



NAVAJO NATION ENVIRONMENTAL PROTECTION AGENCY
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Detailed Information

Permitting Authority: NNEPA

County: Coconino **State:** Arizona **AFS Plant ID:** 04-005-N0137

Facility: Transwestern Pipeline Company - Leupp Compressor Station Number 3

Document Type: DRAFT STATEMENT OF BASIS

**PART 71 FEDERAL OPERATING PERMIT
DRAFT STATEMENT OF BASIS**

**Transwestern Pipeline Company
Leupp Compressor Station Number 3**

Permit No. NN OP 09-001

1. Facility Information

a. Permittee

Plant Name:

Transwestern Pipeline Company - Leupp Compressor Station Number 3
Section 5/6, Township 22-N, Range 14-E
8 miles east of Leupp, Arizona

Mailing Address:

4001 Indian School Road, Suite 250
Albuquerque, New Mexico 87110

Owner:

Energy Transfer Partners
711 Louisiana Avenue, Suite 900
Houston, Texas 77002

b. Contact Information

Facility Contact: Larry Campbell, Environmental Representative
Phone: (575) 625-8022

Responsible Official: Jeff Whippo, Director of Operations
Phone: (505) 260-4006

c. Description of Operations, Products

The facility is a natural gas compressor station which performs gas inlet separation and natural gas compression.

d. History

This plant was initially constructed in 1967 to provide gas compression for a natural gas pipeline. In 2002, Transwestern Pipeline Company replaced three engine-driven gas compressors with a new natural gas-fired turbine (Unit 304), and two power generator engines (Units 323 and 324). U.S. EPA issued a significant modification on November 16, 2001 to install the new turbine and the power generators.

The source has been operating under Part 71 Operating Permit NN OP 99-001, issued on April 25, 2000, and the following approvals:

- (i) Significant modification, issued by U.S. EPA on November 16, 2001.
- (ii) First Administrative Amendment, issued by NNEPA on January 14, 2005.
- (iii) First Renewed Title V permit, issued by NNEPA on September 22, 2005.
- (iv) Second Administrative Amendment, issued by NNEPA on March 17, 2010.

The Title V renewal permit application was submitted on November 17, 2009.

e. Existing Approvals

All conditions from previous approvals were incorporated into this Part 71 permit renewal, except for the following:

Conditions II.B.3 and II.B.4 (NN OP 04-001): In the Part 71 renewal application submitted on November 17, 2009, the permittee requested an increase in the operating hours for the two electric generator engines combined, from 8,760 to 9,000 hours in any 12-month period, to allow for instances where both engines run simultaneously during the engine start-up sequence and during brief periods of maintenance.

The operating hours limit was first created in the significant modification of the Permittee's Part 71 permit in 2001, in which the Permittee was authorized to add new emission units and remove some existing emission units. The source did not trigger review under the Prevention of Significant Deterioration (PSD) permitting program at the time because the project resulted in an emission decrease, and the operating hours limit was not taken to avoid PSD. Therefore the question of whether the proposed hours increase is a relaxation that could possibly trigger PSD under 40 C.F.R. § 52.21(r)(4) did not arise. Furthermore, the potential emission increase associated with the hours increase by itself does not constitute a new major

stationary source; therefore U.S. EPA has determined that this action does not trigger PSD (or any other CAA applicable requirements).

This renewal permit consequently contains the requested change. NNEPA notes, however, that this change increases the source's NOx PTE to 254 tons per year (TPY), making it a major stationary source under the PSD program. Any future emission increase at the source must be evaluated to determine whether it constitutes a major modification under PSD.

f. Permitted Emission Units and Control Equipment

Unit ID/ Stack ID	Unit Description	Maximum Capacity	Commenced Construction Date	Control Device
304	One (1) natural gas-fired turbine compressor	390.20 MMBtu/hr 33915 hp	2002	N/A
323	One (1) natural gas-fired RICE* , for power generation	1.74 MMBtu/hr 526 hp	2002	N/A
324	One (1) natural gas-fired RICE* , for power generation	1.74 MMBtu/hr 526 hp	2002	N/A

* RICE = Reciprocating Internal Combustion Engine.

g. Unpermitted Emission Units and Control Equipment

No unpermitted emission units were found to be operating at this source during this review process.

h. New Emission Units and Control Equipment

This Part 71 operating permit includes no new emission units or pollution control equipment.

i. Insignificant Activities

This stationary source also includes the following insignificant activities, as defined in 40 CFR § 71.5(c)(11)(ii), which are defined as emission units with potential to emit of each criteria pollutant less than 2 TPY and potential to emit a single HAP less than 0.5 tons per year or the de minimis level established under § CAA 112(g), whichever is less:

- (i) Fugitive VOC emissions from connections, flanges, open-ended lines, valves, and other components.

- (ii) Emergency shutdown system and pressure relief valves.
- (iii) Blowdown activities (during startup and shutdown).
- (iv) Fire Pump and Air Compressor engine emissions.
- (v) Any emissions unit, operation, or activity that handles or stores a VOC or HAP organic liquid with a vapor pressure less than 1.5 psia.
- (vi) List of storage tanks present at the source.

Unit ID	Unit Description
T-1	25 gal Propane Tank (Pressurized)
T-2	440 bbl Vertical Oily Waste Water Tank
T-3	210 bbl Vertical Oily Waste Water Tank
T-4	500 bbl Vertical Pipeline Liquids Tank
T-5	100 bbl Vertical Used Oil Tank
T-6	5,250 gal Horizontal Lube Oil Tank
T-7	5,250 gal Horizontal Lube Oil Tank
T-8	5,148 gal Horizontal Gear Oil/Glycol Tank
T-9	400 bbl Vertical Wash Rack Water Tank

j. Enforcement Issues

There are no known noncompliance issues that must be addressed in this permitting action. Therefore, the renewal may be proposed and issued.

k. Emission Calculations

See Appendix A of this document for detailed calculations (pages 1 through 3).

l. Potential to Emit

Potential to emit (PTE) means the maximum capacity to emit any air pollutant (CAA criteria pollutants or HAPs) under a facility's physical and operational design. Any physical or operational limitations on the maximum capacity of this plant to emit an air pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, may be treated as a part of its design if the limitation is enforceable by U.S. EPA. Actual emissions are typically lower than PTE.

Process/Facility	Potential to Emit (tons/year)							
	PM	PM-10	PM-2.5	SO ₂	NO _x	VOC	CO	HAPs
304	11.28	11.28	11.28	5.81	141.6	3.59	86.2	1.76
323, 324	0.00	0.08	0.08	0.00	112.1	0.95	7.9	0.55
Insignificant Activities*	less than 5.00	less than 5.00	less than 5.00	-	-	less than 5.00	-	negligible
PTE of the Entire Source	16.3	16.4	16.4	5.82	254	9.53	94	2.31
Title V Major Source Thresholds	NA	100	100	100	100	100	100	10 for a single HAP and 25 for total HAPs

Note: (*) This estimates the PM10/PM2.5 emissions from the blowdown, pressure relief systems, and the fugitive VOC emissions from equipment leaks.

- (i) The PTE of NO_x is equal to or greater than 100 TPY. Therefore, this source is considered a major source under 40 CFR Part 71 (Federal Operating Permit Program).
- (ii) This source is located in an attainment area and is not in one of the 28 source categories defined in 40 C.F.R. § 52.21(b)(1)(i)(a). The PTE of NO_x is greater than 250 TPY. Therefore, this source is an existing major source under PSD.

m. Actual Emissions

The following table shows the actual emissions from the source. This information reflects the 2009 emission inventory data submitted by the permittee.

Pollutant	Actual Emissions (tons/year)
PM	Not Reported
PM10	4.27
SO ₂	2.00
VOC	5.01
NO _x	214.16
O ₃	24.27
Formaldehyde	0.9

2. Navajo Nation Information

a. General

The reservation of the Navajo Nation is one of the largest Indian reservations in the country, covering more than 27,000 square miles in three states: Arizona, Utah, and New Mexico. The Navajo Nation currently is home to more than 260,000 people. Industries on the reservation include oil and natural gas production, coal mining, electric generation and distribution, and tourism.

b. Local Air Quality and Attainment Status

All areas of the Navajo Nation are currently designated as attainment or unclassifiable for all pollutants for which a National Ambient Air Quality Standard (NAAQS) has been established.

3. Prevention of Significant Deterioration (PSD) Applicability

Transwestern Pipeline Company - Leupp Compressor Station # 3 was constructed in 1967 and modified in 2002. This existing source is not in one of the 28 source categories defined in 40 CFR § 52.21(b)(1)(iii), but under this renewal the source has potential to emit NO_x greater than 250 tons per year. Therefore, this source is now an existing PSD major source.

In 2002, Transwestern Pipeline Company replaced three engine-driven gas compressors with a single natural gas-fired turbine (Unit 304) and two power generator engines (Units 323 and 324). On November 16, 2001, U.S. EPA issued a significant modification to install Units 304, 323 and 324. The modifications that occurred in 2002 did not trigger PSD because the Permittee proposed emission limits of 25 ppm for both NO_x and CO from the gas turbine (Unit 304) and thus the modifications did not cause a significant net emission increase as defined in 40 CFR § 52.21.

4. Federal Rule Applicability

a. New Source Performance Standard (NSPS) for Stationary Gas Turbines (40 CFR §§ 60.330-.335, Subpart GG):

Unit 304 was installed after October 3, 1977 and has a maximum heat input capacity greater than 10 MMBtu/hr. Therefore, Unit 304 is subject to the requirements of 40 CFR, Subpart GG and the general provisions of 40 CFR Part 60, Subpart A. The NO_x limit required by Subpart GG for a turbine with a heat input at peak load greater than 100 MMBtu/hr is 75 ppm (40 CFR § 60.332(a)(1)). The significant modification permit issued by U.S. EPA on November 16, 2001 streamlined the NO_x emission limit from Unit 304 to 25 ppm at 15% O₂, based on a three-hour average.

Pursuant to 40 CFR § 60.33(u), the Permittee shall not burn any gaseous fuel in the gas turbine which contains a maximum total sulfur content of the fuel exceeding 20.0 grains/100 scf.

The Permittee has elected not to monitor the total sulfur content of the natural gas combusted in Unit 304 by using the natural gas which meets the definition in 40 CFR § 60.331(u), pursuant to 40 CFR § 60.334(h)(3). The Permittee has provided an excerpt from its current tariff from the Federal Energy Regulatory Commission (FERC) demonstrating that the fuel delivered to this plant satisfied the “natural gas” definition in 40 CFR § 60.331(u).

The Permittee is required to conduct an annual performance test as described in 40 CFR § 60.8 for NO_x and CO from Unit 304, at the maximum operating capacity, to demonstrate compliance with the NO_x and CO emission limit pursuant to 40 CFR § 71.6(a)(3)(i). The Permittee conducted the performance test for Unit 304 on October 29, 2009.

b. NSPS for Stationary Spark Ignition Internal Combustion Engines (40 CFR §§ 60.4230-.4248, Subpart JJJJ):

On January 10, 2008, the NSPS for Stationary Spark Ignition Internal Combustion Engines (40 CFR §§ 60.4230-.4248, Subpart IIII) was promulgated. This subpart applies to stationary spark ignition internal combustion engines that are manufactured on or after July 1, 2007 or that commenced construction or were modified or reconstructed after June 12, 2006. This subpart does not apply to the engines located at the source because they were constructed prior to June 12, 2006.

c. NSPS for Stationary Combustion Turbines (40 CFR §§ 60.4230-4248, Subpart KKKK):

On January 10, 2008, the NSPS for Stationary Combustion Turbines (40 CFR §§ 60.4300-.4420, Subpart KKKK) was promulgated. This subpart applies to stationary internal combustion turbines that commenced construction, modification, or reconstruction after February 18, 2005. This subpart does not apply to the turbines located at the source because they were installed prior to February 18, 2005 and have not been modified or reconstructed.

d. National Emission Standards for Hazardous Air Pollutants (NESHAP) for Oil and Natural Gas Production (40 CFR §§ 63.760-.779, Subpart HH):

This source does not meet the definition of an oil and natural gas production facility as specified in 40 CFR § 63.760(a). Therefore, this source is not subject to the requirements of the NESHAP in Subpart HH.

e. **NESHAP for Natural Gas Transmission and Storage (40 CFR §§ 63.1270-.1287, Subpart HHH):**

This source does not have glycol dehydration units. Therefore, this source is not subject to the requirements of the NESHAP in Subpart HHH, pursuant to 40 CFR § 63.1270(c).

f. **NESHAP for Combustion Turbines (40 CFR §§ 63.6080-.6175, Subpart YYYY):**

This source is not a major source of HAPs. The potential to emit HAPs from this source is less than 10 TPY of a single HAP and 25 TPY of combined HAPs. Therefore, Unit 304 is not subject to the requirements of the NESHAP in Subpart YYYY.

g. **NESHAP for Reciprocating Internal Combustion Engines (40 CFR 63.6580 - 63.6675, Subpart ZZZZ):**

This source is not a major source of HAPs. The potential to emit HAPs from this source is less than 10 TPY of a single HAP and 25 TPY of combined HAPs. Therefore, the two engines (Units 323 and 324) are not subject to the requirements of the NESHAP in Subpart ZZZZ.

h. **Acid Rain Program (40 CFR Parts 72 through 80)**

This source does not have any affected units specified in 40 CFR § 72.6(a). Therefore, the turbines at this source are not subject to requirements of the Acid Rain Program.

i. **Continuous Assurance Monitoring (CAM) Program (40 CFR 64)**

None of the emission units at this source use an add-on control device as defined in 40 CFR § 64.1. Therefore, the requirements of 40 CFR Part 64 are not applicable.

j. **Asbestos NESHAP (40 CFR Part 61, Subpart M):**

The Permittee is subject to the requirements of the Asbestos NESHAP and the applicable requirements are specified in the permit document.

k. **Protection of Stratospheric Ozone (40 CFR 82):**

The Permittee is subject to the requirements of 40 CFR 82 and the applicable requirements are specified in the permit document.

Summary of Applicable Federal Requirements

Federal Air Quality Requirement	Current or Future Requirement
NSPS, Subpart GG	Current
Asbestos NESHAP (40 CFR 61, Subpart M)	Current
Protection of Stratospheric Ozone (40 CFR Part 82)	Current

5. NNEPA Authority

Authority to administer the Part 71 Permit Program was delegated to NNEPA by U.S. EPA in part on October 13, 2004, and in whole on March 21, 2006. In delegating to NNEPA the authority to administer the Part 71 operating permit program, U.S. EPA determined that NNEPA had adequate independent authority to administer the program, as required by 40 C.F.R. § 71.10(a). U.S. EPA found such authority consisted of having adequate permit processing requirements and adequate permit enforcement-related investigatory authorities. Deleg. Agr. §§ IV, V, VI.1, IX.2. Moreover, before waiving its collection of fees under 40 C.F.R. § 71.9(c)(2)(ii), U.S. EPA determined that NNEPA could collect sufficient revenue under its own authorities to fund a delegated Part 71 Program. Deleg. Agr. at 1 and § II.2. There are therefore references to both federal and tribal provisions in this permit. When federal and tribal provisions are cited in parallel, the tribal provisions are identical to the federal provisions and NNEPA is proposing that compliance with the federal provision will constitute compliance with the tribal counterpart.

All federal terms and conditions of the permit are enforceable by both NNEPA and U.S. EPA, as well as by citizens, under the federal Clean Air Act, with one exception: the reopening provision, contained in Condition IV.L of the existing permit. U.S. EPA may not delegate its authority to reopen a permit or to respond to a petition to reopen the permit. *See* 40 C.F.R. §§ 71.7(g), 71.10(h). At the same time, NNEPA must retain its own authority to reopen a permit in order to be delegated the Part 71 program. Under § 71.7(g), even when U.S. EPA initiates the reopening process U.S. EPA must provide the delegate authority an opportunity to revise the permit prior to U.S. EPA itself being able to take such action. NNEPA therefore is proposing to include two reopening provisions, Condition IV.K. and a new Condition IV.L., one for U.S. EPA's reopening authority and one for NNEPA's.

The permit also clarifies that all provisions of Navajo law referenced in the permit are tribally enforceable only, under the NNOPR and the Navajo Nation Air Pollution Prevention and Control Act, 4 N.N.C. §§ 1101-1162. In addition to the permit conditions citing NNOPR provisions in conjunction with provisions of Part 71, there are two proposed conditions that refer to Navajo law only: the second reopening condition, discussed above, and Condition IV.A (Fee Payment), which refers only to the NNOPR because U.S. EPA waived its collection of fees, also noted above. Like the other NNOPR provisions, these provisions are proposed to be labeled as tribally enforceable only.

Finally, under Condition III.C. (Reporting Requirements), certain reports would no longer be required to be submitted to U.S. EPA; instead, those reports would be submitted only to NNEPA.

6. Endangered Species Act

Pursuant to Section 7 of the Endangered Species Act (ESA), 16 U.S.C. § 1536, and its implementing regulations at 50 CFR Part 402, U.S. EPA is required to ensure that any action authorized, funded, or carried out by U.S. EPA is not likely to jeopardize the continued existence of any federally listed endangered species or threatened species or result in the destruction or adverse modification of the designated critical habitat of any such species. NNEPA is issuing this federal Part 71 permit pursuant to a delegation from U.S. EPA. However, this permit does not authorize the construction of new emission units, or emission increases from existing units, nor does it otherwise authorize any other physical modifications to the facility or its operations. Therefore, NNEPA and U.S. EPA have concluded that the issuance of this permit will have no effect on listed species or their critical habitat.

7. Use of All Credible Evidence

Determinations of deviations, continuous or intermittent compliance status, or violations of the permit are not limited to the testing or monitoring methods required by the underlying regulations or this permit; other credible evidence (including any evidence admissible under the Federal Rules of Evidence) must be considered by the source, NNEPA, and U.S. EPA in such determinations.

8. Public Participation

a. Public Notice

As described in 40 C.F.R. § 71.11(a)(5) and Navajo Nation Operating Permit Regulations (NNOPR) Subpart IV § 403(A), all draft operating permits shall be publicly noticed and made available for public comment. The public notice requirements for permit actions and the public comment period are described in 40 C.F.R. § 71.11(d) and NNOPR Subpart IV.

A 30-day public comment period applies to actions pertaining to a draft permit. NNEPA will provide public notice will be given for this draft permit by mailing a copy of the notice to the permit applicant, U.S. EPA, and the affected state (Arizona). A copy of the notice will also be provided to all persons who submitted a written request to be included on the mailing list. The request should be made to the following:

Charlene Nelson (Program Supervisor)
Navajo Nation Air Quality Control Program

Operating Permits Program
P.O. Box 529
Fort Defiance, AZ 86504

E-mail: charlenenelson@navajo.org

Public notice will be published in a daily or weekly newspaper of general circulation in the area affected by this source.

b. Opportunity for Comment

Members of the public may review a copy of the draft permit prepared by NNEPA, this statement of basis for the draft permit, the application, and all supporting materials submitted by the source at:

Navajo Nation Air Quality Control Program
Operating Permits Program
Route 112 North, Building No. 2837
Fort Defiance, AZ 86504

Copies of the draft permit and this statement of basis can also be obtained free of charge from NNEPA's website at:

<http://www.navajonationepa.org/opp/permits.html>

or by contacting Charlene Nelson (Program Supervisor) at the NNAQCP office indicated above or by telephone at (928) 729-4247. All documents will be available for review at the NNAQCP office indicated above during regular business hours.

If you have comments on the draft permit, you must submit them during the 30-day public comment period. All significant comments received during the public comment period and all significant comments made at any public hearing will be considered in arriving at a final decision on the permit. The final permit is a public record that can be obtained by request. NNEPA will send a statement of reason for changes made to the draft permits and responses to comments received to persons who commented on the draft permit.

If you believe that any condition of the draft permit is inappropriate, you must raise all reasonably ascertainable issues and submit all arguments supporting your position by the end of the comment period. Any supporting documents must be included in full and may not be incorporated by reference, unless they are already part of the administrative record for this permit or consist of tribal, state or federal statutes or regulations, or other generally available referenced materials.

c. Opportunity to Request a Hearing

A person may submit a written request for a public hearing to Charlene Nelson (Program Supervisor), at the NNAQCP office indicated in Section 8(a) above, by stating the nature of the issues to be raised at the public hearing. Based on the number of hearing requests received, NNEPA will hold a public hearing whenever it finds there is a significant degree of public interest in a draft operating permit. If a public hearing is held, NNEPA will provide public notice of the hearing and any person may submit oral or written statements and data concerning the draft permit.

d. Mailing List

If you would like to be added to our mailing list to be informed of future actions on this or other Clean Air Act permits issued on the Navajo Nation, please send your name and address to Charlene Nelson (Program Supervisor) at the NNAQCP office indicated in Section (8)(a) above.