulated air pollutant, excluding those listed in RAC § 2-110(7)(b)(i), that continue for more than 2 hours in excess of permit requirements, the report must be made by email, telephone, verbal, or facsimile communication by the close of business the next working day, upon discovery of the occurrence, and in writing within 10 working days from the occurrence;

- iii. For all other deviations from permit requirements, the report shall be contained in the report submitted with the semi-annual monitoring report.

[RAC 2-110(7)(b)]

IV.C. Alternative Operating Scenarios [RAC 2-110(8)]

1. Replacement of an existing engine identified in this permit shall be allowed as an off-permit change pursuant to the Off Permit Changes provisions of this permit provided all of the following conditions are met:
 - a. The engine replacement is not subject to any requirements under Title IV of the Clean Air Act and is not a modification under Title I of the Clean Air Act;
 - b. The replacement engine is of the same make, model, horsepower rating, and configured to operate in the same manner as the engine being replaced.
 - c. The replacement engine meets all applicable requirements identified in this permit that apply to the existing engine being replaced.
 - d. All applicable requirements that apply to the replacement engine are already identified in the permit. Replacement of an existing engine identified in this permit with a new, modified, or reconstructed engine must utilize a Minor Permit Revision as specified in RAC 2-111(3) or a Significant Permit Revision as specified in RAC 2-111(4) to incorporate any new applicable requirements. The applicable requirements include, but may not be limited to:
 - i. Standards of Performance for Stationary Spark Ignition Internal Combustion Engines at 40 CFR Part 60, Subpart JJJJ;
 - ii. Standards of Performance for Stationary Compression Ignition Internal Combustion at 40 CFR Part 60, Subpart IIII;
 - iii. National Emission Standard for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines at 40 CFR Part 63, Subpart ZZZZ;
 - iv. Requirements established in a permit or permits issued pursuant to the Federal Minor New Source Review Program in Indian Country at 40 CFR Part 49;
 - v. Requirements established in a permit or permits issued pursuant to the Prevention of Significant Deterioration of Air Quality Program at 40 CFR Part 52; or

- vi. Requirements established in any promulgated Federal Implementation Plan that may apply to engines located on the Southern Ute Indian Reservation.
- 2. The Permittee shall provide contemporaneous written notice to the Tribe and the Administrator of any replacement of an existing engine identified in this permit. Such notice shall state when the replacement occurred and shall describe the change and any applicable requirement that would apply as a result of the change.
- 3. The Permittee shall keep a record of the engine replacement.

IV.D. Permit Shield [RAC 2-110(10)(c)]

Nothing in this permit shall alter or affect the following:

- 1. The provisions of Section 303 of the Clean Air Act, 42 U.S.C. § 7603 concerning emergency powers, including the respective authorities of the Administrator under those sections;
- 2. The liability of a permittee for any violation of applicable requirements prior to or at the time of permit issuance;
- 3. The applicable requirements of the acid rain program consistent with section 408(a) of the Act; or
- 4. The ability of the Administrator respectively to obtain information from a source pursuant to Section 114 of the Clean Air Act, 42 U.S.C. § 7414.

V. Part 70 Administrative Requirements

V.A. Annual Fee Payment [RAC 2-110(1)(h) and RAC 2-118]

- 1. An annual operating permit emission fee shall be paid to the Tribe by the permittee.

[RAC 2-118(2)]
- 2. The permittee shall pay the annual permit fee each year no later than April 1st for the preceding calendar year, except that the first annual permit fee will cover the period from the issuance date of this permit through December 31 of the same year.

[RAC 2-118(2)]
- 3. Fee payments shall be remitted in the form of a money order, bank draft, certified check, corporate check, or electronic funds transfer payable to the Southern Ute Indian Tribe and sent or delivered by the United States Postal Service c/o Environmental Programs Division Part 70 Program, P.O.

Box 737 MS #84, Ignacio, Colorado 81137; or by common carrier (such as UPS or FedEx) c/o Environmental Programs Division Part 70 Program, 398 Ouray Drive, Ignacio, Colorado 81137.

[RAC 2-118(4)(a)]

4. The permittee shall send an updated fee calculation worksheet submitted annually by the same deadline as required for fee payment to the address listed in the **Submissions** section of this permit.

[RAC 2-118]

5. Basis for calculating annual fee:

- a. Subtotal annual fees shall be calculated by multiplying the applicable emission fee set pursuant to RAC § 2-119(1) times the total tons of actual emissions for each fee pollutant. In absence of actual emissions data, calculate the annual fee based on the potential to emit (as defined at RAC 1-103(51)) for each fee pollutant. Emissions of any regulated air pollutant that already are included in the fee calculation under a category of regulated pollutant, such as a federally listed hazardous air pollutant that is already accounted for as a VOC or as PM10, shall be counted only once in determining the source's actual emissions.

[RAC 2-119(2)(a)]

- i. "Actual emissions" means the actual rate of emissions in tpy of any fee pollutant (for fee calculation) emitted from a title V source over the preceding calendar year or any other period determined by the Tribe to be more representative of normal operation and consistent with the fee schedule adopted by the Tribe and approved by the Administrator. Actual emissions shall be calculated using each emissions units actual operating hours, production rates, in-place control equipment, and types of materials processed, stored, or combusted during the preceding calendar year or other period used for this calculation.

[RAC 1-103(2)]

- ii. Actual emissions shall be computed using compliance methods required by the permit.

[RAC 2-118(1)(b)]

- iii. If actual emissions cannot be determined using the compliance methods in the permit, the permittee shall use other federally recognized procedures.

[RAC 2-118(1)(b)]

- b. The total annual fee submitted shall be the greater of the applicable minimum fee or the sum of subtotal annual fees for all fee pollutants emitted from the source.

[RAC 2-119(2)(b)]

[Explanatory note: The applicable emission fee amount and applicable minimum fee (if necessary) are revised each calendar year to account for inflation, and they are available from AQP prior to the start of each calendar year.]

- c. The permittee shall exclude the following emissions from the calculation of fees:
 - i. The amount of actual emissions of any one fee pollutant that the source emits in excess of 4,000 tons per year
 - ii. Any emissions that come from insignificant activities not required in a permit application pursuant to RAC § 2-106(4).

[RAC 1-103(2)(c)]

6. Annual fee calculation worksheets shall be certified as to truth, accuracy, and completeness by a responsible official.

[RAC 2-105 and RAC 2-118(2)(c)]

7. Failure of the permittee to pay fees by the due date shall subject the permittee to assessment of penalties and interest in accordance with RAC § 2-118(6).

[RAC 2-118(6)]

8. When notified by the Tribe of underpayment of fees, the permittee shall remit full payment within 30 days of receipt of an invoice from the Tribe.

[RAC 2-119(3)(b)]

9. A permittee who thinks a Tribe assessed fee is in error and who wishes to challenge such fee shall provide a written explanation of the alleged error to the Tribe along with full payment of the assessed fee.

[RAC 2-119(3)(c)]

V.B. Compliance Requirements

1. Compliance with the Permit

- a. The permittee must comply with all conditions of this part 70 permit. Any permit noncompliance with federally enforceable or Commission-only permit conditions constitutes a

violation of the RAC and Clean Air Act and is grounds for enforcement action; for permit termination, revocation and reissuance, or revision; or for denial of a permit renewal application.

[RAC 2-110(3)(a)]

- b. It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

[RAC 2-110(3)(b)]

- c. All terms and conditions of this permit which are required under the Clean Air Act or under any of its applicable requirements, including any provisions designed to limit a source's potential to emit, are enforceable by the Administrator and citizens under the Clean Air Act, except terms and conditions the permit specifically designates as not being federally enforceable under the Clean Air Act that are not required under the Clean Air Act or under any of its applicable requirements. Terms and conditions so designated are not subject to the requirements of RAC §§ 2-108, 2-111, 2-112, other than those contained in this paragraph.

[RAC 2-110(3)(f)]

- d. This permit, or the filing or approval of a compliance plan, does not relieve any person from civil or criminal liability for failure to comply with the provisions of the RAC and the Clean Air Act, applicable regulations thereunder, and any other applicable law or regulation.

[RAC 2-110(3)(g)]

- e. For the purpose of submitting compliance certifications in accordance with the Compliance Certifications condition below of this permit, or establishing whether or not a person has violated or is in violation of any requirement of this permit, nothing shall preclude the use, including the exclusive use, of any credible evidence or information, relevant to whether a source would have been in compliance with applicable requirements if the appropriate performance or compliance test or procedure had been performed.

[Section 113(a) and 113(e)(1) of the Act, 40 CFR §§ 51.212, 52.12, 52.33, 60.11(g), and 61.12]

2. Compliance Certifications

- a. The permittee shall submit to the Tribe and EPA Region 8 an annual certification of compliance which shall certify the source's compliance status with all permit terms and conditions and all applicable requirements relevant to the source, including those related to emission limitations, standards, or work practices. The compliance certification shall be

certified as to truth, accuracy, and completeness by a responsible official consistent with RAC § 2-110(9)(a). The certification of compliance shall be submitted annually by January 31 and shall cover the preceding calendar year in which the certification of compliance is due, except that the first annual certification of compliance will cover the period from the effective date of this permit through December 31 of the same year.

[RAC 2-110(9)(c)]

3. Compliance Schedule

- a. For applicable requirements with which the source is in compliance, the source will continue to comply with such requirements.

[RAC 2-106(4)(1)(ii)]

- b. For applicable requirements that will become effective during the permit term, the source shall meet such requirements on a timely basis.

[RAC 2-106(4)(1)(iii)]

V.C. Duty to Provide and Supplement Information [RAC 2-110(7)(e), 2-106(5), and 2-124]

1. The permittee shall furnish to the Tribe, within the period specified by the Tribe, any information that the Tribe request in writing to determine whether cause exists for reopening and revising, revoking and reissuing, or terminating the permit, or to determine compliance with the permit. Upon request, the permittee shall also furnish to the Tribe copies of records that are required to be kept by the permit, including information claimed to be confidential. Information claimed to be confidential must be accompanied by a claim of confidentiality according to the provisions of RAC 2-124.

[RAC 2-110(7)(e) and RAC 2-124]

2. The permittee, upon becoming aware that any relevant facts were omitted or incorrect information was submitted in the permit application or in a supplemental submittal, shall promptly submit such supplementary facts or corrected information. In addition, a permittee shall provide additional information as necessary to address any requirements that become applicable after the date a complete application is filed, but prior to release of a draft permit.

[RAC 2-106(5)]

V.D. Submissions [RAC 2-105]

1. Any application, form, report, compliance certification, or other document submitted by the permittee under this permit shall contain a certification by a responsible official of truth, accuracy, and completeness. This certification shall state that, based on information and belief formed after

reasonable inquiry, the statements and information in the document are true, accurate, and complete.

[Explanatory Note: The Tribe has developed a reporting form “CTAC” for certifying truth, accuracy and completeness of part 70 submissions. The form may be found on the AQP’s website (<http://www.southernute-nsn.gov/environmental-programs/air-quality>).

2. Except where otherwise noted, any documents required to be submitted under this permit, including reports, test data, monitoring data, notifications, compliance certifications, fee calculation worksheets, and applications for renewals and permit modifications shall be submitted:

by United States Postal Service:
Part 70 Program
Environmental Programs Division
Air Quality Program
P.O. Box 737 MS #84
Ignacio, Colorado 81137

or by Common Carrier:
Part 70 Program
Environmental Programs Division
Air Quality Program
398 Ouray Drive
Ignacio, CO 81137

V.E. Severability Clause [RAC 1-106 and RAC 2-110(1)(f)]

The provisions of this permit are severable, and in the event of any challenge to any portion of this permit, or if any provision is held invalid, the remaining permit conditions shall remain valid and in force.

V.F. Permit Actions [RAC 2-110(3)]

1. This permit may be modified, reopened and revised, revoked and reissued, or terminated for cause. [RAC 2-110(3)(c)]
2. The filing by the permittee of a request for a permit revision, reissuance, or termination, or of a notification of planned changes or anticipated noncompliance shall not stay any permit condition.

[RAC 2-110(3)(d)]

V.G. Administrative Permit Revision [RAC 2-111(2)]

1. The permittee may submit an application for an administrative permit revision as defined in RAC § 1-103. [RAC 2-111(2)(a)]
2. The permittee may implement an administrative permit revision immediately upon submittal of the request for the administrative revision.

[Note to permittee: If the provisions allowing for an administrative permit revision do not apply, please contact the Air Quality Program for a determination of similarity prior to submitting your request for an administrative permit revision.]

V.H. Minor Permit Revisions [RAC 2-111(3)]

1. The permittee may submit an application for a minor permit revision as defined in RAC § 1-103.
2. An application requesting the use of minor permit revision procedures shall meet the requirements of RAC § 2-106(4) and shall include the following:
 - a. A description of the change, the emissions resulting from the change, and any new applicable requirements that will apply if the change occurs;
 - b. If changes are requested to the permit language, the permittee's suggested draft permit changes;
 - c. Certification by a responsible official, consistent with RAC § 2-105, that the proposed revision meets the criteria for use of minor permit revision procedures and a request that such procedures be used; and
 - d. Completed forms for the Tribe to use to notify the Administrator and affected programs as required under RAC § 2-108
 - e. If the requested permit revision would affect existing compliance plans or schedules, related progress reports, or certification of compliance requirements, and an outline of such effects.

[RAC 2-111(3)(a)]

3. The permittee shall not submit multiple minor permit revision applications that may conceal a larger revision that would not constitute a minor permit revision.

[RAC 2-111(3)(b)]

4. The permittee may make the change proposed in its minor permit revision application immediately after it files such application, provided, however, for sources that have previously utilized this provision during the term of the permit and, on two or more occasions have failed to file a complete application, may thereafter make the change only after the application is deemed complete. After the permittee makes the change and until the Tribe takes any of the actions specified in the following subsection, the permittee must comply with both the applicable requirements governing the change and the proposed permit terms and conditions. During this

period, the permittee need not comply with the existing permit terms and conditions it seeks to modify. If the permittee fails to comply with its proposed permit terms and conditions during this period, however, the existing permit terms and conditions it seeks to modify may be enforced against it.

[RAC 2-111(3)(e)]

5. The permit shield under RAC § 2-110(10) does not extend to minor permit revisions.

[RAC 2-110(10)(d)]

V.I. Significant Permit Revisions [RAC 2-111(4)]

1. The permittee must request the use of significant permit revision procedures as defined in RAC § 1-103.
2. Significant permit revisions shall meet all requirements of the RAC for permit issuance and renewal, including those for applications, review by the Administrator and affected programs, and public participation.

[RAC 2-111(4), 2-109, and 2-106(3)]

V.J. Permit Reopenings, Revocations and Reissuances, and Terminations [RAC 2-112]

1. The permit may be reopened and revised for any of the reasons listed in paragraphs a. through d. below. Alternatively, the permit may be revoked and reissued for the reasons listed in paragraphs c. and d. below:
 - a. Additional requirements under the Clean Air Act become applicable to a major source with a remaining permit term of 3 or more years, provided that the Tribe shall revise such permits to incorporate such additional requirements no later than 18 months after promulgation of such requirements, and no such reopening is required if the effective date of the requirement is later than the permit expiration date unless the original permit or any of its terms or conditions have been extended past the permit expiration date pursuant to RAC § 2-104(2)(b)(iii);
 - b. Additional requirements (including excess emissions requirements) become applicable to an affected source under the acid rain program. Upon approval by the Administrator, excess emissions offset plans shall be deemed to be incorporated into the permit;
 - c. The Tribe or the Administrator determines that the permit contains a material mistake or that inaccurate statements were made in establishing the terms or conditions of the permit; or
 - d. The Tribe or the Administrator determines that the permit must be revised or revoked and reissued to assure compliance with applicable requirements.

2. The permit may be terminated for any of the reasons in a. through g. below:
 - a. The permittee fails to meet the requirements of an approved compliance plan;
 - b. The permittee has been in significant or repetitious noncompliance with the operating permit terms or conditions;
 - c. The permittee has exhibited a history of willful disregard for environmental laws of any tribal or state authority, or of the United States;
 - d. The permittee has knowingly misrepresented a material fact in any application, record, report, plan, or other document filed or required to be maintained under the permit;
 - e. The permittee falsifies, tampers with, or renders inaccurate any monitoring device or method required to be maintained under the permit;
 - f. The permittee fails to pay fees required under RAC §§ 2-118 and 2-119; or
 - g. The Administrator has found that cause exists to terminate the permit.

V.K. Property Rights [RAC 2-110(3)(e)]

This permit does not convey any property rights of any sort, or any exclusive privilege.

V.L. Inspection and Entry [RAC 2-110(9)(b)]

Upon presentation of credentials and other documents as may be required by law, the permittee shall allow authorized representatives of the Tribe or other authorized representative to perform the following:

1. Enter upon the permittee's premises where a source is located or emissions-related activity is conducted, or where records must be kept under the conditions of the permit;
2. Have access to and copy, at reasonable times, any records that must be kept under the conditions of the permit;
3. Inspect at reasonable times any facilities, equipment (including monitoring and air pollution control equipment), practices, or operations regulated or required under the permit; and
4. As authorized by the Clean Air Act, sample or monitor at reasonable times substances or parameters for the purpose of assuring compliance with the permit or applicable requirements.

V.M. Emergency Situations [RAC 2-117]

1. The permittee may seek to establish that noncompliance with a technology-based emission limitation under this permit was due to an emergency as defined in RAC § 1-103. To do so, the permittee shall demonstrate the affirmative defense of emergency through properly signed, contemporaneous operating logs, or other relevant evidence that:
 - a. An emergency occurred and that the permittee can identify the cause(s) of the emergency;
 - b. The permitted facility was at the time being properly operated;
 - c. During the period of the emergency the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards, or other requirements in this permit; and
 - d. The permittee reported the emergency to the Tribe in compliance with RAC § 2-110(7).

[RAC 2-117(1)]

2. In any enforcement preceding the permittee attempting to establish the occurrence of an emergency has the burden of proof.

[RAC 2-117(2)]

3. This emergency situation provision is in addition to any emergency or upset provision contained in any applicable requirement.

[RAC 2-117(3)]

V.N. Permit Transfers [RAC 2-113]

This permit shall not be transferable, by operation of law or otherwise, from one location to another or from one source to another, except that a permit may be transferred from one location to another in the case of a portable source that has notified the Tribe in advance of the transfer, pursuant to the RAC. A permit for a source may be transferred from one person to another if the Tribe finds that the transferee is capable of operating the source in compliance with the permit. This transfer must be accomplished through an administrative permit revision in accordance with the Administrative Permit Revisions section of this permit.

V.O. Off-Permit Changes [RAC 2-116(2)]

1. The permittee is allowed to make, without a permit revision, certain changes that are not addressed or prohibited by this permit provided that the following requirements are met:
 - a. Each such change meets all applicable requirements and shall not violate any existing permit term or condition;

- b. Such changes are not subject to any requirements under title IV of the Clean Air Act and are not modifications under title I of the Clean Air Act;
- c. Such changes are not subject to permit revision procedures under RAC § 2-111; and
- d. The permittee provides contemporaneous written notice to the Tribe and the Administrator of each such change, except for changes that qualify as insignificant activities. Such notice shall state when the change occurred and shall describe the change, any resulting emissions change, pollutants emitted, and any applicable requirement that would apply as a result of the change.

[RAC 2-116(2)(a)]

- 2. The permit shield does not apply to changes made under this provision.

[RAC 2-110(10)(d)]

- 3. The permittee shall keep a record describing changes made at the source that result in emissions of any regulated air pollutant subject to an applicable requirement, but not otherwise regulated under the permit, and the emissions resulting from those changes.

[RAC 2-116(2)(b)]

- 4. A copy of each off-permit change notification shall be made available to the Tribe upon request.

[RAC 2-110(6)]

V.P. Permit Expiration and Renewal [RAC §§ 2-104(3), 2-106(2)(b), 2-107(7)(a), 2-107(7)(b), 2-110(1)(a), and 2-106(3)]

- 1. This permit shall expire five years from the effective date of this permit.

[RAC 2-110(1)(a)]

- 2. Expiration of this permit terminates the permittee's right to operate unless a timely and complete permit renewal application has been submitted at least 6 months but not more than 18 months prior to the date of expiration of this permit.

[RAC 2-107(7)(b)]

- 3. If the permittee submits a timely and complete permit application for renewal, consistent with RAC § 2-106 but the Tribe has failed to issue or disapprove a renewal permit before the end of the permit term, then the permit shall not expire and all its terms and conditions shall remain in effect until the renewal permit has been issued or disapproved.

[RAC 2-104(2)(b)]

4. The ability to operate under this permit shall cease if (1) the Tribe takes final action to issue the permittee a renewal permit or deny the permittee a permit or (2) the permittee fails to submit by the deadline specified in writing by the Tribe any additional information identified as being needed to process the application.

[RAC 2-104(3)]

5. Renewal of this permit is subject to the same procedures, including those for public participation and affected program and EPA review, as those that apply to initial permit issuance.

[RAC 2-107(7)(a)]

6. The application for renewal shall include the current permit number, description of permit revisions and off permit changes that occurred during the permit term, any applicable requirements that were promulgated and not incorporated into the permit during the permit term, and other information required by the application form.

[RAC 2-106(4)(e)(ix)]

VI. Appendix

VI.A. Inspection Information

1. Driving Directions to the facility:

From the intersection of CR 318 and State Highway 172, said intersection being approximately 1.3 miles south of Ignacio, travel 6.1 miles west on CR 318 to its intersection with CR 309. Go 1 mile north on CR 309, turn west on CR 310 and travel 1.5 miles to the entrance of the plant.

2. Global Positioning System (GPS):

Latitude: N 37.10

Longitude: W 107.77

3. Safety Considerations:

All visitors must sign in with on-site operations staff and receive a short safety briefing. Required safety equipment includes: hard hat, ear and eye protection, hard toed boots, and fire retardant clothing (FRC).

VI.B. Consent Decree Case No. 1:12-cv-02584-REB-KLM

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 12-cv-02584-REB-KLM

UNITED STATES OF AMERICA,

Plaintiff,

v.

ELM RIDGE EXPLORATION COMPANY,
LLC,

Defendant.

CONSENT DECREE

TABLE OF CONTENTS

I. JURISDICTION AND VENUE-2-

II. APPLICABILITY.....-3-

III. DEFINITIONS-4-

IV. CIVIL PENALTY.....-6-

V. COMPLIANCE REQUIREMENTS-7-

VI. SUPPLEMENTAL ENVIRONMENTAL PROJECT-12-

VII. REPORTING REQUIREMENTS-16-

VIII. STIPULATED PENALTIES.....-18-

IX. FORCE MAJEURE.....-21-

X. DISPUTE RESOLUTION-24-

XI. INFORMATION COLLECTION AND RETENTION.....-26-

XII. EFFECT OF SETTLEMENT/RESERVATION OF RIGHTS.....-28-

XIII. COSTS-30-

XIV. NOTICES.....-30-

XV. EFFECTIVE DATE-31-

XVI. RETENTION OF JURISDICTION-32-

XVII. MODIFICATION-32-

XVIII. TERMINATION-32-

XIX. PUBLIC PARTICIPATION.....-33-

XX. SIGNATORIES/SERVICE.....-34-

XXI. INTEGRATION.....-34-

XXII. FINAL JUDGMENT.....-35-

WHEREAS, Plaintiff United States of America, on behalf of the United States Environmental Protection Agency ("EPA"), has filed a complaint in this action concurrently with this Consent Decree, alleging that Defendant Elm Ridge Exploration Company, LLC ("Elm Ridge"), violated Section 112 of the Clean Air Act ("CAA" or "Act"), 42 U.S.C. § 7412, and the regulations promulgated thereunder; and the Act's program for Federal operating permits as set forth at Title V of the Act, 42 U.S.C. § 7661, and the regulations promulgated thereunder.

WHEREAS, at all relevant times to the allegations in the Complaint, EPA has administered the Act's programs for National Emission Standards for Hazardous Air Pollutants ("NESHAPs"), and federal operating permits under Title V of the Act.

WHEREAS, on March 2, 2012, the Southern Ute Indian Tribe became authorized to prospectively as of that date administer operating permits under Title V of the Act with respect to facilities located on the Southern Ute Indian Reservation.

WHEREAS, the Complaint alleges, *inter alia*, the Facility is a major source of Hazardous Air Pollutant ("HAP") emissions under Section 112(a)(1) of the Act, 42 U.S.C. § 7412(a)(1), four of the Facility's existing RICE units are subject to Subpart ZZZZ regulations pursuant to 40 C.F.R. § 63.6590(a), and Defendant failed to comply with certain Subpart ZZZZ requirements at the Facility.

WHEREAS, the Complaint alleges, *inter alia*, the Facility is a "major source" of HAP emissions, nitrogen oxides, and carbon monoxide, and was considered a "Part 71 Source" within the meaning of 40 C.F.R. §§ 71.1 and 71.3, subject to the Title V operating permit program set forth in Title V of the Act at 42 U.S.C. § 7661 - 7661f, and that Defendant failed to file an application for Part 71 federal operating permits within 12 months after the Facility became a

Part 71 source and failed to comply with certain 40 C.F.R. § 71.9 requirements concerning the facilities. As noted above, the Southern Ute Indian Tribe became authorized prospectively to administer the Part 70 operating permit program as of March 2, 2012. While the Facility is currently considered a Part 70 source, all of the events giving rise to the allegations in the complaint pre-date the Southern Ute Indian Tribe's authorization to administer a Part 70 operating permit program.

WHEREAS, the Parties recognize, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith and will avoid litigation between the Parties and that this Consent Decree is fair, reasonable, and in the public interest.

NOW, THEREFORE, before the taking of any testimony, without the adjudication or admission of any issue of fact or law except as provided in Section I, and with the consent of the Parties, IT IS HEREBY ADJUDGED, ORDERED, AND DECREED as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over the subject matter of this action, pursuant to 28 U.S.C. §§ 1331, 1345, and 1355, and Section 113(b) of the Act, 42 U.S.C. § 7413(b), and over the Parties. Venue lies in this district pursuant to Section 113(b) of the Act, 42 U.S.C. § 7413(b), and 28 U.S.C. § 1391(c), because the alleged violations at issue occurred in this judicial district and Elm Ridge is doing business in this district. For purposes of this Decree, or any action to enforce this Decree, Defendant consents to the Court's jurisdiction over this Decree, any such action, and this Defendant and consents to venue in this judicial district.

2. For purposes of this Consent Decree, Defendant agrees that the Complaint states claims upon which relief may be granted pursuant to Sections 112 and 113 of the Act, 42 U.S.C. §§ 7412, 7413.

II. APPLICABILITY

3. The obligations of this Consent Decree apply to and are binding upon both the United States and the Defendant and any of their respective successors, assigns, or other entities or persons otherwise bound by law.

4. No transfer of ownership or operation of the Facility, whether in compliance with the procedures of this Paragraph or otherwise, shall relieve Defendant of its obligation to ensure that the terms of the Decree are implemented. At least 30 Days prior to such transfer, Defendant shall provide a copy of this Consent Decree to the proposed transferee and shall simultaneously provide written notice of the prospective transfer, together with a copy of the proposed written agreement, to EPA Region 8, the United States Attorney for the District of Colorado, and the United States Department of Justice, in accordance with Section XIV of this Decree (Notices). Any attempt to transfer ownership or operation of the Facility without complying with this Paragraph constitutes a violation of this Decree.

5. Defendant shall provide a copy of this Consent Decree to all officers, employees, and agents whose duties might reasonably include compliance with any provision of this Decree, as well as to any contractor retained to perform work required under this Consent Decree. Defendant shall condition any such contract upon performance of the work in conformity with the terms of this Consent Decree.

6. In any action to enforce this Consent Decree, Defendant shall not raise as a defense the failure by any of its officers, directors, employees, agents, or contractors to take any actions necessary to comply with the provisions of this Consent Decree.

III. DEFINITIONS

7. Terms used in this Consent Decree that are defined in the Act or in regulations promulgated pursuant to the Act shall have the meanings assigned to them in the Act or such regulations, unless otherwise provided in this Decree. Whenever the terms set forth below are used in this Consent Decree, the following definitions shall apply:

- a. "Complaint" shall mean the complaint filed by the United States in this action;
- b. "Consent Decree" or "Decree" shall mean this Decree and all appendices attached hereto;
- c. "Day" shall mean a calendar day unless expressly stated to be a business day. In computing any period of time under this Consent Decree, where the last day would fall on a Saturday, Sunday, or federal holiday, the period shall run until the close of business of the next business day;
- d. "Defendant" shall mean Elm Ridge Exploration Company, LLC;
- e. "E1" and "E2" shall mean the two (2) site-rated 1,146 brake horsepower, lean burn Caterpillar G3516 LE RICE, originally installed at the Facility in or around January 1999 and rated at 2 grams per horsepower hour for nitrogen oxides;

f. "E3" and "E4" shall mean the two (2) site-rated 1,146 brake horsepower, Caterpillar G3516 LE RICE, originally installed at the Facility in or around February 2000 and rated at 2 grams per horsepower hour for nitrogen oxides;

g. "E5" and "E6" shall mean two (2) site-rated 1,146 brake horsepower, Caterpillar G3516 LE RICE, originally installed at the Facility in or around January 2004;

h. "E7" and "E8" shall mean two (2) site-rated 1,197 brake horsepower, Caterpillar G3516 LE RICE, originally installed at the Facility in or around May 2009;

i. "EPA" shall mean the United States Environmental Protection Agency and any of its successor departments or agencies;

j. "Effective Date" shall have the definition provided in Section XV;

k. "Facility" shall mean the Ignacio Gas Treating Plant, located at 11117 County Road 310, eight miles west of Ignacio, La Plata County, Colorado, within the exterior boundaries of the Southern Ute Indian Reservation, owned and operated by Defendant;

l. "Paragraph" shall mean a portion of this Decree identified by an Arabic numeral;

m. "Parties" shall mean the United States and Defendant;

n. "Reciprocating Internal Combustion Engine" or "RICE" shall mean a stationary, immobile, natural gas-fired reciprocating internal combustion engine used in natural gas compression service;

o. "Section" shall mean a portion of this Decree identified by a Roman numeral;

p. "State" shall mean the State of Colorado;

q. "United States" shall mean the United States of America, acting on behalf of EPA.

IV. CIVIL PENALTY

8. Within 30 Days after the Effective Date of this Consent Decree, Defendant shall pay the sum of \$207,150 as a civil penalty, together with interest accruing from the date five calendar days following the date on which the Consent Decree is entered by the Court, at the rate specified in 28 U.S.C. § 1961 as of the date of entry.

9. Defendant shall pay the civil penalty due by FedWire Electronic Funds Transfer ("EFT") to the U.S. Department of Justice in accordance with written instructions to be provided to Defendant, following entry of the Consent Decree, by the Financial Litigation Unit of the U.S. Attorney's Office for the District of Colorado. At the time of payment, Defendant shall send a copy of the EFT authorization form and the EFT transaction record, together with a transmittal letter, which shall state that the payment is for the civil penalty owed pursuant to the Consent Decree in this case, and shall reference the civil action number and DOJ case number 90-5-2-1-10362, to the United States in accordance with Section XIV of this Decree (Notices); by email to acctsreceivable.CINWD@epa.gov; and by mail to:

EPA Cincinnati Finance Office
26 Martin Luther King Drive
Cincinnati, Ohio 45268

10. Defendant shall not deduct any penalties paid under this Decree pursuant to this Section or Section VIII (Stipulated Penalties) in calculating its federal income tax.

V. COMPLIANCE REQUIREMENTS

Mitigation Project: Replacement of Engines E1, E2, E3, and E4

11. Not later than December 31, 2013, Defendant shall replace two of the currently uncontrolled E1, E2, E3 and E4 with "Replacement RICE". Not later than December 31, 2014, Defendant shall replace the remaining two of the currently uncontrolled E1, E2, E3 and E4 with "Replacement RICE". The Replacement RICE will be Caterpillar G3516LE, or equivalent, natural-gas fired, turbocharged, four-cycle, lean burn reciprocating engines, site-rated at 1,146 brake horsepower, designed to continually meet a nitrogen oxides (NO_x) rate of 1.00 grams/horsepower hour. Each Replacement RICE will be equipped with oxidation catalysts designed to reduce carbon monoxide (CO) by 93%, volatile organic compounds (VOC) by 60%, and to reduce formaldehyde by 90%.

RICE Requirements

12. The following "RICE Requirements" shall apply to E5, E6, E7 and E8 ("Remaining RICE") on the Effective Date of this Consent Decree, and to each Replacement RICE upon its installation at the Facility.

13. Each Remaining RICE, and each Replacement RICE is subject to 40 C.F.R. Part 63, Subpart ZZZZ-National Emission Standards for Hazardous Air Pollutants from Stationary Reciprocating Internal Combustion Engines (hereinafter "Subpart ZZZZ"). For purposes of Subpart ZZZZ compliance, the Facility is considered a major source under Subpart ZZZZ as of the Effective Date of this Consent Decree and all RICE will be considered "new" for purposes of Subpart ZZZZ once the Replacement RICE are installed. The initial notification requirements of 40 C.F.R. §§ 63.9(b) and 63.6645, and any other initial notifications required by ZZZZ for the

Remaining RICE, shall be deemed satisfied on the Effective Date of this Consent Decree.

Defendant shall thereafter comply with all other emission and operating limitations, compliance demonstration, notification, and reporting requirements of 40 C.F.R. Part 63, Subparts A and ZZZZ by the dates set forth in the regulations. For purposes of the testing and initial compliance requirements in 40 C.F.R. § 63.6610 and the compliance reporting requirements in 40 C.F.R. § 63.6650(b), the “compliance date” and “start up” date shall be the Effective Date of this Consent Decree for each Remaining RICE, and the installation date for each Replacement RICE.

14. For each Replacement RICE, Defendant shall comply with the requirements specified below:

a. Emissions Control. In addition to complying with the requirements of Subpart ZZZZ, each Replacement RICE at the Facility shall be equipped with oxidation catalyst controls and shall not exceed an emission limit of 1.3 g/hp-hr for NO_x, as determined below using the averaging times for the applicable test method.

b. Performance Testing for NO_x.

(1) Not later than 180 days after the start up date for each Replacement RICE, Defendant shall conduct initial performance tests for NO_x on each Replacement RICE using a test protocol identified in subparagraph 14(b)(3), below.

(2) Defendant shall retest each RICE for NO_x on the same schedule and concurrently with each subsequent performance test required for Subpart ZZZZ (for CO or formaldehyde) using the same test protocol as used to comply with subparagraph 14(b)(1), above. Defendant shall submit to EPA the test results for NO_x on the Replacement RICE with the semi-annual report required pursuant to Subpart ZZZZ.

(3) Defendant shall select among the following test methods: 40 C.F.R. Part 60, Appendix A, Method 1 or 1A - Sampling port location and number of traverse points; 40 C.F.R. Part 60, Appendix A, Method 3, 3A or 3B - O₂ concentration at inlet and outlet; 40 C.F.R. Part 60, Appendix A, Method 4 - Moisture Content; 40 C.F.R. Part 60, Appendix A, Method 7E - Determination of nitrogen oxides emissions. In the alternative, Defendant may select methods for NO_x measurements contained in the State of Wyoming Portable Analyzer Monitoring Protocol (revised January 25, 2006), or other methods if approved by EPA under this Consent Decree.

Clean Air Act Title V Operating Permit Requirements

15. The Facility is subject to the requirements of 40 C.F.R. Part 70. Not later than 120 days after the Effective Date of this Consent Decree or March 2, 2013, whichever occurs first, Defendant shall submit an updated Part 70 permit application for the Facility to the Southern Ute Indian Tribe, Air Quality Program (with a copy to EPA) that reflects current operations and applicable requirements.

Title V Permit Fees

16. Within 30 Days after the Effective Date of this Consent Decree, Defendant shall pay to EPA, pursuant to 40 C.F.R. § 71.9, the sum of \$67,850 in unpaid Title V permit fees and associated penalties. Defendant shall make the payment by check payable to "Environmental Protection Agency" and sent by first class mail to:

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

The amount will be deemed paid on the date it is postmarked.

17. At the time of payment, Defendant shall send a notice of payment, which shall state that the payment is for unpaid Title V permit fees and associated penalties owed pursuant to the Consent Decree in this case, and shall reference the civil action number and DOJ case number 90-5-2-1-10362, to the United States in accordance with Section XIV of this Decree (Notices).

18. Defendant shall not deduct any unpaid Title V permit fees or associated penalties paid under this Decree in calculating its federal income tax.

Additional Requirements Under This Agreement

19. Not later than 180 days after the Effective Date of this Consent Decree, Defendant shall convert all natural gas powered pneumatic controllers at the Facility to compressed instrument air. Not later than 30 days after completing this project, Defendant shall submit a report to EPA with an accompanying spreadsheet that identifies a description of the work completed, the estimated annual methane and VOC emission reductions, amount of natural gas conserved, and the approximate cost of the work.

General Compliance Requirements

20. Approval of Deliverables. After review of any plan, report, or other item that is required to be submitted pursuant to this Consent Decree, EPA shall in writing: a) approve the

submission; b) approve the submission upon specified conditions; c) approve part of the submission and disapprove the remainder; or d) disapprove the submission.

21. If the submission is approved pursuant to Paragraph 20.a, Defendant shall take all actions required by the plan, report, or other document, in accordance with the schedules and requirements of the plan, report, or other document, as approved. If the submission is conditionally approved or approved only in part, pursuant to Paragraph 20.b or .c, Defendant shall, upon written direction from EPA, take all actions required by the approved plan, report, or other item that EPA determines are technically severable from any disapproved portions, subject to Defendant's right to dispute only the specified conditions or the disapproved portions, under Section X of this Decree (Dispute Resolution).

22. If the submission is disapproved in whole or in part pursuant to Paragraph 20.c or .d, Defendant shall, within 30 Days or such other time as the Parties agree to in writing, correct all deficiencies and resubmit the plan, report, or other item, or disapproved portion thereof, for approval, in accordance with the preceding Paragraphs. If the resubmission is approved in whole or in part, Defendant shall proceed in accordance with the preceding Paragraph.

23. Any stipulated penalties applicable to the original submission, as provided in Section VIII of this Decree, shall accrue during the 30-Day period or other specified period, but shall not be payable unless the resubmission is untimely or is disapproved in whole or in part; provided that, if the original submission was so deficient as to constitute a material breach of Defendant's obligations under this Decree, the stipulated penalties applicable to the original submission shall be due and payable notwithstanding any subsequent resubmission.

24. If a resubmitted plan, report, or other item, or portion thereof, is disapproved in whole or in part, EPA may again require Defendant to correct any deficiencies, in accordance with the preceding Paragraphs, subject to Defendant's right to invoke Dispute Resolution and the right of EPA to seek stipulated penalties as provided in the preceding Paragraphs.

25. Permits. Where any compliance obligation under this Section requires Defendant to obtain a federal, state, or local permit or approval, Defendant shall submit timely and complete applications and take all other actions necessary to obtain all such permits or approvals. Defendant may seek relief under the provisions of Section IX of this Consent Decree (Force Majeure) for any delay in the performance of any such obligation resulting from a failure to obtain, or a delay in obtaining, any permit or approval required to fulfill such obligation, if Defendant has submitted timely and complete applications and has taken all other actions necessary to obtain all such permits or approvals.

VI. SUPPLEMENTAL ENVIRONMENTAL PROJECT

26. In accordance with the requirements and schedule set forth in this Section VI, Defendant shall spend no less than \$150,000 to implement the following federal-only Supplemental Environmental Project ("SEP"), designed to reduce fine particle pollution and/or hazardous air pollutants in and around the Southern Ute Indian Reservation by replacing older wood stoves that are not certified by EPA with EPA-certified wood stoves and/or cleaner burning, more energy-efficient hearth appliances (e.g., wood pellet, gas, or propane stoves, each certified by EPA) ("Wood Stove Changeout SEP").

27. Defendant shall complete the Wood Stove Changeout SEP by contracting with an entity that is experienced in removing and installing EPA-certified wood stoves and/or cleaner

burning, more energy-efficient hearth appliances, each certified by EPA. Alternatively, Defendant may contract with the Southern Ute Indian Tribe, who may in turn contract with an entity that is experienced in removing and installing EPA-certified wood stoves and/or cleaner burning, more energy-efficient hearth appliances, each certified by EPA. In either case, Defendant is solely responsible for implementing the SEP according to the requirements of this Consent Decree.

28. Defendant shall conduct the SEP according to all applicable federal and state work practice and notification requirements. "Eligible costs" shall be limited to the costs of wood stove changeouts, including purchase of materials, except that up to ten percent of total costs billed by the contractor retained by Defendant may be overhead costs yet still be considered "eligible costs." Defendant shall complete the Wood Stove Changeout SEP within one year after the Effective Date, provided that this date may be extended by mutual agreement of the Defendant and the United States in writing.

29. With regard to the Wood Stove Changeout SEP, Defendant certifies the truth and accuracy of each of the following:

a. that, as of the date of executing this Decree, Defendant is not required to perform or develop the SEP by any federal, state, or local law or regulation and is not required to perform or develop the SEP by agreement, grant, or as injunctive relief awarded in any other action in any forum;

b. that the SEP is not a project that Defendant was planning or intending to construct, perform, or implement other than in settlement of the claims resolved in this Decree;

c. that Defendant has not received and will not receive credit for the SEP in any other enforcement action; and

d. that Defendant will not receive any reimbursement for any portion of the SEP from any other person; and

e. that Defendant is not a party to any open federal financial assistance transaction that is funding or could be used to fund the same activity as the SEP. Defendant further certifies that, to the best of its knowledge and belief after reasonable inquiry, there is no such open federal financial transaction that is funding or could be used to fund the same activity as the SEP, nor has the same activity been described in an unsuccessful federal financial assistance transaction proposal submitted to EPA within two years of the date of this settlement (unless the project was barred from funding as statutorily ineligible). For the purposes of this certification, the term "open federal financial assistance transaction" refers to a grant, cooperative agreement, loan, federally-guaranteed loan guarantee or other mechanism for providing federal financial assistance whose performance period has not yet expired.

30. SEP Completion Report

a. Within 30 days after the date set for completion of the SEP, Defendant shall submit a SEP Completion Report to the United States, in accordance with Section XIV of this Consent Decree (Notices). The SEP Completion Report shall contain the following information:

- i. a detailed description of the SEP as implemented;
- ii. a description of any problems encountered in completing the SEP and the solutions thereto;

- iii. an itemized list of all eligible SEP costs expended;
- iv. certification that the SEP has been fully implemented pursuant to the provisions of this Decree; and
- v. a description of the environmental and public health benefits resulting from implementation of the SEP (with a quantification of the benefits and pollutant reductions, if feasible).

31. EPA may, in its sole discretion, require information in addition to that described in the preceding Paragraph, in order to evaluate Defendant's completion report.

32. After receiving the SEP Completion Report, the United States shall notify Defendant whether or not Defendant has satisfactorily completed the SEP. If Defendant has not completed the SEP in accordance with this Consent Decree, stipulated penalties may be assessed under Section VIII of this Consent Decree.

33. Disputes concerning the satisfactory performance of the SEP and the amount of eligible SEP costs may be resolved under Section X of this Decree (Dispute Resolution). No other disputes arising under this Section shall be subject to Dispute Resolution.

34. Each submission required under this Section shall be signed by an official with knowledge of the SEP and shall bear the certification language set forth in Paragraph 40.

35. Any public statement, oral or written, in print, film, or other media, made by Defendant making reference to the SEP under this Decree shall include the following language: "This project was undertaken in connection with the settlement of an enforcement action, United States v. Elm Ridge Exploration Company, LLC, taken on behalf of the U.S. Environmental Protection Agency under the Clean Air Act."

36. For federal income tax purposes, Defendant agrees that it will neither capitalize into inventory or basis nor deduct any costs or expenditures incurred in performing the SEP.

VII. REPORTING REQUIREMENTS

37. On the date Defendant submits its semi-annual or other periodic reports pursuant to 40 C.F.R. Subpart ZZZZ or, if no such reports are submitted during a calendar year, not later than January 31 of the succeeding calendar year, Defendant shall submit a report for the preceding year that shall include a description of any non-compliance with the requirements of this Consent Decree and an explanation of the violation's likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation. If the cause of a violation cannot be fully explained at the time the report is due, Defendant shall so state in the report. Defendant shall thereafter investigate the cause of the violation and shall then submit an amendment to the report, including a full explanation of the cause of the violation, within 30 Days of the Day Defendant becomes aware of the cause of the violation. Nothing in this Paragraph or the following Paragraph relieves Defendant of its obligation to provide the notice required by Section IX of this Consent Decree (Force Majeure). The reports submitted pursuant to this Paragraph shall also discuss Defendant's progress in satisfying its obligations in connection with the SEP under Section VI of this Consent Decree (Supplemental Environmental Project).

38. Whenever any violation of this Consent Decree or of any applicable permits or any other event affecting Defendant's performance under this Decree, or the performance of its Facility, may pose an immediate threat to the public health or welfare or the environment, Defendant shall notify EPA orally or by electronic or facsimile transmission as soon as possible,

but no later than 24 hours after Defendant first knew of the violation or event. This procedure is in addition to the requirements set forth in the preceding Paragraph.

39. All reports shall be submitted to the persons designated in Section XIV of this Consent Decree (Notices).

40. Each report submitted by Defendant under this Section shall be signed by an official of the submitting party and include the following certification:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

This certification requirement does not apply to emergency or similar notifications where compliance would be impractical.

41. The reporting requirements of this Consent Decree do not relieve Defendant of any reporting obligations required by the Clean Air Act or implementing regulations, or by any other federal, state, or local law, regulation, permit, or other requirement.

42. Any information provided pursuant to this Consent Decree may be used by the United States in any proceeding to enforce the provisions of this Consent Decree and as otherwise permitted by law.

VIII. STIPULATED PENALTIES

43. Defendant shall be liable for stipulated penalties to the United States for violations of this Consent Decree as specified below, unless excused under Section IX (Force Majeure). A violation includes failing to perform any obligation required by the terms of this Decree, including any work plan or schedule approved under this Decree, according to all applicable requirements of this Decree and within the specified time schedules established by or approved under this Decree.

44. Late Payment of Civil Penalty or Unpaid Title V Permit Fees and Associated Penalties. If Defendant fails to pay the civil penalty required to be paid under Section IV of this Decree (Civil Penalty) when due, or the unpaid Title V permit fees and associated penalties required to be paid pursuant to this Consent Decree when due, Defendant shall pay a stipulated penalty of \$1000 per Day per payment due, for each Day that either payment is late.

45. Stipulated Penalty Amounts:

a. RICE Requirements

	Violation	Stipulated Penalty
1.	For Failure to install two of the four Replacement RICE by December 31, 2013; or for failure to install all four Replacement RICE by December 31, 2014.	For each unit: \$1,000 per day for each of the first 30 days of noncompliance, \$1,500 per day for each of the 31 st to 60 th days of noncompliance, and \$2,000 per day thereafter.
2.	For failure to conduct required emissions tests on the Remaining RICE or Replacement RICE.	For each unit: \$500 per day for each of the first 30 days of noncompliance, \$1,000 per day for each of the 31 st to 60 th days of noncompliance, and \$1,500 per day thereafter.
3.	For failure to meet the Remaining RICE or Replacement RICE emissions limits.	For each unit: \$500 per day for each of the first 30 days of noncompliance, \$1,000 per day for each of the 31 st to 60 th days of noncompliance, and \$1,500 per day thereafter.
4.	For failure to meet any additional	For each unit: \$500 per day for each of the

requirement.	first 30 days of noncompliance, \$1,000 per day for each of the 31 st to 60 th days of noncompliance, and \$1,500 per day thereafter.
--------------	---

b. Pneumatic Controllers

Violation	Stipulated Penalty
For failure to convert natural gas powered pneumatic controllers to compressed instrument air within 180 days after the Effective Date.	For each unit: \$200 per day for each of the first 30 days of noncompliance, \$500 per day for each of the 31 st to 60 th days of noncompliance, and \$1,000 per day thereafter.

c. General Recordkeeping/Reporting Requirements

Violation	Stipulated Penalty
For failure to maintain records or submit reports as required by this Consent Decree.	For each violation: \$200 per day for each of the first 30 days of noncompliance, \$500 per day for each of the 31 st to 60 th days of noncompliance, and \$1,000 per day thereafter.

d. SEP Compliance

Violation	Stipulated Penalty
1. For failure to satisfactorily complete the SEP by the deadline set forth in this Consent Decree.	\$500 per day for each of the first 30 days of noncompliance, \$1,000 per day for each of the 31 st to 60 th days of noncompliance, and \$1,500 per day thereafter.
2. For failure to implement the SEP, or for halting or abandoning work on the SEP; provided, however, that this amount will be reduced by the total of eligible costs expended by Defendants in satisfactory performance of the requirements of the SEP. The penalty under this Paragraph shall accrue as of the date specified for completing the SEP or the date performance ceases, whichever is earlier.	\$250,000.

e. Title V Permit Application

Violation	Stipulated Penalty
For failure to submit an updated Part 70 permit application by the deadline set	\$500 per day for each of the first 30 days of noncompliance, \$1,000 per day for each of the

forth in this Consent Decree.	31 st to 60 th days of noncompliance, and \$1,500 per day thereafter.
-------------------------------	---

46. Stipulated penalties under this Section shall begin to accrue on the Day after performance is due or on the Day a violation occurs, whichever is applicable, and shall continue to accrue until performance is satisfactorily completed or until the violation ceases. Stipulated penalties shall accrue simultaneously for separate violations of this Consent Decree.

47. Defendant shall pay any stipulated penalty within 30 Days of receiving the United States' written demand.

48. The United States may in the unreviewable exercise of its discretion, reduce or waive stipulated penalties otherwise due it under this Consent Decree.

49. Stipulated penalties shall continue to accrue as provided in Paragraph 46, during any Dispute Resolution, but need not be paid until the following:

a. If the dispute is resolved by agreement or by a decision of EPA that is not appealed to the Court, Defendant shall pay accrued penalties determined to be owing, together with interest, to the United States within 30 Days of the effective date of the agreement or the receipt of EPA's decision or order.

b. If the dispute is appealed to the Court and the United States prevails in whole or in part, Defendant shall pay all accrued penalties determined by the Court to be owing, together with interest, within 60 Days of receiving the Court's decision or order, except as provided in subparagraph c, below.

c. If any Party appeals the District Court's decision, Defendant shall pay all accrued penalties determined to be owing, together with interest, within 15 Days of receiving the final appellate court decision.

50. Defendant shall pay stipulated penalties owing to the United States in the manner set forth and with the confirmation notices required by Paragraph 9, except that the transmittal letter shall state that the payment is for stipulated penalties and shall state for which violation(s) the penalties are being paid.

51. If Defendant fails to pay stipulated penalties according to the terms of this Consent Decree, Defendant shall be liable for interest on such penalties, as provided for in 28 U.S.C. § 1961, accruing as of the date payment became due. Nothing in this Paragraph shall be construed to limit the United States from seeking any remedy otherwise provided by law for Defendant's failure to pay any stipulated penalties.

52. Subject to the provisions of Section XII of this Consent Decree (Effect of Settlement/Reservation of Rights), the stipulated penalties provided for in this Consent Decree shall be in addition to any other rights, remedies, or sanctions available to the United States for Defendant's violation of this Consent Decree or applicable law. Where a violation of this Consent Decree is also a violation of the Clean Air Act and its implementing regulations, Defendant shall be allowed a credit, for any stipulated penalties paid, against any statutory penalties imposed for such violation.

IX. FORCE MAJEURE

53. "Force Majeure," for purposes of this Consent Decree, is defined as any event arising from causes beyond the control of Defendant, of any entity controlled by Defendant, or of

Defendant's contractors, that delays or prevents the performance of any obligation under this Consent Decree despite Defendant's best efforts to fulfill the obligation. The requirement that Defendant exercise "best efforts to fulfill the obligation" includes using best efforts to anticipate any potential Force Majeure event and best efforts to address the effects of any such event (a) as it is occurring and (b) after it has occurred to prevent or minimize any resulting delay to the greatest extent possible. "Force Majeure" does not include Defendant's financial inability to perform any obligation under this Consent Decree.

54. If any event occurs or has occurred that may delay the performance of any obligation under this Consent Decree, whether or not caused by a Force Majeure event, Defendant shall provide notice orally or by electronic transmission to EPA (see Section XIV), within 72 hours of when Defendant first knew that the event might cause a delay. Within seven days thereafter, Defendant shall provide in writing to EPA an explanation and description of the reasons for the delay; the anticipated duration of the delay; all actions taken or to be taken to prevent or minimize the delay; a schedule for implementation of any measures to be taken to prevent or mitigate the delay or the effect of the delay; Defendant's rationale for attributing such delay to a Force Majeure event if it intends to assert such a claim; and a statement as to whether, in the opinion of Defendant, such event may cause or contribute to an endangerment to public health, welfare or the environment. Defendant shall include with any notice all available documentation supporting the claim that the delay was attributable to a Force Majeure. Failure to comply with the above requirements shall preclude Defendant from asserting any claim of Force Majeure for that event for the period of time of such failure to comply, and for any additional delay caused by such failure. Defendant shall be deemed to know of any circumstance of which

Defendant, any entity controlled by Defendant, or Defendant's contractors knew or should have known.

55. If EPA agrees that the delay or anticipated delay is attributable to a Force Majeure event, the time for performance of the obligations under this Consent Decree that are affected by the Force Majeure event will be extended by EPA for such time as is necessary to complete those obligations. An extension of the time for performance of the obligations affected by the Force Majeure event shall not, of itself, extend the time for performance of any other obligation. EPA will notify Defendant in writing of the length of the extension, if any, for performance of the obligations affected by the Force Majeure event.

56. If EPA does not agree that the delay or anticipated delay has been or will be caused by a Force Majeure event, EPA will notify Defendant in writing of its decision.

57. If Defendant elects to invoke the dispute resolution procedures set forth in Section X (Dispute Resolution), it shall do so no later than 15 days after receipt of EPA's notice. In any such proceeding, Defendant shall have the burden of demonstrating by a preponderance of the evidence that the delay or anticipated delay has been or will be caused by a Force Majeure event, that the duration of the delay or the extension sought was or will be warranted under the circumstances, that best efforts were exercised to avoid and mitigate the effects of the delay, and that Defendant complied with the requirements of Paragraphs 53 and 54, above. If Defendant carries this burden, the delay at issue shall be deemed not to be a violation by Defendant of the affected obligation of this Consent Decree identified to EPA and the Court.

X. DISPUTE RESOLUTION

58. Unless otherwise expressly provided for in this Consent Decree, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under or with respect to this Consent Decree. Defendant's failure to seek resolution of a dispute under this Section shall preclude Defendant from raising any such issue as a defense to an action by the United States to enforce any obligation of Defendant arising under this Decree.

59. Informal Dispute Resolution. Any dispute subject to Dispute Resolution under this Consent Decree shall first be the subject of informal negotiations. The dispute shall be considered to have arisen when Defendant sends the United States a written Notice of Dispute. Such Notice of Dispute shall state clearly the matter in dispute. The period of informal negotiations shall not exceed 20 Days from the date the dispute arises, unless that period is modified by written agreement. If the Parties cannot resolve a dispute by informal negotiations, then the position advanced by the United States shall be considered binding unless, within 20 Days after the conclusion of the informal negotiation period, Defendant invokes formal dispute resolution procedures as set forth below.

60. Formal Dispute Resolution. Defendant shall invoke formal dispute resolution procedures, within the time period provided in the preceding Paragraph, by serving on the United States a written Statement of Position regarding the matter in dispute. The Statement of Position shall include, but need not be limited to, any factual data, analysis, or opinion supporting Defendant's position and any supporting documentation relied upon by Defendant.

61. The United States shall serve its Statement of Position within 45 Days of receipt of Defendant's Statement of Position. The United States' Statement of Position shall include, but

need not be limited to, any factual data, analysis, or opinion supporting that position and any supporting documentation relied upon by the United States. The United States' Statement of Position shall be binding on Defendant, unless Defendant files a motion for judicial review of the dispute in accordance with the following Paragraph.

62. Defendant may seek judicial review of the dispute by filing with the Court and serving on the United States, in accordance with Section XIV of this Consent Decree (Notices), a motion requesting judicial resolution of the dispute. The motion must be filed within 10 Days of receipt of the United States' Statement of Position pursuant to the preceding Paragraph. The motion shall contain a written statement of Defendant's position on the matter in dispute, including any supporting factual data, analysis, opinion, or documentation, and shall set forth the relief requested and any schedule within which the dispute must be resolved for orderly implementation of the Consent Decree.

63. The United States shall respond to Defendant's motion within the time period allowed by the Local Rules of this Court. Defendant may file a reply memorandum, to the extent permitted by the Local Rules.

64. Standard of Review

a. Disputes Concerning Matters Accorded Record Review. Except as otherwise provided in this Consent Decree, in any dispute brought under Paragraph 60 pertaining to the adequacy or appropriateness of plans, procedures to implement plans, schedules or any other items requiring approval by EPA under this Consent Decree; the adequacy of the performance of work undertaken pursuant to this Consent Decree; and all other disputes that are accorded review on the administrative record under applicable principles of administrative law,

Defendant shall have the burden of demonstrating, based on the administrative record, that the position of the United States is arbitrary and capricious or otherwise not in accordance with law.

b. Other Disputes. Except as otherwise provided in this Consent Decree, in any other dispute brought under Paragraph 60, Defendant shall bear the burden of demonstrating that its position complies with this Consent Decree.

65. The invocation of dispute resolution procedures under this Section shall not, by itself, extend, postpone, or affect in any way any obligation of Defendant under this Consent Decree, unless and until final resolution of the dispute so provides. Stipulated penalties with respect to the disputed matter shall continue to accrue from the first Day of noncompliance, but payment shall be stayed pending resolution of the dispute as provided in Paragraph 49. If Defendant does not prevail on the disputed issue, stipulated penalties shall be assessed and paid as provided in Section VIII (Stipulated Penalties).

XI. INFORMATION COLLECTION AND RETENTION

66. The United States and the Southern Ute Indian Tribe Air Quality Program and their representatives, including attorneys, contractors, and consultants, shall have the right of entry into any facility covered by this Consent Decree, at all reasonable times, upon presentation of credentials, to:

- a. monitor the progress of activities required under this Consent Decree;
- b. verify any data or information submitted to the United States in accordance with the terms of this Consent Decree;
- c. obtain samples and, upon request, splits of any samples taken by Defendant or its representatives, contractors, or consultants;

- d. obtain documentary evidence, including photographs and similar data; and
- e. assess Defendant's compliance with this Consent Decree.

67. Upon request, Defendant shall provide EPA or its authorized representatives splits of any samples taken by Defendant. Upon request, EPA shall provide Defendant splits of any samples taken by EPA.

68. Until five years after the termination of this Consent Decree, Defendant shall retain, and shall instruct its contractors and agents to preserve, all non-identical copies of all documents, records, or other information (including documents, records, or other information in electronic form) in its or its contractors' or agents' possession or control, or that come into its or its contractors' or agents' possession or control, and that relate in any manner to Defendant's performance of its obligations under this Consent Decree. This information-retention requirement shall apply regardless of any contrary corporate or institutional policies or procedures. At any time during this information-retention period, upon request by the United States, Defendant shall provide copies of any documents, records, or other information required to be maintained under this Paragraph.

69. At the conclusion of the information-retention period provided in the preceding Paragraph, Defendant shall notify the United States at least 90 Days prior to the destruction of any documents, records, or other information subject to the requirements of the preceding Paragraph and, upon request by the United States, Defendant shall deliver any such documents, records, or other information to EPA. Defendant may assert that certain documents, records, or other information is privileged under the attorney-client privilege or any other privilege recognized by federal law. If Defendant asserts such a privilege, it shall provide the following:

(1) the title of the document, record, or information; (2) the date of the document, record, or information; (3) the name and title of each author of the document, record, or information; (4) the name and title of each addressee and recipient; (5) a description of the subject of the document, record, or information; and (6) the privilege asserted by Defendant. However, no documents, records, or other information created or generated pursuant to the requirements of this Consent Decree shall be withheld on grounds of privilege.

70. Defendant may also assert that information required to be provided under this Section is protected as Confidential Business Information ("CBI") under 40 C.F.R. Part 2. As to any information that Defendant seeks to protect as CBI, Defendant shall follow the procedures set forth in 40 C.F.R. Part 2.

71. This Consent Decree in no way limits or affects any right of entry and inspection, or any right to obtain information, held by the United States pursuant to applicable federal laws, regulations, or permits, nor does it limit or affect any duty or obligation of Defendant to maintain documents, records, or other information imposed by applicable federal or state laws, regulations, or permits.

XII. EFFECT OF SETTLEMENT/RESERVATION OF RIGHTS

72. This Consent Decree fully and finally resolves the civil claims of the United States for the violations alleged in the Complaint filed in this action through the date of lodging.

73. The United States reserves all legal and equitable remedies available to enforce the provisions of this Consent Decree, except as expressly stated in Paragraph 72. This Consent Decree shall not be construed to limit the rights of the United States to obtain penalties or injunctive relief under the Act or implementing regulations, or under other federal laws,

regulations, or permit conditions, except as expressly specified in Paragraph 72. The United States further reserves all legal and equitable remedies to address any imminent and substantial endangerment to the public health or welfare or the environment arising at, or posed by, Defendant's Facility, whether related to the violations addressed in this Consent Decree or otherwise.

74. In any subsequent administrative or judicial proceeding initiated by the United States for injunctive relief, civil penalties, other appropriate relief relating to the Facility or Defendant's alleged violation of the Act, Defendant shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim preclusion, claim-splitting, or other similar defenses based upon any contention that the claims raised by the United States in such proceeding were or should have been brought in the instant case, except with respect to claims that have been specifically resolved as identified in Paragraph 72 of this Section.

75. This Consent Decree is not a permit, or a modification of any permit, under any federal, State, tribal, or local laws or regulations. Defendant is responsible for achieving and maintaining complete compliance with all applicable federal, State, tribal, and local laws, regulations, and permits; and Defendant's compliance with this Consent Decree shall be no defense to any action commenced pursuant to any such laws, regulations, or permits, except as set forth herein. The United States does not, by its consent to the entry of this Consent Decree, warrant or aver in any manner that Defendant's compliance with any aspect of this Consent Decree will result in compliance with provisions of the Act, 42 U.S.C. § 7401 *et seq.*, or with any other provisions of federal, State, tribal or local laws, regulations, or permits.

76. This Consent Decree does not limit or affect the rights of Defendant or of the United States against any third parties, not party to this Consent Decree, nor does it limit the rights of third parties, not party to this Consent Decree, against Defendant, except as otherwise provided by law.

77. This Consent Decree shall not be construed to create rights in, or grant any cause of action to, any third party not party to this Consent Decree.

XIII. COSTS

78. The Parties shall bear their own costs of this action, including attorneys' fees, except that the United States shall be entitled to collect the costs (including attorneys' fees) incurred in any action necessary to collect any portion of the civil penalty or any stipulated penalties due but not paid by Defendant.

XIV. NOTICES

79. Unless otherwise specified herein, whenever notifications, submissions, or communications are required by this Consent Decree, they shall be made in writing and addressed as follows:

To the United States:
Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
Box 7611 Ben Franklin Station
Washington, D.C. 20044-7611
Re: DOJ No. 90-5-2-1-10362

To EPA:

Air Technical Enforcement Program Director
Office of Enforcement, Compliance, and Environmental Justice
U.S. Environmental Protection Agency, Region 8, Mail Code ENF-AT
1595 Wynkoop Street
Denver, Colorado 80202-1129
Phone: (303) 312-6206

To Defendant:

Elm Ridge Exploration Company, LLC
Attn: Manager of Operations
12225 Greenville Avenue
Suite 950
Dallas, Texas 75243-9362

With a Copy to:

Neil Rensvold
Elm Ridge Exploration Company, LLC
P.O. Box 806
Brookshire, Texas 77423

80. Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above.

81. Notices submitted pursuant to this Section shall be deemed submitted upon mailing, unless otherwise provided in this Consent Decree or by mutual agreement of the Parties in writing.

XV. EFFECTIVE DATE

82. The Effective Date of this Consent Decree shall be the date upon which this Consent Decree is entered by the Court or a motion to enter the Consent Decree is granted, whichever occurs first, as recorded on the Court's docket; provided, however, that Defendant hereby agrees that it shall be bound to perform duties scheduled to occur prior to the Effective Date. In the event the United States withdraws or withholds consent to this Consent Decree

before entry, or the Court declines to enter the Consent Decree, then the preceding requirement to perform duties scheduled to occur before the Effective Date shall terminate.

XVI. RETENTION OF JURISDICTION

83. The Court shall retain jurisdiction over this case until termination of this Consent Decree, for the purpose of resolving disputes arising under this Decree or entering orders modifying this Decree, pursuant to Sections X and XVII, or effectuating or enforcing compliance with the terms of this Decree.

XVII. MODIFICATION

84. The terms of this Consent Decree, including any attached appendices, may be modified only by a subsequent written agreement signed by all the Parties. Where the modification constitutes a material change to this Decree, it shall be effective only upon approval by the Court.

85. Any disputes concerning modification of this Decree shall be resolved pursuant to Section X of this Decree (Dispute Resolution), provided, however, that, instead of the burden of proof provided by Paragraph 64, the Party seeking the modification bears the burden of demonstrating that it is entitled to the requested modification in accordance with Federal Rule of Civil Procedure 60(b).

XVIII. TERMINATION

86. After Defendant has completed the requirements of Section V (Compliance Requirements) of this Decree, has thereafter maintained continuous satisfactory compliance with this Consent Decree for a period of three years, has complied with all other requirements of this Consent Decree, including incorporation of the NO_x emission requirements for Replacement

RICE into a non-Title V permit, and those relating to the SEP required by Section VI of this Consent Decree, and has paid the civil penalty and any accrued stipulated penalties as required by this Consent Decree, Defendant may serve upon the United States a Request for Termination, stating that Defendant has satisfied those requirements, together with all necessary supporting documentation.

87. Following receipt by the United States of Defendant's Request for Termination, the Parties shall confer informally concerning the Request and any disagreement that the Parties may have as to whether Defendant has satisfactorily complied with the requirements for termination of this Consent Decree. If the United States agrees that the Decree may be terminated, the Parties shall submit, for the Court's approval, a joint stipulation terminating the Decree.

88. If the United States does not agree that the Decree may be terminated, Defendant may invoke Dispute Resolution under Section X of this Decree. However, Defendant shall not seek Dispute Resolution of any dispute regarding termination, under Paragraph 60 of Section X, until 60 days after service of its Request for Termination.

XIX. PUBLIC PARTICIPATION

89. This Consent Decree shall be lodged with the Court for a period of not less than 30 Days for public notice and comment in accordance with 28 C.F.R. § 50.7. The United States reserves the right to withdraw or withhold its consent if the comments regarding the Consent Decree disclose facts or considerations indicating that the Consent Decree is inappropriate, improper, or inadequate. Defendant consents to entry of this Consent Decree without further notice and agrees not to withdraw from or oppose entry of this Consent Decree by the Court or to

challenge any provision of the Decree, unless the United States has notified Defendant in writing that it no longer supports entry of the Decree.

XX. SIGNATORIES/SERVICE

90. Each undersigned representative of Defendant and the Assistant Attorney General for the Environment and Natural Resources Division of the Department of Justice certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Decree and to execute and legally bind the Party he or she represents to this document.

91. This Consent Decree may be signed in counterparts, and its validity shall not be challenged on that basis. Defendant agrees to accept service of process by mail with respect to all matters arising under or relating to this Consent Decree and to waive the formal service requirements set forth in Rules 4 and 5 of the Federal Rules of Civil Procedure and any applicable Local Rules of this Court including, but not limited to, service of a summons.

XXI. INTEGRATION

92. This Consent Decree constitutes the final, complete, and exclusive agreement and understanding among the Parties with respect to the settlement embodied in the Decree and supercedes all prior agreements and understandings, whether oral or written, concerning the settlement embodied herein. No other document, nor any representation, inducement, agreement, understanding, or promise, constitutes any part of this Decree or the settlement it represents, nor shall it be used in construing the terms of this Decree.

XXII. FINAL JUDGMENT

93. Upon approval and entry of this Consent Decree by the Court, this Consent Decree shall constitute a final judgment of the Court as to the United States and Defendant.

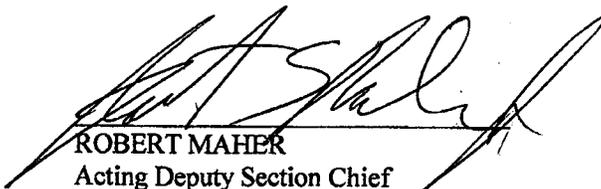
Dated and entered this 8th day of November, 2012.


Rob Blackburn
UNITED STATES DISTRICT JUDGE
District of Colorado

FOR PLAINTIFF UNITED STATES OF AMERICA:

FOR THE UNITED STATES OF AMERICA

Date: 9/28/12

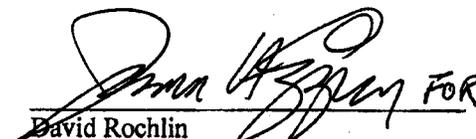

ROBERT MAHER
Acting Deputy Section Chief
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice

Date: 9/28/12


MARCELLO MOLLO
Trial Attorney
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044-7611
Phone: (202) 514-2757

FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY:

Date: 8/28/12



David Rochlin
Senior Enforcement Attorney
Region 8

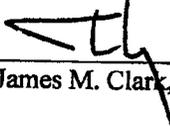
Date: 9/5/12

for 

Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance and
Environmental Justice
Region 8

FOR DEFENDANT ELM RIDGE EXPLORATION COMPANY, LLC:

Date: 8/29/12



James M. Clark, Manager

Authorized Agent for Service of Process:
Capital Corporate Services, Inc.
36 South 18th Ave., Suite D
Brighton, Colorado 80601