Air Pollution Control
Title V Permit to Operate
Statement of Basis for Permit No. V-SUIT-0056-2015.00
{Date TBD}

ConocoPhillips Company
Ute Compressor Station
Southern Ute Indian Reservation
La Plata County, Colorado

1. Facility Information

a. Location

The Ute Compressor Station, owned and operated by ConocoPhillips Company (ConocoPhillips), is located within the exterior boundary of the Southern Ute Indian Reservation. The exact location is Section 14 and 15, T32N, R11W, in La Plata County, at latitude North 37.0173 and longitude West -108.0201. The Mailing address is:

ConocoPhillips Company
Ute Compressor Station
P.O. Box 4289
Farmington, NM 87499-4289

b. Contacts

Facility Contact:
Sherry McGowan
Environmental Coordinator
ConocoPhillips Company
P.O. Box 4289
Farmington, NM 87499-4289
(505)-326-9822

Responsible Official:
Lisa R. Bruner
Operations Manager, San Juan
Business Unit
ConocoPhillips Company
P.O. Box 4289 (3401 E. 30th Street)
Farmington, NM 87499-4289
(505)-329-9581

c. Description of Operations

The facility is comprised of equipment that dehydrates and compresses natural gas. Gas entering the facility is first fed to a 2-phase inlet separator that gravimetrically removes liquids. Condensate is directed

to the condensate tanks and trucked from the facility. The overhead gas is compressed and dehydrated before being discharged to the gathering pipeline. Rich glycol is first directed to a flash tank to remove entrained hydrocarbons before being sent to the still vent. The flash gas is directed to the fuel gas system. The still vent vapor stream is directed to an air cooled condenser where liquids are condensed and then sent to an atmospheric storage tank. The uncondensed vapor is directed to atmosphere.

d. List of all Units and Emission-Generating Activities

ConocoPhillips provided the information contained in Tables 1 and 2 in its initial Part 70 permit application. Table 1 lists emission units and emission generating activities, including any air pollution control devices. Emission units identified as "insignificant" emitting units (IEUs) are listed separately in Table 2.

Table 1 – Emission Units
ConocoPhillips Company, Ute Compressor Station

Emission Unit ID	Description	Control Equipment
E-1	1 – Waukesha L7042GL Natural Gas-Fired SI 4SLB Compressor Engine, 1,478 nameplate rated hp Serial No.: C-13014/1 Installed: 05/08/2013	Oxidation Catalyst
E-2	1 – Waukesha L5790GL Natural Gas-Fired SI 4SLB Compressor Engine, 1,215 nameplate rated hp Serial No.: 240747 Installed: 01/10/2012	None
DEHY-1	1 – PESCO Triethylene Glycol Dehydrator, 14.4 MMscfd, with 0.125 MMBtu/hr reboiler burner Serial No.: NA Installed: 1988	Condenser
TK-4 TK-5	2 – 300 BBL (12,600 gal.) Condensate Tank Serial No.: 3935-4 Installed: 1988 Serial No.: 976-2 Installed: 1988	None

The Southern Ute Indian Tribe/State of Colorado Environmental Commission's Reservation Air Code allows sources to separately list in the permit application units or activities that qualify as "insignificant" based on potential emissions below 2 tpy for all regulated pollutants that are not listed as hazardous air pollutants (HAPs) under Section 112(b) of the Clean Air Act (CAA) and below 1,000 lbs per year or the de minimis level established under Section 112(g), whichever is lower, for HAP emissions [RAC 2-106(4)(f); RAC 1-103(36) and (37)]. However, the application may not omit information needed to determine the applicability of, or to impose, any applicable requirement, or to calculate the fee [RAC 2-106(4)(f)]. Units that qualify as "insignificant" for the purposes of the Part 70 application are in no way exempt from applicable requirements or any requirements of the Part 70 permit.

ConocoPhillips stated in its Part 70 initial permit application that the emission units in Table 2, below, are insignificant. The application provided calculations for heater/reboiler emissions based on EPA's AP-42 emission factors. ConocoPhillips provided sufficient information, including EPA Tanks 4.0.9d calculations, to verify any emissions from liquids in the tanks were insignificant. This data supports ConocoPhillips' claim that these units qualify as insignificant.

Table 2 – Insignificant Emission Units
ConocoPhillips Company, Ute Compressor Station

Emission Unit ID	Description	Size/Rating
T-1	1 - Capstone C30 NG Turbine	30 kW
T-2	1 - Capstone C65 NG Standard Turbine	65 kW
H-1	1 - Dehydrator Reboiler	0.125 MMBtu/hr
H-2	1 - Auxiliary Heater	0.125 MMBtu/hr
H-3	1 - Auxiliary Heater	0.100 MMBtu/hr
LOAD	1 - Condensate Truck Loading	5,000 bbl/yr
TK-1 and TK-2	2 - Oil Tanks	100-bbl
TK-3	1 - Coolant Tank	100-bbl
TK-6	1 - Compressor Oil Tank	250-gal
TK-7	1 - Emulsion Breaker Tank	150-gal
TK-8	1 - Compressor Oil Tank	300-gal
TK-9	1 - Ethylene Glycol Tank	535-gal
TK-10	1 - Triethylene Glycol Tank	1,130-gal
TK-4040	1 - Methanol Tank	100-bbl
TK-12	1 - Dehydrator Condenser Liquids Tank	300-bbl
BGT-1 and BGT-2	2 - Pit Sump Liquids Tank	5,040-gal
FUG	1 - Fugitive Equipment Leaks	NA

e. Facility Construction and/or Permitting History

Title V Operating Permit:

No Title V operating permit has been issued to this facility previously.

Tribal Minor New Source Review Permit:

On September 15, 2014 EPA issued Ute Compressor Station minor new source review permit #SMNSR-SU-000054-2012.001, to establish legally and practically enforceable emission limits for NOx, CO, and formaldehyde emissions. This permit did not authorize the construction of any new emission sources or authorize any physical modifications to the facility or its operations.

Consent Agreement:

Ute Compressor Station is subject to the Final Order (Consent Agreement) in *In the Matter of ConocoPhillips Company*, United States Environmental Protection Agency Region 8, Docket Number CAA-08-2011-0032, September 30, 2011, for alleged violations at ConocoPhillips' Ute Compressor Station. The Consent Agreement required ConocoPhillips to:

- Install and operate an oxidation catalyst on the Waukesha GL7042 engine at Ute Compressor Station capable of reducing uncontrolled CO emissions by at least 75% and formaldehyde emissions by at least 75% at maximum operating rate (90% to 110% of engine capacity at site elevation)

- Install an emission control system for HAPs from the glycol dehydrator at Ute Compressor Station which shall meet all the applicable requirements in 40 C.F.R. Part 63 §760-778.

- Retrofit or replace all existing high-bleed pneumatic controllers with low-bleed or no bleed controllers at the Ute Compressor Station and all the existing wells feeding into the facility which are owned by ConocoPhillips.

- Implement a leak detection and repair (LDAR) program at Ute Compressor Station using a thermal infrared camera capable of detecting emissions of VOCs.

- Obtain a Federal Tribal New Source Review (TMNSR) permit from EPA to incorporate the requirements of the Consent Agreement.

The requirements of the TMNSR permit have been incorporated as applicable requirements into the Part 70 operating permit. Two requirements for Leak Detection and Repair that were part of the Consent Agreement were omitted from the TMNSR permit. These additional applicable requirements have been incorporated into the Part 70 operating permit.

f. Potential To Emit

Under RAC 1-103(51), potential to emit (PTE) is defined as the maximum capacity of a stationary source to emit a pollutant under its physical and operational design. Any physical or operational limitation on the capacity of the source to emit a pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design if the limitation, or the effect it would have on emissions, is federally enforceable.

The PTE for Ute Compressor Station was listed by ConocoPhillips in Forms "GIS", "PTE", and the various forms "EMISS" of the Part 70 operating permit initial application. Table 3 shows PTE data broken down by each individual emission unit, as well as the total facility-wide PTE.

Table 3 - Potential to Emit
ConocoPhillips Company, Ute Compressor Station

Emission Unit ID	Regulated Air Pollutants (tons per year)								
	NO_X	VOC	SO_2	PM_{10}	CO	Lead	Total HAPs	Largest *Single* HAP (Toluene)	GHGs (CO_2e tpy)
E-1	24.0	6.8	0.0	0.0	11.8	0.0	1.76	0.0	5,041.8
E-2	32.7	10.9	0.0	0.0	43.7	0.0	3.9	0.0	4,230.3
DEHY-1	0.0	127.2	0.0	0.0	0.0	0.0	76.1	33.0	133.9
TK-1	0.0	6.9	0.0	0.0	0.0	0.0	0.5	0.0	170.0
TK-2	0.0	6.9	0.0	0.0	0.0	0.0	0.5	0.0	170.0
Total IEUs	0.3	2.6	0.1	0.1	1.7	0.0	0.1	0.0	4,611.8
TOTAL	**57.0**	**161.3**	**0.0**	**0.1**	**57.2**	**0.0**	**82.9**	**33.0**	**14,357.8**

2. Tribal Authority

Ute Compressor Station is located within the exterior boundaries of the Southern Ute Indian Reservation and is thus within Indian Country as defined at 18 U.S.C. §1151. On March 2, 2012, the EPA determined that the Southern Ute Indian Tribe of the Southern Ute Indian Reservation had met the requirements of 40 CFR §70.4(b) for full approval to administer its Clean Air Act Title V, Part 70 Permitting Program (Program). In concert with that Program approval, the EPA also found that the Tribe met the requirements of Section 301(d)(2) of the CAA and 40 CFR §49.6 for treatment "in the same manner as a state" for the purposes of issuing CAA Title V, Part 70 operating permits. The EPA promulgated its approval of the Tribe's applications on March 15, 2012 (77 FR 15267). The requirements of the Clean Air Act Title V, Part 70 Permitting Program (Program) have been incorporated at Article II, Part 1 of the Reservation Air Code. Therefore, the Southern Ute Indian Tribe is the appropriate governmental entity to issue the Title V permit to this facility.

Reservation Air Code: The Reservation Air Code was adopted pursuant to the authority vested in the Southern Ute Indian Tribe/State of Colorado Environmental Commission by (1) the Intergovernmental Agreement Between the Southern Ute Indian Tribe and the State of Colorado Concerning Air Quality Control on the Southern Ute Indian Reservation dated December 13, 1999, (2) tribal law (Resolution of the Council of the Southern Ute Indian Tribe No. 00-09), (3) State law (C.R.S. § 24- 62-101), and (4) as recognized in federal law (Act of October 18, 2004, Pub. L. No. 108-336, 118 Stat.1354).

NSPS and NESHAP Delegation: On September 6, 2013, the Southern Ute Indian Tribe received delegation from the EPA to incorporate by reference into the Reservation Air Code and enforce certain subparts of the new source performance standards (NSPS) and national emission standards for hazardous air pollutants (NESHAP) under Sections 111 and 112 of the Clean Air Act, respectively (78 FR 40635).

These NSPS and NESHAP subparts generally apply to oil and gas operations within the exterior boundaries of the Southern Ute Indian Reservation and were adopted, unchanged, into the Reservation Air Code as Parts 2 and 3.

3. Applicable Requirements

The following discussion addresses a selection of the regulations from the Code of Federal Regulations (CFR) at Title 40. Note that this discussion does not include the full spectrum of potentially applicable regulations and is not intended to represent official applicability determinations. These discussions are based on the information provided by ConocoPhillips in its Part 70 initial permit application and are only intended to present the information certified to be true and accurate by the Responsible Official of this facility.

Tribal Minor New Source Review (TMNSR) – 40 CFR 49

EPA promulgated the federal rule "Review of New Sources and Modifications in Indian Country," otherwise known as the Tribal Minor New Source Review Rule (TMNSR), on July 1, 2011 (76 FR 38748). The TMNSR rule applies to all new or modified industrial facilities in Indian country with a potential to emit equal to or greater than the minor NSR thresholds, but less than the major source thresholds, which are generally 100 to 250 tons per year (tpy). The minor NSR thresholds for attainment/unclassifiable areas are displayed in the table below:

40 CFR 49.153 Minor NSR Thresholds

Regulated NSR Pollutant	Minor NSR Thresholds for Attainment/Unclassifiable Areas in Tons Per Year (TPY)
Carbon Monoxide (CO)	10
Nitrogen Oxides (NO_x)	10
Sulfur Dioxide (SO_2)	10
Volatile Organic Compounds (VOC)	5
PM_{10}	5
$PM_{2.5}$	3
Lead	0.1
Fluorides	1
Sulfuric Acid Mist	2
Hydrogen Sulfide (H_2S)	2
Total Reduced Sulfur (including H_2S)	2
Reduced Sulfur Compounds (including H_2S)	2
Municipal Waste Combustor Emissions	10
Municipal Solid Waste Landfill Emissions (measured as nonmethane organic compounds)	10

Starting August 30, 2011 all minor modifications at existing major NSR sources, requests for synthetic minor limitations, and the transferring of all synthetic minor limits from Part 71 permits into minor NSR permits became subject to the TMNSR rule. All existing true minor sources were required to register with EPA by no later than March 1, 2013. All new minor sources constructed between August 30, 2011 and September 2, 2014 were required to submit a registration form within 90 days of beginning operation

and obtain a permit only if a general permit is available for that source category. All new true minor sources not in the oil and natural gas sector, which intend to construct after September 2, 2014, are required to apply for a preconstruction permit. After March 2, 2016, all minor modifications at major sources and true minor sources in the oil and natural gas sector that intend to construct will have to apply for a preconstruction permit.

On September 15, 2014 EPA issued Ute Compressor Station minor new source review permit #SMNSR-SU-000054-2012.001, to establish legally and practically enforceable emission limits for NOx, CO, and formaldehyde emissions, upgrading pneumatic controls, and implementing an LDAR program. This permit did not authorize the construction of any new emission sources or authorize any physical modifications to the facility or its operations. The requirements of the minor new source review permit have been incorporated into the Part 70 operating permit. **Therefore, Ute Compressor Station is subject to the Tribal Minor New Source Review Rule.**

Prevention of Significant Deterioration (PSD) - 40 CFR 52.21

PSD is a preconstruction review requirement of the CAA that applies to proposed projects that are sufficiently large (in terms of emissions) to be a "major" stationary source or "major" modification of an existing stationary source. A new stationary source, or a modification to an existing minor stationary source, is major if the proposed project has the potential to emit of any criteria pollutant regulated under the CAA in amounts equal to or exceeding specified major source thresholds, which are 100 tpy for 28 listed industrial source categories and 250 tpy for all other sources. PSD also applies to modifications at existing major sources that cause a "significant net emissions increase" at that source. Significance levels for each pollutant are defined in the PSD regulations at 40 CFR 52.21. A modification is a physical change or change in the method of operation.

Ute Compressor Station is not a PSD named source. Therefore, the PTE threshold for determining PSD applicability for this source is 250 tpy. On September 15, 2014 EPA issued minor new source review permit #SMNSR-SU-000054-2012.001 to create legally and practically enforceable emission limits for NOx, CO, and formaldehyde. The PTE of regulated pollutants at this facility are currently below major source thresholds. **Therefore, the Ute Compressor Station is not subject to PSD at this time.**

New Source Performance Standards (NSPS)

40 CFR Part 60, Subpart A: General Provisions. This subpart applies to the owner or operator of any stationary source that contains an affected facility, the construction or modification of which is commenced after the date of publication of any standard in Part 60. The general provisions under Subpart A apply to sources that are subject to the specific subparts of Part 60.

As explained below, the Ute Compressor Station is subject to specific subparts under 40 CFR Part 60. **Therefore, the General Provisions of Part 60 apply.**

40 CFR Part 60, Subpart K: Standards of performance for Storage Vessels for Petroleum Liquids for which Construction, Reconstruction, or Modification Commenced After June 11, 1973, and Prior to May 19, 1978. This rule applies to storage vessels for petroleum liquids with a storage capacity greater than 40,000 gallons. 40 CFR Part 60, Subpart K does not apply to storage vessels for petroleum or condensate stored, processed, and/or treated at a drilling and production facility prior to custody transfer.

> According to ConocoPhillips, there are no storage tanks at Ute Compressor Station which were constructed prior to May 19, 1978. **Therefore, Subpart K does not apply.**

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

> According to ConocoPhillips, there are no storage tanks at Ute Compressor Station which were constructed between May 18, 1978 and July 23, 1984. **Therefore, Subpart Ka does not apply.**

40 CFR Part 60, Subpart Kb: Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) for which Construction, Reconstruction, or Modification Commenced After July 23, 1984. This rule applies to storage vessels with a capacity greater than or equal to 75 cubic meters (472bbl, or 19,813 gal). The subpart does not apply to storage vessels with a capacity greater than or equal to 151 cubic meters storing a liquid with a maximum true vapor pressure less than 3.5 kPa or with a capacity greater than or equal to 75 cubic meters but less than 151 cubic meters storing a liquid with a maximum true vapor pressure less than 15.0 kPa.

> According to ConocoPhillips, all tanks which contain volatile organic liquids and which were constructed after July 23, 1984 either have capacities less than the applicability threshold or have vapor pressures below the 15 kPa applicability threshold. **Therefore, Subpart Kb does not apply.**

40 CFR Part 60, Subpart GG: Standards of Performance for Stationary Gas Turbines. This rule applies to stationary gas turbines, with a heat input at peak load equal to or greater than 10.7 gigajoules per hour (10 MMBtu/hr), that commenced construction, modification, or reconstruction after October 3, 1977.

> According to ConocoPhillips, there are no stationary gas turbines located at the Ute Compressor Station. **Therefore, Subpart GG does not apply.**

40 CFR Part 60, Subpart KKK: Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants for which construction, reconstruction, or modification commenced after January 20, 1984, and on or before August 23, 2011. This rule applies to compressors and other equipment at onshore natural gas processing facilities. As defined in this subpart, a natural gas processing plant is any processing site engaged in the extraction of natural gas liquids (NGLs) from field gas,

fractionation of mixed NGLs to natural gas products, or both. NGLs are defined as the hydrocarbons, such as ethane, propane, butane, and pentane that are extracted from field gas.

> According to ConocoPhillips, the Ute Compressor Station does not meet the definition of a Natural Gas Processing Plant in §60.631, or extract natural gas liquids. **Therefore, Subpart KKK does not apply.**

40 CFR Part 60, Subpart LLL: Standards of Performance for SO_2 Emissions from Onshore Natural Gas Processing for which construction, reconstruction, or modification commenced after January 20, 1984, and on or before August 23, 2011. This rule applies to sweetening units and sulfur recovery units at onshore natural gas processing facilities. As defined in this subpart, sweetening units are process devices that separate hydrogen sulfide (H_2S) and carbon dioxide (CO_2) from a sour natural gas stream. Sulfur recovery units are defined as process devices that recover sulfur from the acid gas (consisting of H_2S and CO_2) removed by a sweetening unit.

> According to information provided by ConocoPhillips, the Ute Compressor Station does not process natural gas to remove sulfur compounds. **Therefore, Subpart LLL does not apply.**

40 CFR Part 60, Subpart IIII: Standards of Performance for Stationary Compression Ignition Internal Combustion Engines. This subpart establishes emission standards and compliance requirements for the control of emissions from stationary combustion ignition (CI) internal combustion engines (ICE) that commence construction (which for the purposes of this subpart is the date the engine is ordered by the owner or operator) after July 11, 2005 and are manufactured as a certified National Fire Protection Association (NFPA) fire pump engine after July 1, 2006, or are manufactured after April 1, 2006 and are not fire pump engines.

> According to information provided by ConocoPhillips, there are no stationary compression ignition (diesel) internal combustion engines (ICE) located at Ute Compressor Station. **Therefore, Subpart IIII does not apply.**

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

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

NSPS Subpart JJJJ Applicability Determination
ConocoPhillips Company, Ute Compressor Station

Unit	Serial No.	Unit Description	Fuel	Maximum HP	Commence Construction, Modification, or Reconstruction Date	Manufacture Date	Trigger Date for Applicability- Manufactured on or after	Subject to NSPS JJJJ
E-1	240747	Waukesha L5790GL SI 4SLB Compressor Engine	Natural Gas	1,215	Prior to 06/12/2006	9/1995	07/01/2007	No
E-2	C-13014/1	Waukesha L7042GL SI 4SLB Compressor Engine	Natural Gas	1,478	Prior to 06/12/2006	4/2000	07/01/2007	No

According to ConocoPhillips, Ute Compressor Station is potentially subject to this subpart as emission units E-1 and E-2e are stationary spark ignition internal combustion engines. However, Units E1 and E2 commenced construction prior to June, 12, 2006. **Therefore, Subpart JJJJ does not apply**.

Should ConocoPhillips propose to install a replacement engine which is subject to Subpart JJJJ, ConocoPhillips will not be allowed to use the off permit changes provision, and will be required to submit a minor permit modification application to incorporate Subpart JJJJ requirements into the permit.

40 CFR Part 60, Subpart KKKK: Standards of Performance for Stationary Combustion Turbines. This subpart establishes emission standards and compliance schedules for the control of emissions from stationary combustion turbines that commenced construction, modification, or reconstruction after February 18, 2005. The rule applies to stationary combustion turbines with a heat input at peak load equal to or greater than 10.7 gigajoules (10 MMBtu) per hour.

According to ConocoPhillips, there are no stationary gas turbines located at the Ute Compressor Station. **Therefore, Subpart KKKK does not apply.**

40 CFR Part 60, Subpart OOOO: Standards of Performance for Crude Oil and Natural Gas Production, Transmission, and Distribution. This subpart establishes emission standards and compliance schedules for the control of VOC and SO_2 emissions from affected facilities that commence construction, modification or reconstruction after August 23, 2011. Affected facilities under this subpart include gas wells, compressors, pneumatic controllers, storage vessels, process unit equipment, and sweetening units.

The Ute Compressor Station has several affected facilities potentially subject to Subpart OOOO, including two (2) condensate storage tanks (emission units TK-4 and TK-5), two (2) reciprocating compressors associated with engine emission units E-1 and E-2, and pneumatic controllers.

According to ConocoPhillips condensate storage tanks TK-4 and TK-5, and the reciprocating compressor associated with emission unit E-1 were constructed prior to August 23, 2011 and have not been modified or reconstructed since this time. The pneumatic controllers onsite operate on instrument air and therefore do not meet the definition of affected facility under §60.5365(d)(2). Therefore, condensate storage tanks TK-4, TK-5, the reciprocating compressor associated with E-1 and the pneumatic controllers are not subject to Subpart OOOO.

The reciprocating compressor associated with emission unit E-2 was constructed on September 15, 2011 and is therefore subject to the maintenance and compliance practices of §60.5385(a), and the notification, recordkeeping, and reporting requirements of §60.5420. **Therefore, Subpart OOOO does apply**.

National Emission Standards for Hazardous Air Pollutants (NESHAP)

40 CFR Part 63, Subpart A: General Provisions. This subpart contains national emissions standards for HAPs that regulate specific categories of sources that emit one or more HAP regulated pollutants under the CAA. The general provisions under Subpart A apply to sources that are subject to the specific subparts of Part 63.

As explained below, the Ute Compressor Station is subject to 40 CFR Subparts HH and ZZZZ. Therefore **the General Provisions of Part 63 apply** as specified in the relevant subparts.

40 CFR Part 63, Subpart HH: National Emission Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities. This subpart applies to the owners and operators of affected units located at natural gas production facilities that are area or major sources of HAPs, and that process, upgrade, or store natural gas prior to the point of custody transfer, or that process, upgrade, or store natural gas prior to the point at which natural gas enters the natural gas transmission and storage source category or is delivered to a final end user. The affected units are glycol dehydration units, storage vessels, and the group of ancillary equipment, and compressors intended to operate in volatile hazardous air pollutant service, which are located at natural gas processing plants.

Throughput Exemption

Those sources whose maximum natural gas throughput, as appropriately calculated per §63.760(a)(1)(i) through (a)(1)(iii), is less than 18,400 standard cubic meters per day are exempt from the requirements of this subpart.

Source Aggregation

Major source, as used in this subpart, has the same meaning as in §63.2, except that:

1) Emissions from any oil and gas production well with its associated equipment and emissions from any pipeline compressor station or pump station shall not be aggregated with emissions from other similar units.

2) Emissions from processes, operations, or equipment that are not part of the same facility shall not be aggregated.

3) For facilities that are production field facilities, only HAP emissions from glycol dehydration units and storage vessels shall be aggregated for a major source determination.

Facility

For the purpose of a major source determination, facility means oil and natural gas production and processing equipment that is located within the boundaries of an individual surface site as defined in Subpart HH. Examples of facilities in the oil and natural gas production category include, but are not limited to: well sites, satellite tank batteries, central tank batteries, a compressor station that transports natural gas to a natural gas processing plant, and natural gas processing plants.

Production Field Facility

Production field facilities are those located prior to the point of custody transfer. The definition of custody transfer (40 CFR 63.761) means the point of transfer after the processing/treating in the producing operation, except for the case of a natural gas processing plant, in which case the point of custody transfer is the inlet to the plant.

Natural Gas Processing Plant

A natural gas processing plant is defined in 40 CFR 63.761 as any processing site engaged in the extraction of NGLs from field gas, or the fractionation of mixed NGLs to natural gas products, or a combination of both. A treating plant or gas plant that does not engage in these activities is considered to be a production field facility.

Major Source Determination for Production Field Facilities
The definition of major source in subpart HH (at 40 CFR 63.761) states, in part, that only emissions from the dehydration units and storage vessels at production field facilities shall be aggregated when comparing to the major source thresholds.

For facilities that are not production field facilities, HAP emissions from all HAP emission units shall be aggregated.

Major Source Glycol Dehydrator Applicabilities

For facilities that are determined to be major HAP sources, each glycol dehydration unit is subject to the glycol dehydration unit process vent standards of 40 CFR 63.765 for small or large dehydration units, defined, as follows, in 40 CFR 63.760:

Small Glycol Dehydration Unit: a glycol dehydration unit, located at a major source, with an actual annual average natural gas flowrate less than 85 thousand standard cubic meters per day or actual annual average benzene emissions less than 0.90 Mg/yr, determined according to §63.772(b).

Large Glycol Dehydration Unit*:* a glycol dehydration unit with an actual annual average natural gas flowrate equal to or greater than 85 thousand standard cubic meters per day and actual annual average benzene emissions equal to or greater than 0.90 Mg/yr, determined according to §63.772(b). A glycol dehydration unit complying with the 0.9 Mg/yr control option under §63.765(b)(1)(ii) is considered to be a large dehydrator.

Area Source Applicability

40 CFR Part 63, Subpart HH also applies to area sources of HAPs. An area source is a HAP source whose total HAP emissions are less than 10 tpy of any single HAP or 25 tpy for all HAPs in aggregate. This subpart requires different emission reduction requirements for glycol dehydration units found at oil and gas production facilities based on their geographical location.

Units located in densely populated areas (determined by the Bureau of Census) and known as urbanized areas with an added 2-mile offset and urban clusters of 10,000 people or more, are required to have emission controls. Units located outside these areas will be required to have the glycol recirculation pump rate optimized or operators must document that uncontrolled annual actual benzene emissions are less than 0.9 megagrams (1,984 lbs.).

Any source that determines that it is not a major source but has actual emissions of 5 tons per year of a single HAP or 12.5 tons per year of a combination of HAP (i.e. 50 percent of the major source thresholds), shall update its major source determination within 1 year of the prior determination and each year thereafter, using gas composition data measured during the preceding 12 months.

Applicability of Subpart HH to the Ute Compressor Station

> According to ConocoPhillips, Ute Compressor Station has affected sources under this subpart, upgrades natural gas, and is located prior to the point of custody transfer (and therefore prior to the point at which natural gas leaves the natural gas production category and enters the natural gas transmission and storage category). Because the facility is in the natural gas production category only emissions from dehydration units and storage vessels need to be aggregated when

determining major source status. The total HAP emissions from the glycol dehydrators and storage vessels are above major source thresholds.

Ute Compressor Station includes one TEG dehydration unit, identified in the permit application as emission unit Dehy-1, a 14 MMscf/day PESCO unit with a 0.125 MMBTU/hr reboiler and two (2) electric Rotor-Tech GA-6 glycol pumps with a maximum flow rate of 3 gpm each. Dehy-1 commenced construction prior to August 23, 2011 and is therefore an existing small dehydration unit at a major source of HAPs. ConocoPhillips determined that uncontrolled actual annual average benzene emissions from Dehy-1 were less than 0.90 megagrams per year using GRI-GLYCalc 4.0 and the procedures specified in 40 CFR 63.772(b)(2). As an affected major source, Dehy-1 is subject to the process unit vent standards of 40 CFR 63.765(b)(1)(iii) and the other applicable requirements for small dehydrators located at a major source of HAPs. **Therefore, Ute Compressor Station is subject to the major source requirements of Subpart HH for existing small dehydration units.**

Should ConocoPhillips determine that uncontrolled actual annual average Benzene emissions from Dehy-1 are greater than 0.90 megagrams per year, ConocoPhillips must comply with the requirements for large dehydration units at a major source of HAP emissions. The Part 70 operating permit is crafted to allow ConocoPhillips flexibility to comply with either the requirements for small or large dehydration units at a major source of HAPs.

40 CFR Part 63, Subpart HHH: National Emission Standards for Hazardous Air Pollutants from Natural Gas Transmission and Storage Facilities. This subpart applies to natural gas transmission and storage facilities that transport or store natural gas prior to entering the pipeline to a local distribution company or to a final end user, and that are a major source of hazardous air pollutant (HAP) emissions. Natural gas transmission means the pipelines are used for long distance transport (excluding processing).

According to ConocoPhillips, the Ute Compressor Station is not a natural gas transmission or storage facility. **Therefore, Subpart HHH does not apply.**

40 CFR Part 63, Subpart EEEE: National Emission Standards for Hazardous Air Pollutants from Organic Liquid Distribution (Non-Gasoline). This subpart establishes emission limits, operating limits, and work practice standards for organic hazardous air pollutants emitted from organic liquids distribution.

According to ConocoPhillips the Ute CDP is a major source of HAP emissions and has organic liquid distribution processes (condensate truck loading) The Ute CDP is a "production field facility" as defined in §63.761 and is therefore exempt from the regulation under §63.2334(c)(1).

40 CFR Part 63, Subpart ZZZZ (RICE MACT): National Emission Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines. This rule establishes national emission limitations and operating limitations for HAPs emitted from stationary spark ignition internal combustion engines (SI ICE) and stationary compression ignition internal combustion engines (CI ICE).

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

Summary of Applicability to Engines at Major HAP Sources

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

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

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

Unit	Serial Number	Unit Description	Fuel	Site Rated HP	Commenced Construction or Reconstruction Date
E-1	240747	Waukesha L5790GL SI 4SLB Compressor Engine	Natural Gas	1,130	9/1995
E-2	C-13014/1	Waukesha L7042GL SI 4SLB Compressor Engine	Natural Gas	1,375	4/2000

According to ConocoPhillips, the Ute Compressor Station is a major source of hazardous air pollutants (HAP) as defined in §63.6675 of Subpart ZZZZ. Emission units E1 and E2, four-stroke lean-burn (4SLB) stationary reciprocating internal combustion engines (RICE) >500, constructed prior to December 19, 2002. Based on the hp and construction dates these units are considered existing stationary RICE. **Per §63.6590(b)(3)(ii), existing spark ignition 4SLB stationary RICE >500hp located at a major source of HAP emissions do not have to meet the requirements of Subpart ZZZZ or 40 CFR 63, Subpart A, including initial notification requirements.**

Ute Compressor Station is subject to a 40 CFR Part 49 Synthetic Minor Source NSR permit (#SMNSR-SU-000054-2012.001) which establishes federally and practically enforceable emission limits for facility-wide formaldehyde and HAP emissions. ConocoPhillips can apply these emission limits when evaluating the source for proposed NESHAP and MACT standards; however the source remains a major source of HAPs for the purpose of Subpart ZZZZ due the EPA's MACT "Once in Always in" policy.

40 CFR Part 63, Subpart DDDDD (Boiler MACT): National Emission Standards for Hazardous Air Pollutants for Major Sources: Industrial, Commercial, and Institutional Boilers and Process Heaters. This rule establishes national emission limitations and work practice standards for HAPs emitted from new and existing industrial boilers, institutional boilers, commercial boilers, and process heaters that are located at major sources of HAPs, as defined by 40 CFR 63.7575. Boilers or process heaters that combust natural gas for fuel or have a maximum designed heat input capacity less than 10 MMBtu/hr are subject to work practice standards in lieu of emission limits. For the purposes of this subpart, an affected unit is an existing unit if it was constructed prior to June 4, 2010.

According to information submitted by ConocoPhillips, the dehydration unit Dehy-1 reboiler meets the definition of a process heater under 40 CFR 63.7575, however, this unit is also subject to 40 CFR Part 63, Subpart HH. Per 40 CFR 63.7491(h), any boiler or process heater that is part of the affected source subject to another subpart is not subject to Subpart DDDD. **Therefore, Subpart DDDDD does not apply.**

40 CFR Part 63, Subpart JJJJJJ: National Emission Standards for Hazardous Air Pollutants for Area Sources: Industrial, Commercial, and Institutional Boilers. This rule establishes national emission standards and operating limitations for HAPs emitted from new and existing industrial boilers, institutional boilers, and commercial boilers, as defined by 40 CFR 63.11237, and are located at area sources of HAPs, as defined by 40 CFR 63.2, except as specified in 40 CFR 63.11195. For the purposes of this subpart, an affected unit is an existing unit if it was constructed prior to June 4, 2010.

According to information submitted by ConocoPhillips, there are no industrial, institutional, or commercial boilers at Ute Compressor Station. **Therefore, Subpart JJJJJJ does not apply.**

Compliance Assurance Monitoring (CAM) Rule

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

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

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

(i) Emission limitations or standards proposed by the Administrator after November 15, 1990 pursuant to Section 111 or 112 of the Act;
(ii) Stratospheric ozone protection requirements under Title VI of the Act;
(iii) Acid Rain Program requirements pursuant to Sections 404, 405, 406, 407(a), 407(b) or 410 of the Act;

(iv) Emissions limitations or standards or other applicable requirements that apply solely under an emissions trading program approved or promulgated by the Administrator under the Act that allows for trading emissions with a source or between sources;

(v) An emissions cap that meets the requirements specified in §70.4(b)(12) or §71.6(a)(13)(iii) of this chapter;

(vi) Emission limitations or standards for which a Part 70 or 71 permit specifies a continuous compliance determination method, as defined in §64.1."

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

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

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

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

According to ConocoPhillips, the dehydrator (emission unit Dehy-1) has pre-control emissions of HAPs greater than 100% of major source thresholds. However, because to the emission unit is subject to emission limits for HAPs established in 40 CFR 63, Subpart HH of Clean Air Act Section 112 the unit is exempt from CAM. **Therefore CAM does not apply.**

Chemical Accident Prevention Program

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

According to ConocoPhillips, Ute Compressor Station has no substance listed by this regulation that is stored on-site in quantities above the applicable threshold values set forth by the regulation. **Therefore the facility is not subject to the requirement to develop and submit a risk management plan.**

Mandatory Greenhouse Gas Reporting

40 CFR Part 98: This rule requires sources above certain emission thresholds to calculate, monitor, and report greenhouse gas emissions. The requirements of 40 CFR Part 98 and CAA §307(d)(1)(V), the CAA authority under which 40 CFR Part 98 was promulgated, however, need not be included in a tribal-issued Part 70 permit because those requirements are not included in the definition of "applicable requirement" in either 40 CFR Part 70 or RAC 1-103(11). Although the rule is not an applicable requirement under 40 CFR Part 70 or the RAC, the source is not relieved from the requirement to comply with the rule separately from compliance with its Part 70 operating permit. It is the responsibility of each source to determine whether Part 98 is applicable and to comply, if necessary.

4. Public Participation

a. Public Notice

Per RAC § 2-109, all Part 70 draft operating permits shall be publicly noticed and made available for public comment. Public notice is given by publication in a newspaper of general circulation in the area where the source is located or in a state publication designed to give general public notice, to persons on a mailing list developed by the Tribe, including those who request in writing to be on the list, and by other means if necessary to assure adequate notice to the affected public. If an interested person would like to be added to the Tribe's mailing list to be informed of future actions on permits issued by the Tribe, please send your name and address:

by United State Postal Service to:	by any other delivery service to:
Southern Ute Indian Tribe	Southern Ute Indian Tribe
Environmental Programs Division	Environmental Programs Division
Part 70 Program	Part 70 Program
PO Box 737 MS #84	398 Ouray Drive
Ignacio, Colorado 81137	Ignacio, Colorado 81137

Public notice will be published in the Durango Herald and Southern Ute Drum, in order to provide opportunity for public comment on the draft permit and the opportunity to request a public hearing.

b. Opportunity for Comment

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

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

All documents are available for review at the Southern Ute Indian Tribe's Environmental Programs Division office Monday through Friday from 9:00 a.m. to 4:00 p.m. (excluding holidays) or on the Tribe's 70 permitting webpage at: http://www.southernute-nsn.gov/environmental-programs/air-quality/air-permitting/.

Any interested person may submit written comments on the draft Part 70 operating permit during the public comment period at the address specified in the public notice. The Tribe will consider and address comments in making a final decision on the permit. The Tribe keeps a record of the commenters and of the issues raised during the public participation process.

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

c. Opportunity to Request a Hearing

A person may submit a written request for a public hearing to the Part 70 Permit Contact, at the address listed above, by stating the nature of the issues to be raised at the public hearing. Based on the number of hearing requests received, the Tribe will hold a public hearing whenever it finds there is a significant degree of public interest in a draft operating permit. The Tribe will provide public notice of the public hearing. If a public hearing is held, any person may submit oral or written statements and data concerning the draft permit.

d. Public Petitions to the Administrator

In the event the Administrator of the United States Environmental Protection Agency does not object to issuance of the permit, on the basis that it would not be in compliance with applicable requirements, within its 45-day review period, any person may then petition the Administrator within 60 days after the expiration of the Administrator's 45-day review period to make such objection. Any such petition must

be based only on objections to the permit that were raised with reasonable specificity during the public comment period unless the petitioner demonstrates that it was impracticable to raise such objections within such period, or unless the grounds for such objections arose after such period. If the Administrator objects to a permit as a result of this petition, the Tribe shall not issue the permit until the Administrator's objection has been resolved, except that a petition for review does not stay the effectiveness of a permit or its requirements if the permit was issued after the end of the 45-day review period and before the Administrator's objection.

e. Appeal of Permits

Within 60 days after the Tribe's final permit action, an applicant, any person who filed comments on the draft permit or participated in the public hearing, and any other person who could obtain judicial review of that action under applicable law, may appeal to the Environmental Commission in accordance with RAC 2-109(8) and the Commission's Procedural Rules.

Petitions for administrative review of final permit actions can be filed after the deadline designated by the Commission only if they are based solely on grounds arising after the deadline for administrative review. Such petitions shall be filed no later than 60 days after the new grounds for review arise. If the final permit action being challenged is the Tribe's failure to take final action, a petition for administrative review may be filed any time before the Tribe denies or issues the final permit.

f. Notice to Affected States/Tribes

As described in RAC § 2-109(3), public notice will be given by notifying all affected programs. The following entities will be notified:

- State of Colorado, Department of Public Health and Environment
- State of New Mexico, Environment Department
- Ute Mountain Ute Tribe, Environmental Programs Department
- Navajo Tribe, Navajo Nation EPA
- Jicarilla Tribe, Environmental Protection Office
- National Park Service, Air Resources Division, Denver, CO
- U.S. Department of Agriculture, United States Forest Service, Rocky Mountain Region