

EXHIBIT 8

Letter from Richard R. Long, Region VIII Director, Air and Radiation Program, to Jack Vaughn, EnerVest San Juan Operating Co. (July 8, 1999)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION VIII

999 18th STREET - SUITE 500
DENVER, COLORADO 80202-2466

JUL 8 1999

Ref: 8P-AR

Jack Vaughn
EnerVest San Juan Operating Co.
570 B Turner Dr.
Durango, CO 81301

Dear Mr. Vaughn,

This letter is in response to your letter dated June 3, 1999 requesting clarification of the aggregation of sources for the purpose of determining Title V applicability as it applies to pipeline compressor stations. More specifically, you have asked us to determine whether we consider each emitting unit at each compressor station to be a single source or all of the emitting units at each compressor station in aggregate to be a single source for Title V permitting purposes, and whether these sources are major.

In the Code of Federal Regulations at 40 CFR 71.2 the definition of "major source" states, in part:

"Major source means any stationary source (or any group of stationary sources that are located on one or more contiguous or adjacent properties and are under common control of the same person (or persons under common control)), belonging to a single major industrial grouping....."

We interpret this to mean that each compressor station with its associated emitting units (e.g. compressor engines, wells, pumps, dehydrators, storage and transmission tanks, etc...) comprises a "group of stationary sources" and would be considered a single source for purposes of determining Title V applicability.

With this interpretation in mind, the additional information you provided to us in the letter, and further telephone conversations with you, we have determined that the EnerVest San Juan Operating Co. has five sources (compressor stations with their associated emitting units) located within the exterior boundaries of the Southern Ute Indian Reservation in southwest Colorado. The following table illustrates the sources.

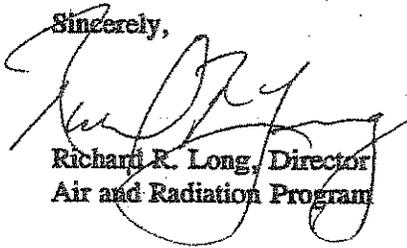
1	Blackridge Compressor Station (BR SU 8-2) SW NW Sec. 8 T33N - R10W
2	Valencia Canyon Compressor Station (VC SU 32-1) SW SE Sec. 32 T33N - R11W
3	Valencia Canyon Compressor Station (VC SU 32-4) NW NE Sec. 32 T33N - R11W
4	Valencia Canyon Compressor Station (VC SU 20-4) SE NE Sec. 20 T33N - R11W
5	Indian Creek Compressor Station (IC SU 24-4) NW SW Sec. 24 T34N - R10W

To further determine whether these are major sources for purposes of Title V permitting, we require additional information. Specifically, for each source identified above we are requesting:

- A list of all emission units for each source such as compressor engines, wells, pumps, heaters, dehydrators, tanks, emergency engines, etc.
- The date of construction and installation of all the listed equipment.
- The potential to emit of all criteria pollutants (including VOCs) and all hazardous air pollutants for each emission unit.
- A copy of any existing air pollution permits that may have been issued by the State of Colorado.

We hope that this has clarified for you our understanding of the regulations as they pertain to the EnerVest San Juan Operating Company's facilities. If you have any further questions, please feel free to contact Kathleen Paser of my Technical Assistance staff at 303-312-6526.

Sincerely,



Richard R. Long, Director
Air and Radiation Program

cc:

Cheryl Wiescamp, Director of Environmental Programs, Southern Ute Indian Tribe
Virgil Frazier, Air Program Coordinator, Southern Ute Indian Tribe

EXHIBIT 9

Letter from Richard R. Long, Region VIII Director, Air Program, to Lynn R. Menlove,
Manager, New Source Review Section, Division of Air Quality, Utah Department of
Environmental Quality (August 8, 1997)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8

999 18TH STREET - SUITE 500

DENVER, CO 80202-2466

<http://www.epa.gov/region08>

August 8, 1997

Ref: 8P2-A

Lynn R. Menlove, Manager
New Source Review Section
Division of Air Quality
Utah Department of Environmental Quality
P.O. Box 144820
Salt Lake City, UT 84114-4820

Dear Mr. Menlove:

This letter is in response to your letter dated May 23, 1997, about Great Salt Lake Minerals and whether their operations should be considered a single source or two sources under the Prevention of Significant Deterioration of Air Quality (PSD) regulations. We also received a letter from Mr. Jim Wolf with the Harris Chemical Group, dated June 30, 1997, that contained the June 16, 1997 letter that was sent to Utah, which discussed these issues about the Great Salt Lake Minerals plant.

After reviewing the information submitted and previous applicability determinations that have been made regarding the definition of stationary sources, we feel compelled to recommend that the subject pump station be considered part of the Great Salt Lake Minerals plant as a single source, despite the fact that the pump station is on one side of the Great Salt Lake while the production operations are on the other side of the lake. The underlying facts indicate that the pump station operates solely as a support facility to the plant. Guidance in the Standard Industrial Classification (SIC) Manual (Appendix B) states that the SIC code is a system for classifying establishments by type of economic activity. Each establishment is classified according to its primary activity. The pump station activity does not have its own primary economic activity but only supports the activity of the main facility. As such, we believe it would be incorrect to consider the pump station operation as a separate source.

The letter from Mr. Wolf contained a statement that said "The pump station merely supports brine transfer activities and has no production function or potential." The very fact that the pump station provides support to the production activities of the plant by brine transfer clearly provides justification that the pump station acts as a support facility to the plant. To our general knowledge, previous determinations, which have been made by EPA and states, have always determined that activities which support the primary activities of a source are considered to be part of the source to which they provide support. Distance between the operations is not nearly as important in determining if the operations are part of the same source as the possible support



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that one operation provides for another. We believe that Utah has at least one example of this in your definition of a source at Kennecott Copper, where the Bingham Canyon Mine and the Copperton Concentrator are considered to be one source connected by a slurry pipeline. The only written national guidance found in the New Source Review Guidance Notebook was numbered 3.18, dated 6/30/81, which dealt with two operations, separated one mile apart, that had a dedicated railroad line between them, and together produced one line of automobiles. The resulting determination was that they are one source.

We have coordinated our response with EPA New Source Review contacts in North Carolina and they agree that our guidance regarding this determination is consistent with statements that EPA has made about long-line operations, such as a pipeline or electrical power lines. EPA would not treat all of the pumping stations along a multi-state pipeline as one source. The distance between those types of operations is typically hundreds of miles. The supply of electrical power to a source has never been used to determine that separate operations are part of the same source. However, the physical relationship between the pump station and the production operations at the Great Salt Lake Minerals plant (i.e., a channel or "pipeline" across the bottom of the lake) is much more similar to conveying operations that transport raw materials to a processing plant. This clearly supports the production operation and is routinely considered to be part of a single stationary source (the production facility plus support operations). This is a rather unique (one of a kind) operation and our guidance is specific for this unique operation.

The only issue, really is the distance between the two operations. EPA did make a statement in the preamble to the August 7, 1980 PSD rules that if two operations were 20 miles apart, they would be too far apart to be considered one source. The rest of the determination was that because the two operations had different SIC codes, they would be separate sources. Our belief that the unique operations at the Great Salt Lake Minerals plant should be considered a single source is somewhat in conflict with the single statement that a 20-mile separation is too far apart to consider two operations as a single source. However, this distance was not established as a fixed requirement and involved facilities with different SIC codes, unlike The Great Salt Lake Minerals case. It remains our opinion that because of the unique relationship between the pump station and the salt processing plant and the dedicated channel (21.5 miles) between the two that supplies the pre-concentrated brine, the distance between the operations is not an overriding factor that would prevent them from being considered a single source.

Our position on this rather unique situation is only provided as guidance, as it remains the State's primary responsibility to make the final determination under your SIP-approved PSD regulations. I hope this is the information that you needed. If you have questions about our determination, please contact John Dale at (303) 312-6934.

Sincerely,

Richard R. Long, Director
Air Program

EXHIBIT 10

Letter from Richard R. Long, Region VIII Director, Air and Radiation Program, to
Jeffrey L. Ingerson, Senior Environmental Specialist, Questar Gas Management
Company (August 7, 1998)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8
999 18TH STREET - SUITE 500
DENVER, CO 80202-2466

AUG - 7 1998

Ref: 8P-AR.

Mr. Jeffrey L. Ingerson
Senior Environmental Specialist
Questar Gas Management Company
P.O. Box 45601
Salt Lake City, Utah 84145-0601

Dear Mr. Ingerson:

This is in response to your request for a decision concerning whether the operation of compressor units located at the Fidlar Station on the Uintah/Ouray Indian Reservation in Utah should be considered a single stationary source or two sources. Specifically, Questar Gas Management Company (QGMC) is asserting that based on different operational functions and separate organizational management, that the QGMC and Questar Pipeline Company (QPC) compressor units should constitute separate entities and should not be grouped together for purposes of permitting under the Prevention of Significant Deterioration (PSD) program. Furthermore, QGMC would like a determination as to the minimum distance required from the Fidlar Station site to make any new compression equipment a separate facility.

Upon review of the management and organizational function information that was submitted with your request and based on past applicability determinations that have been made regarding the PSD regulation definition of stationary source (40 CFR §52.21), EPA determines that all emissions units currently located at the Fidlar Station are considered one stationary source. (See enclosure your 6/17/98 request for the list of emissions units.)

Enclosed is a single source determination (dated 11/3/86) that was made for Valero Transmission Company whose major SIC code is 49 and Valero Gathering Company whose major SIC code is 13. This single source determination is applicable to the situation you have described at the Fidlar Station between QGMC and QPC. In reviewing the PSD requirements, each stationary source is to be classified according to its primary activity which is determined by its principal product or group of products. Thus, one source classification encompasses both primary and support facilities, even when it includes units with a different two-digit SIC code. In other words, support activities are aggregated with their associated primary activity regardless of dissimilar SIC codes. Even though QGMC and QPC are classified differently in the SIC manual (QGMC is SIC 13 and QPC is SIC 49), QPC is a support facility to QGMC because Questar Pipeline Company is the only means by which Questar Gas Management Company can introduce

AUG 14 1998



its natural gas product into commerce. Therefore, all emissions units at the Fidlar Station are considered one stationary source.

As to your question of what is the minimum distance between units to consider the units as separate facilities, EPA has not established a specific distance between pollutant emitting activities for determining when facilities should be considered separate or one source for permitting under the PSD program. Whether facilities are contiguous or adjacent is determined on a case-by-case basis, based on the relationship between the facilities. EPA has made single source determinations based on pollutant emitting activities located one mile apart to activities located six miles apart. (In another case, the activities were on opposite sides of a lake, which was over twenty miles across.) Distance between operations is not nearly as important in determining if the operations are part of the same source as the possible support that one operation provides for another. However, EPA does not intend for a "source" to include activities along a long-line operation; such as, pumping stations along a multi-state pipeline would not be considered a single stationary source. See 45 FR 52695 (August 7, 1980)

Aside from your questions on adjacency and ownership, the emissions data you submitted with your request and your July 28, 1998 conversation with Monica Morales of my staff indicates that your proposed modification would not be subject to major source permitting under the PSD program. You told Ms. Morales that the additional compressor unit you are proposing as a modification would have potential emissions less than 45 tons per year of NO_x. Currently, the emissions data you submitted show potential NO_x emissions without enforceable controls of about 248 tons per year. (Potential emissions are based on 8760 hours of operation per year.) This is below the 250 tons per year major source threshold, meaning the Fidlar Station is considered a minor source under the PSD permitting program.

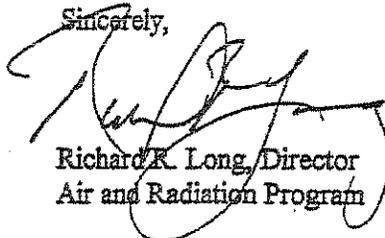
A future modification to the present day Fidlar Station would be subject to PSD, if and only if the modification in and of itself equaled or exceeded the 250 tons per year major source threshold. In other words, Questar could add 249 additional tons per year of a PSD pollutant and not be subject to the permitting requirements of PSD. However, once the Fidlar Station is a major stationary source (i.e. emissions of any one pollutant exceeds 250 tons per year) any modification in which the net emissions increase exceeds the pollutant significant levels as defined in 40 CFR §52.21(b)(23)(i) would be subject to PSD. Your proposed emissions increase of less than 45 tons per year would not be subject to PSD because the Fidlar Station is a minor source and the emissions increase would not exceed 250 tons per year. However, future modifications beyond your current proposal that exceed the significant emissions levels would be subject to PSD.

40 TPY NO_x
100 TPY CO

See pg. 3
Permit Application
PTL NO_x = 316 TPY
CO = 269 TPY

Please submit to EPA in writing the specifics of all modifications and all future proposed modifications that are made to the Fidler Station. Also, please copy Elaine Willie of the Ute Indian Tribe on all future correspondence to EPA pertaining to this source. If you have any questions concerning this determination or the clarification of the PSD regulations, you may contact Monica Morales with my staff at (303) 312-6936.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard R. Long', is written over the typed name and title.

Richard R. Long, Director
Air and Radiation Program

Enclosure

cc: Elaine Willie (Ute Indian Tribe)
Ed Kurip (Ute Indian Tribe)
Lynn Menlove (UT DAQ)

EXHIBIT 11

Letter from Richard R. Long, Region VIII Director, Air and Radiation Program, to
Dennis Myers, Construction Permit Unit Leader, Stationary Sources Program, Air
Pollution Control Division, Colorado Department of Public Health and Environment
(April 20, 1999)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8
999 18TH STREET - SUITE 500
DENVER, CO 80202-2466

April 20, 1999

Ref: 8P-AR

Mr. Dennis Myers, P.E.
Construction Permit Unit Leader
Stationary Sources Program
Air Pollution Control Division
Colorado Department of Public Health and Environment
4300 Cherry Creek Drive South, APCD-SS-BI
Denver, CO 80246-1530

Dear Dennis,

EPA Region 8 has reviewed the proposed PSD construction permits for the American Soda Commercial Mine (Piceance facility) and processing plant (Parachute facility), which were sent to the EPA Region 8 office on March 17, 1999. We have identified two problems with this permit action: the first related to the State's determination that these are two separate sources for PSD permitting, and the second with the estimation and monitoring of VOC emissions. In addition, we are aware of the procedural and BACT issues raised by the National Park Service in its April 12, 1999, comment letter, and welcome the opportunity to discuss those concerns also.

Single vs. Separate Source

We have reviewed the information that American Soda's contractor, Steigers Corporation, provided via fax transmittal on April 13, 1999. That fax contained an October 9, 1998, 5 page letter from Hal Copeland to you, and your October 22, 1998, response. We have examined the State's determination that the mine and processing plant are separate sources for purposes of PSD permitting, and did not find any explanation for that decision. Since the mine and processing plant are planned to be roughly 35-40 miles apart (straight-line distance; connected by a 44 mile long pipeline), we surmise that the State is treating them as separate sources primarily due to distance (i.e., not "adjacent"). EPA Regional offices, in consultation with EPA Headquarters, have written several comment letters explaining that whether two facilities are "adjacent" is based on the "common sense" notion of a source and the functional inter-relationship of the facilities, and is not simply a matter of the physical distance between two facilities. I have enclosed the EPA comment letters for your further consideration.

In the case of American Soda's Piceance and Parachute facilities, we believe that EPA's policy holds that these facilities need to be considered as a single stationary source. The two clearly will be functionally interdependent, as evidenced by the dedicated slurry pipeline and the spent brine return pipeline which will connect the two facilities. Additional evidence is that one facility (the mine) is to produce an intermediate product for processing at the other facility (the processing plant). Given the integral connectedness of these facilities, we believe that the distance alone does not preclude these two being considered adjacent for PSD permitting purposes.



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VOC emission estimation and monitoring

We are concerned with potential variability of VOC emissions from the solution mining process. VOC's are evolved from this process by dissolving into the hot water solution as it passes through the mineral deposits. American Soda's permit application stated: "injection fluid temperatures will generally be between 300° and 420°F, and the returned production fluid temperature will generally be 50° to 125°F less because energy is lost in the mining process." Over these temperature ranges, there are likely to be variations resulting from increased solubility of VOC contaminants evolved from the oil shale deposits as water temperatures rise. Similarly, we expect that there may be variations over the life of each solution mining well (as fluid injection pressures and flow rates change, as well as changes to the mineral deposit as it is depleted), and also due to physical location throughout the mineral deposits.

While we understand that the source has test data supporting its estimated emissions, we are still concerned. Thus, we encourage the department to exercise due diligence in following-up on the requirement that American Soda regularly test for VOC emissions (condition 16 of Piceance facility permit). Furthermore, it is very important to ensure that such testing is done under normal operating conditions. Thus, it would be prudent for the source to track water injection temperature and pressure, well-head brine temperature, flow rates, and other parameters that would provide adequate justification that its quarterly (or adjusted frequency) testing is consistent with ongoing operations at the facility. Finally, we recommend that the State scrutinize the sampling location and techniques employed in the source's testing protocols to ensure that all VOC emissions will be adequately quantified. In the event that actual VOC emissions are found to exceed the 40 tpy threshold, American Soda would need to address appropriate PSD permitting requirements, including BACT controls for its VOC emission points, as if construction had not yet commenced.

We look forward to assisting you with these issues. Please contact me at (303)312-6005 or Meredith Bond of my staff at (303)312-6438.

Sincerely,
Original signed by:

Richard R. Long, Director
Air and Radiation Program

Enclosures

January, 15, 1999, EPA Region 3 letter to John Slade, Pennsylvania DEP
May 21, 1998, EPA Region 8 letter to Lynn Menlove, Utah DAQ
August 8, 1997, EPA Region 8 letter to Lynn Menlove, Utah DAQ
August 7, 1997, EPA Region 10 letter to Andy Ginsberg, Oregon DEQ
August 27, 1996, memo from Robert Kellam, OAQPS/ITPID to Richard Long, Region 8
March 13, 1998, EPA Region 5 letter to Donald Sutton, Illinois EPA

cc: Ram Seetharam, CDPHE-APCD
Tom Gibbons, Steigers Corporation

bcc: Michele Dubow, EPA/OAQPS/MD-12
Cindy Reynolds, 8ENF-T

EXHIBIT 12

Memo from Steven Rothblatt, Region V Chief, Air Programs Branch to Edward E. Reich,
Director, Stationary Source Enforcement Division (June 8, 1981)

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

DATE: JUN 8, 1981

SUBJECT: Defining Two Separate Plants as One Source

FROM: Steve Rothblatt, Chief
Air Programs Branch

TO: Edward E. Reich, Director
Stationary Source Enforcement Division, (E341)

Region V has been asked by the State of Michigan and the General Motors Corporation to make a determination as to whether or not two plants on different sites constitute a single source. The purpose of this memo is to describe the circumstances related to this request and seek your counsel before we respond to the State and GM. We request your recommendation on our tentative position by June 12, 1981 at which time we will be responding to the State.

During the assembly of some vehicles in Lansing, Michigan, auto bodies are made in the Fisher Body plant and then are transported by truck to an Oldsmobile plant one mile away. At the Olds plant the bodies are placed on frames and the fenders and hoods are attached. At the present time the bodies are painted at the first location and the fenders and hoods are painted at the second location. GM is proposing to move the painting operations to one of the locations.

Under the present definition of source in nonattainment areas, GM would have to meet the Part D new source review requirements. However, under the March 12, 1981 proposed definition of source, the curtailment of painting at one place in a source could be used to offset additional painting elsewhere in the source and thus the source would avoid the Federal new source review requirements. The issue of concern for GM is whether or not these two plants which are separated by approximately 4,500 feet can be considered as one source.

Our investigation has revealed that both plants come under the same SIC code. Additionally, the two plants are the only facilities served by a special spur of the C&O Railroad for raw material delivery and in the future the spur will be used to move unpainted parts from one plant to another when the painting is done at one location. Furthermore, at other locations in the State where vehicles are assembled in this two step body/frame fashion, the two plants are under one roof or are connected by a conveyor for transporting the bodies.

It is our opinion that these Lansing plants are functionally equivalent to a source and that U.S. EPA has the flexibility to arrive at that conclusion. The Federal Register of August 7, 1980 on page 52695 states the following when discussing proximity of PSD activities "EPA is unable to say precisely at this point how far apart activities must be in order to be treated separately. The Agency can answer that question only through case-by-case determinations." With the distance between the two plants less than one mile and the plants being connected by a railroad used only for GM, we believe that the plants meet the requirement of being adjacent and therefore can be considered one source.

Such an interpretation appears to be consistent with U.S. EPA's position which appears in the March Federal Register on page 16281. This position as stated, when supporting the change in "source" definition, is "even outside of these 'construction moratorium' areas under the present regulatory scheme, the August 7 definition can

act as a disincentive to new investment and modernization by discouraging modifications to existing facilities."

We have concluded that should the March 12, 1981 proposed definition of source become final, the State under the existing SIP though a variance from the Commission will be able to issue a State permit to GM. The State will also require a phased in LAER by 1986. Thus, the environmental costs of this interpretation will be negligible.

Please contact Ronald J. Van Mersbergen at FTS 886-6056 for further information.

cc: E. Smith
M. Trutna

EXHIBIT 13

Memo from William B. Hathaway, Region VI Director, Air, Pesticides and Toxics
Division to Allen Eli Bell, Executive Director, Texas Air Control Board
(November 3, 1986)

Nov 03, 1986

Mr. Allen Eli Bell
Executive Director
Texas Air Control Board
6330 Highway 290 East
Austin, Texas 78723

Re: PSD Applicability Request, Valero Transmission Company Yoakum, DeWitt
County, Texas

Dear Mr. Bell:

We have reviewed Valero Transmission Company's request for an applicability determination of Prevention of Significant Deterioration (PSD) permit requirements to the expansion at their Gohlke Plant in DeWitt County, Texas. At issue is whether the relationship between Valero Transmission Company, as a service provider under the SIC major code 49, to Valero Gathering Company under SIC major code 13 is such that there are two distinct PSD sources here.

Valero asserts that its gathering company is a separate company from its transmission company. Valero Gathering Company processes the gas from wells to remove hydrogen sulfide, carbon dioxide, and water to meet pipeline specifications prior to custody transfer to Valero Transmission Company. The principal product of Valero Gathering Company is pipeline quality natural gas under the SIC major code 13, while the principal product of Valero Transmission Company is the distribution of natural gas through a pipeline system under the SIC major code 49. Valero maintains that the Gathering Company does not convey, store, or otherwise assist in the production of Valero Transmission's principal product, and therefore concludes that the two companies are separate sources for the purpose of PSD applicability. For similar reasons, Valero maintains that Valero Hydrocarbon Company, an extraction facility in close proximity to Valero Transmission Company with an SIC major code 13, is a separate source from Valero Transmission Company.

In reviewing the PSD requirements, it is evident that each source is to be classified according to its primary activity which is determined by its principal product or group of products. Thus, one source classification encompasses both primary and support facilities, even if it includes units with different two digit SIC codes. Support facilities are typically those which convey, store, or otherwise assist in the production of the principal product or group of products produced or distributed, or services rendered. See 45 FR 52695 (August 7, 1980).

6T-EN
ASCENZI

6T-E
HEPOLA

6C-T
GREENFIELD

At issue is whether Valero Transmission Company is a support facility to Valero Gathering Company. A review of the activities of the two companies indicates that both companies produce natural gas as their principal product. We consider Valero Transmission Company as a support facility to Valero Gathering Company since the Transmission Company receives the processed natural gas from Valero Gathering Company and compresses it for distribution into a pipeline system. Thus, Valero Transmission Company is a support facility to Valero Gathering in that it conveys the product natural gas from the processing plant into the pipeline system. Available information further indicates that conveyance of the product natural gas through the Transmission Company is the only means of introducing the product natural gas into commerce. The Gathering Company is not equipped to introduce its product into commerce by any means other than through the Transmission Company. Consequently, for the purposes of determining whether modifications to Valero Transmission Company would be subject to PSD, Valero Transmission Company and Valero Gathering Company are considered to be one source.

On September 26, 1986, Mr. Ken Waid of Waid and Associates asked for clarification on how the distance between two facilities would affect the applicability of the PSD regulations' one source classification to such facilities. In the case of Valero Gathering Company and Valero Transmission Company, the distance between them does not affect the applicability of the PSD regulations' one source classification to such facilities since they are on contiguous properties. The gathering and transmission plants are one source for the reasons stated above. For cases where sources are not located on contiguous or adjacent properties, EPA cannot say precisely how far apart the activities must be in order to be treated separately. EPA can only answer that question through case-by-case determinations See 45 FR 52695 (August 7, 1980).

If you have any questions, please call Mr. Stanley M. Spruiell of my staff at (214) 767-9875.

Sincerely yours,

(s) JACK S. DIVITA

for
William B. Hathaway
Director
Air, Pesticides and Toxics Division (6T)

cc: Mr. Lawrence Pewitt, P.E., Director
Permits Division
Texas Air Control Board

bcc: Ascenzi (6T-EN)
Diggs (6T-AN)
Rasnic (EN-341)

EXHIBIT 14

Memo from Robert G. Kellam, OAQPS Acting Director, Information Transfer and
Program Integration to Richard R. Long, Region VIII Director, Air Program
(August 27, 1996)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
RESEARCH TRIANGLE PARK, NC 27711

OFFICE OF
AIR QUALITY PLANNING
AND STANDARDS

AUG 27 1996

MEMORANDUM

SUBJECT: Analysis of the Applicability of Prevention of Significant Deterioration (PSD) to the Anheuser-Busch, Incorporated Brewery and Nutri-Turf, Incorporated Landfarm at Fort Collins, Colorado

FROM: Robert G. Kellam, Acting Director
Information Transfer & Program Integration
Division, OAQPS (MD-12)

TO: Richard R. Long, Director
Air Program, Region VIII (8P2-A)

This is in response to your April 3, 1996 letter requesting PSD single stationary source determination for Anheuser-Busch's Fort Collins, Colorado brewery and Nutri-Turf landfarm. The Environmental Protection Agency (EPA) Headquarters considered the applicability of the PSD rules at 40 CFR 52.21 to the Anheuser-Busch, Inc. (Anheuser-Busch) brewery and the Nutri-Turf, Inc. (Nutri-Turf) landfarm in Fort Collins, Colorado.

PSD Applicability

The EPA Headquarters concurs with Region VIII's conclusion that the brewery and landfarm are considered a single stationary source for PSD applicability purposes. Specifically, we conclude that the brewery and landfarm are commonly owned by Anheuser-Busch, the brewery and landfarm are on contiguous or adjacent properties, and the landfarm is a support facility for the brewery. In fact, the landfarm, which disposes of the brewery's waste water, is part of the brewery. The background information and details of the EPA's analysis follow.

Background

Anheuser-Busch received a PSD permit from EPA Region VIII on March 15, 1984 to construct a new brewery at Fort Collins, Colorado. The brewery was determined to be a major stationary source with potential emissions that exceeded significant emissions rates for nitrogen oxides, sulfur dioxide, and

particulates. Potential volatile organic compound (VOC) emissions from the brewery were reported by Anheuser-Busch to be less than the PSD significant emissions rate of 40 tons per year. Anheuser-Busch did not report any air emissions from its Nutri-Turf landfarm in its original PSD application.

The brewery and landfarm are about 6 miles apart and are physically connected by a pipeline. Anheuser-Busch owns the brewery and landfarm. The landfarm was purchased and modified by Anheuser-Busch during the time the brewery was under construction for disposing of waste water from the brewery. The brewery waste water stream, containing hydrocarbons, is piped to the landfarm and disposed of by land application. The subsequent VOC emissions at the landfarm are a direct result of brewery operations. Land application of the waste water stream from the brewery at the landfarm began concurrently with-brewery production in 1988.

In 1986, the Colorado Department of Health (CDH) became the PSD permitting authority in Colorado, replacing EPA. In July 1993 the CDH issued a notice of violation to Anheuser-Busch for constructing VOC emitting units without valid permits at its Fort Collins brewery. Since the issuance of the PSD permit, the EPA and CDH determined that Anheuser-Busch did not include all of its potential VOC emissions at the brewery in its original PSD application. The VOC emissions from the brewery, excluding emissions from the landfarm, exceed the 40 tons per year significant emissions threshold for PSD applicability. An accurate calculation of potential VOC emissions from the landfarm has not yet been completed.

In response to an August 19, 1993 request from CDH, the EPA Region VIII determined in an October 23, 1993 letter that the brewery and landfarm are considered a single stationary source for PSD applicability. In January 31, 1995 and July 6, 1995 letters to CDH, Anheuser-Busch presented its position that the brewery and landfarm are two separate sources for PSD applicability purposes. After reviewing the positions presented by Anheuser-Busch, EPA Region VIII clarified and reaffirmed its previous single source determination in a letter to CDH dated September 20, 1995. Since EPA was the PSD permitting authority at the time the brewery was permitted, EPA is the responsible Agency for enforcement of any PSD violations at the brewery and landfarm based on the current-plant configurations.

PSD Definition of Source

The PSD requirements apply to the construction of major stationary sources and major modifications at major stationary

sources. See 40 CFR 52.21(i): The PSD regulations define stationary sources as any building, structure, facility, or installation that emits, or may emit any air pollutant subject to regulation under the Clean Air Act. See 40 CFR 52.21(b)(5). The regulations go on to define "building, structure, facility, or installation" as:

all of the pollutant emitting activities that belong to the same industrial grouping, are on one or more contiguous or adjacent properties, and are under the control of the same person (or persons under common control) except the activities of any vessel. Pollutant emitting activities will be considered as part of the same industrial grouping if they belong to the same "Major Group" (i.e., which have the same first two-digit code) as described in the Standard Industrial Classification Manual, 1972, as amended by the 1977 Supplement (U.S. Government Printing Office stock number 4101-0066 and 003-005-00176-0, respectively) [40 CFR 52.21(b)(6)].

The regulations do not expressly address how to classify a source composed of more than one grouping of pollutant emitting activities. However, in the preamble to these regulations, EPA explained that each source is to be classified according to its primary activity, which is determined by its principal product or group of products produced or distributed, or services rendered. Thus, one source classification encompasses both primary and support facilities, even when the latter includes units with a different two-digit SIC code. Support facilities are typically those that convey, store, or otherwise assist in the production of the principal product or group of products produced or distributed, or services rendered. Where a unit is used to support two otherwise distinct sets of activities, the unit is to be included within the source that, most heavily relies on its support. See 45 FR 52676, 52695 (August 7, 1980).

The criteria for defining a stationary source under the PSD regulations as they apply to the Anheuser-Busch brewery and landfarm situation are discussed below.

Contiguous or Adjacent

A specific distance between pollutant emitting activities has never been established by EPA for determining when facilities should be considered separate or one source for PSD purposes. Whether facilities are contiguous or adjacent is determined on a case-by-case basis, based on the relationship between the facilities. The EPA considers the brewery and landfarm, to be

contiguous or adjacent since the landfarm operation is an integral part of the brewery operations, i.e., land application at the landfarm is the means chosen by Anheuser-Busch to dispose of the ethanol contaminated process water from the brewery operations. Without a means of waste water disposal the brewery cannot operate. The additional fact that a pipeline physically connects the brewery and landfarm strengthens the conclusion that the brewery operation is dependent on landfarm operations. For this case, the distance between the brewery and landfarm does not support a PSD determination that the brewery proper and the landfarm constitute separate sources for PSD purposes.

SIC Code

As noted, EPA's contemporaneous interpretation of the PSD regulations is that each source is to be classified according to its primary activity that is determined by its principal product or group of products. Thus, one source classification encompasses both primary and support facilities, even when it includes units with a different two-digit SIC code. Without an acceptable means of waste water disposal the brewery cannot produce beer. Land application at the landfarm is the waste water disposal means chosen by Anheuser-Busch for the brewery. Upon further review of the October 23, 1993, letter from Region VIII to CDH, the EPA believes that the landfarm is a support facility to the brewery since landfarm operations assist in the primary activity of the brewery. Even if the landfarm has a separate two-digit SIC code from the brewery, the landfarm is still a support facility for the brewery and considered part of the brewery. In other words, support activities are aggregated with their associated primary activity regardless of dissimilar SIC codes.

Common Control

Both the brewery and landfarm are under common control since they (as well as the pipeline connecting them) are owned by Anheuser-Busch. The landfarm was purchased and modified by Anheuser-Busch before the operation of the brewery.

This analysis has been reviewed by EPA's Office of Enforcement and Compliance Assurance and EPA's Office of General Counsel. If you have any questions please contact Mike Sewell of the Integrated Implementation Group at (919) 541-0873.

I appreciate this opportunity to be of service and trust this information will be helpful to you.

EXHIBIT 15

Letter from Joan Cabreza, Region X Permits Team Leader, Office of Air Quality to Andy
Ginsberg, Manager, Program Operations Section, Air Quality Division, Oregon
Department of Environmental Quality (August 7, 1997)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10
1200 Sixth Avenue
Seattle, Washington 98101

August 7, 1997

Reply To
Attn Of: OAQ-107

Andy Ginsberg, Manager
Program Operations Section
Air Quality Division
Oregon Department of Environmental
Quality
811 SW Sixth Avenue
Portland, Oregon 97204-1390

Dear Mr. Ginsberg:

EPA has reviewed the additional information that you provided regarding the Title V permitting issue for the ESCO Corporation plants in Portland, Oregon. Nothing in the additional information changes EPA's position that the Main Plant and Plant 3 must be considered to be one major stationary source for purposes of major source permitting under the Federal Clean Air Act and the EPA-approved Oregon rules. In fact, as discussed in more detail below, the additional information provides a more clear basis for the determination that the two plants constitute a single major stationary source.

The definition of "major stationary source" requires a tripartite test for determining the geographic extent of a single stationary source. Specifically, a major stationary source is defined as all of the pollutant emitting activities that are (1) located on one or more contiguous or adjacent properties; (2) are under common control of the same person (or persons under common control); and (3) belong to a single major industrial grouping or are supporting the major industrial group (as determined by the Major Group codes in the Standard Industrial Classification Manual). In the case of the ESCO Main Plant and Plant 3, there is no dispute that the two plants are under common control (ESCO) and have the same Major Group SIC code (Major Group 33 - Primary Metal Industries). The only question is whether the two plants are "located on contiguous or adjacent properties."

The term "contiguous" is defined as "1. touching; in contact. 2. in close proximity without actually touching; near." The term "adjacent" is defined as "1. near or close; next or contiguous." (The Random House Dictionary of the English Language, College Edition). Therefore, by using the phrase "contiguous or adjacent properties" the definition of major stationary source clearly requires that properties that are located near each other, but are not actually touching, be grouped together as one stationary source if they meet the other two criteria. EPA has issued guidance as to how "near" properties need to be in order to be required to group them as a single stationary source. The guiding principle behind this guidance is the

common sense notion of a plant. That is, pollutant emitting activities that comprise or support the primary product or activity of a company or operation must be considered part of the same stationary source.

In the case of the ESCO Main Plant and Plant 3, the primary product of both plants are coated (painted) metal castings. Essentially all of the castings produced by the foundries at both the Main Plant and Plant 3 are coated at the coating facility located at the Main Plant. Furthermore, all final production, packaging, shipping, etc. of the finished product is done at the Main Plant. Therefore, the Main Plant and Plant 3 together function in a manner which meets the common sense notion of a plant. While the Plant 3 foundry may function independently of the foundry facility at the Main Plant, that fact alone does not provide a basis for a finding that it is a separate stationary source in light of the dependent nature of Plant 3 on facilities located at the Main Plant.

ESCO's attorneys argue that the use of a common support facility should not form the basis of a determination that the two plants are contiguous or adjacent. EPA disagrees for two reasons. First, as discussed above, Plant 3 is entirely dependent upon the facilities at the Main Plant for production of the company's finished product. Second, ESCO's attorneys assertion that the coating facility is covered by a separate SIC code is incorrect. ESCO's attorneys claim that the coating facility is covered by SIC code 3479 is contradicted by the language of the SIC Manual itself which states "Establishments that both manufacture and finish products are classified according to their products." (see description of code 3479 in the Manual). Therefore, the coating facility is not considered part of the Main Plant simply because it is a collocated support facility with a separate SIC code. Rather, it is considered part of the same industrial grouping as the foundry facility because the primary activity of the Plant is the manufacturing and finishing of cast metal products.

ESCO's attorneys claim that EPA has never indicated that two plants that share common facilities should be grouped together as one stationary source. EPA disagrees and can point to several instances where two plants were required to be grouped together as one stationary source when one plant produced an intermediate product and the finished product was produced at the other plant. ESCO's attorneys also point to EPA's guidance for addressing situations where a support facility supports two stationary sources as a basis for their argument that a support facility cannot be the basis for grouping the two plants as one stationary source. However, EPA's guidance addresses situations where the two sources are clearly separate stationary sources (due to ownership and/or SIC code) and the support facility needs to be assigned to one or the other sources. However, where two sources are on contiguous or adjacent properties, are under common ownership, and are within the same SIC code, there would be only one stationary source and there would be no need to assign the support facility to one source or the other. Finally, ESCO's attorneys also point to an Illinois court decision as a basis for their argument that use of a common support facility should not form the basis for grouping two plants together as one source. This decision involved a challenge of a permit issued by an Illinois permitting authority and was decided based on the provisions of the Illinois Clean Air Act. As such, it has no relevance to the Federal Clean Air Act or Oregon's statutes. Moreover, the Illinois case involved

the issue of whether two facilities with different 2-digit SIC codes were required to be grouped together as a single stationary source. Since all of the facilities involved in the ESCO situation have the same 2-digit SIC code, the Illinois case is irrelevant.

EPA's position on this issue represents the opinions of Region 10 Office of Air Quality and Office of Regional Counsel, EPA's Office of Air Quality Planning and Standards, and EPA's Office of General Counsel. If you have any further questions on this issue, please contact either David Bray, Office of Air Quality, at (206) 553-4253, or Adan Schwartz, Office of Regional Counsel, at (206) 553-0015.

Sincerely,

Joan Cabreza
Permits Team Leader
Office of Air Quality

EXHIBIT 16

Letter from Steven C. Riva, Region II Chief, Permitting Section, Air Programs Branch to
John T. Higgins, Director, Bureau of Application Review and Permitting, Division of Air
Resources, New York State Department of Environmental Conservation
(October 11, 2000)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2
290 Broadway
New York, NY 10007-1866

October 11, 2000

Mr. John T. Higgins, P.E., Director
Bureau of Application Review and Permitting
Division of Air Resources
New York State Department of
Environmental Conservation
50 Wolf Road
Albany, New York 12233

Re: St. Lawrence Cement's (SLC's) Proposed Greenport Project and its Relationship with its Existing Catskill Facility Located 6 Miles Apart for the Purpose of New Source Review (NSR)/Prevention of Significant Deterioration of Air Quality (PSD) Applicability

Dear Mr. Higgins:

This is in response to the New York State Department of Environmental Conservation's (NYSDEC's) request for guidance regarding St. Lawrence Cement's (SLC's) pending permit application for its Hudson Valley Operation. SLC has expressed to NYSDEC and the Region 2 Office of the U.S. Environmental Protection Agency (EPA) its position as to why SLC's Catskill and Greenport facilities should be treated as one single source.

EPA's definition of a source is based on the "common sense" notion of a plant. See 45 Fed. Reg. 52676, 52695 (August 7, 1980). EPA has reviewed the information and arguments presented by SLC and Young, Sommer, Ward, Ritzenberg, Wooley, Baker & Moore, LLC (representing Friends of Hudson), to assess whether SLC's Catskill and Greenport facilities meet the "common sense" notion of a plant. As you are aware, such determinations are made on a case-by-case basis, and in some situations can require a careful weighing of the specific facts at hand to reach a conclusion. We recognize that with respect to the Catskill and Greenport facilities, the question of whether these two facilities comprise one or two sources is a difficult one. However, based upon this review, EPA Region 2, in coordination with our HQ's Office of Air Quality Planning and Standards and Office of General Counsel, has concluded that the best decision, in this particular case, is that the Catskill and Greenport facilities should be treated as two separate sources. Our reasoning is explained below.

Background

St. Lawrence Cement (SLC) has manufactured cement in the Hudson Valley of New York for over 25 years. SLC's current operations in the Hudson Valley consists of two facilities located on separate sides of the Hudson River approximately 6 miles apart: the Greenport facility located in the towns of Greenport and Hudson, NY and the Catskill facility located in Catskill, NY. SLC has proposed to modify its current cement manufacturing operations by shutting down its existing clinker manufacturing activities at the Catskill facility which utilizes the wet process and constructing a new, "technologically-advanced" facility at the Greenport facility which utilizes the dry process. The proposed project at the Greenport facility would include the following: the construction of a new cement plant in Greenport; the rehabilitation and expansion of SLC's existing Hudson River dock in the City of Hudson; the construction of a conveyor system connecting the Greenport plant to the dock; and the construction of a number of storage and other structures at the Greenport facility. The proposed new plant would manufacture up to 2.6 million tons of clinker per year.

SLC plans to shut down its existing plant for manufacturing clinker at the Catskill facility. However, SLC intends to continue limited operations at the Catskill facility consisting of: cement grinding; packaging; storage and shipping. In addition, SLC will continue to operate its existing landfill at Catskill to dispose of cement kiln dust.

Discussion

Since the NYSDEC has a PSD-delegated program, the federal definitions under 40 CFR 52.21 apply. 40 CFR Part 52.21(b)(5) defines "stationary source" as:

...any building, structure, facility, or installation which emits or may emit any air pollutant subject to regulation under the Act.

Furthermore, 40 CFR Part 52.21(b)(6) defines "building, structure, facility or installation," in pertinent part, as:

...all of the pollutant emitting activities which belong to the same industrial grouping, are located on one or more contiguous or adjacent properties, and are under the control of the same person (or persons under common control) except the activities of any vessel. Pollutant-emitting activities shall be considered as part of the same industrial grouping if they belong to the "Major Group" (i.e., which have the same first two digit code) as described in the Standard Industrial Classification Manual, 1972, as amended by the 1977 Supplement....

Common Control

Because both the Greenport and Catskill facilities are wholly-owned and managed by SLC, these two facilities are under common control.

Industrial Grouping

In its permit application, SLC states that the Greenport and Catskill facilities currently have the same standard industrial classification (SIC) code of 3241 (Hydraulic Cement) which means "establishments primarily engaged in manufacturing hydraulic cement, including portland, natural, masonry, and pozzolana cements." Although it appears that the Greenport and Catskill facilities belong to the same industrial grouping at this time, there is some question whether the Catskill facility will continue to be classified as SIC code of 3241 once SLC shuts down the clinker manufacturing operations at the site. However, even assuming that the two facilities fall within different SIC codes, the Catskill facility could well be viewed as a support facility for the Greenport facility. Regardless, the SIC code is not a determining factor in this case because of the adjacency discussion that follows below.

Contiguous/Adjacent Location

Over the years, EPA has issued guidance in a number of cases regarding the question of whether two facilities should be considered contiguous or adjacent. As SLC has noted, there is no bright line, numerical standard for determining how far apart activities may be and still be considered "contiguous" or "adjacent." As explained in the preamble to the August 7, 1980 PSD rules, such a decision must be made on a case-by-case basis. Moreover, in further explaining this factor, EPA has noted that whether or not two facilities are adjacent depends on the "common sense" notion of a source and the functional inter-relationship of the facilities and is not simply a matter of the physical distance between the two facilities. However, the physical distance between two facilities is obviously a factor to be considered in deciding whether the two are close enough to be considered one source in a given situation.

The vast majority of the past EPA single-source decisions have involved operations that are situated less than 6 miles apart. Thus, the distance separating SLC's operations is distinctly farther than the majority of the past EPA single-source decisions. Where EPA has made single-source decisions in situations involving facilities separated by 6 or more miles, these cases have tended to involve a clear physical connection via a pipeline or dedicated conveyance. For example:

1. American Soda Commercial Mine and processing plant - Distance: approximately 35-40 miles, connected by a 44-mile long pipeline. (See April 20, 1999 letter from Richard R. Long, EPA Region 8, to Mr. Dennis Myers, Colorado Department of Public Health and Environment.)

2. Great Salt Lake Minerals plant and a pump station - Distance: 21.5 miles, connected by a dedicated channel or "pipeline." (See August 8, 1997 letter from Richard R. Long, EPA Region 8, to Lynn R. Menlove, Utah Department of Environmental Quality.)
3. Anheuser-Busch brewery and the Nutri-Turf, Inc. landfarm - Distance: approximately 6 miles apart, connected by a pipeline. (See August 27, 1996 letter from Robert Kellam, EPA OAQPS, to Richard R. Long, EPA Region 8.)

In each of these cases, although the facilities were separated by a number of miles, the two operations were physically connected by a pipeline or dedicated conveyance. We believe that this physical connection in these cases was a salient factor, demonstrating an integral connectedness between the facilities that led EPA to conclude that the facilities operated as one source. In the case of SLC, the two facilities are located approximately 6 miles apart, there is no pipeline or dedicated conveyance between the two operations, and the two facilities are separated by the Hudson River.

In this particular case, EPA has weighed the information before it and concluded that the two facilities are not close enough to be considered one source under the circumstances for purposes of NSR/PSD. No one factor was determinative in reaching this conclusion. Rather, we took into account a number of factors specific to the case at hand. As noted above, the two SLC facilities are located a greater distance from one another than many of the facilities which EPA has considered to be adjacent or contiguous. Although EPA has found facilities located 6 or more miles apart to be one source in a limited number of cases based on the specific circumstances of those cases, the actual physical connection between the facilities in those cases tends to suggest a high degree of functional interrelationship. Although a physical connection such as a dedicated pipeline is absent here, EPA did consider whether there were additional factors showing a functional relationship between the two facilities such that the two could be considered close enough to operate as one source. Specifically, it appears that cement kiln dust from the Greenport facility will be disposed of at the waste disposal operation at the Catskill facility, and that SLC expects to operate the two facilities in such a way as to create some functional interrelationship between them. However, given the six miles and the Hudson River separating the two facilities, it is EPA's opinion that SLC's somewhat generalized explanation of a limited functional interrelationship between the two facilities does not outweigh the evidence that the two facilities do not meet the "common sense" notion of a single plant.

Conclusion

Based on the totality of the above factors, we have concluded that SLC's Catskill and Greenport facilities do not meet the "common sense" notion of a single source and that they

should be treated as two separate facilities when NYSDEC conducts its NSR and PSD applicability determination, and Title V permitting. This letter is not a final agency action on the part of EPA. Rather, we hope that it will assist the state to properly carry out its applicability review of SLC's PSD permit application.

If you have any questions, please call me at (212) 637-4074 or Frank Jon, of my staff, at (212) 637-4085.

Sincerely yours,

/s/

Steven C. Riva, Chief
Permitting Section
Air Programs Branch

cc: Thomas S. West, Attorney
LeBoeuf, Lamb, Greene & MacRae, L.L.P.

Leon Sedefian, NYSDEC - Albany

EXHIBIT 17

Letter from Richard R. Long, Region VIII Director, Air and Radiation Program to Lee
Ann Elsom, Environmental Coordinator, Citation Oil and Gas Corporation
(December 9, 1999)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION VIII

999 18th STREET - SUITE 500
DENVER, COLORADO 80202-2466

DEC - 9 1999

Ref: 8P-AR

Lee Ann Elsom
Environmental Coordinator
Citation Oil & Gas Corporation
P.O. Box 690688
Houston, TX 77269-0688

Dear Ms. Elsom,

This letter is in response to your letter dated October 18, 1999 requesting clarification of the Title V applicability to the Walker Hollow Unit. The Walker Hollow Unit is an oil and gas production field located on the Uintah and Ouray Indian Reservation. It occupies an approximate 12 miles radius of land and consists of oil and gas wells, pumps, line heaters, dehydration equipment, combustion equipment, and tank batteries.

In the Code of Federal Regulations at 40 CFR 71.2 the definition of "major source" states, in part:

"Major source means any stationary source (or any group of stationary sources that are located on one or more contiguous or adjacent properties and are under common control of the same person (or persons under common control)), belonging to a single major industrial grouping....."

We interpret this to mean that each tank battery with its associated emitting units (e.g. wells, pumps, line heaters, dehydration equipment, combustion equipment, tanks, etc...) comprises a "group of stationary sources" and would be considered a single source for purposes of determining Title V applicability.

With this interpretation in mind, the additional information you provided to us in your letter, further telephone conversations, and facsimiles received on November 8, 1999 and November 9, 1999, we have determined that Citation Oil & Gas Corporation has four sources (tank batteries with their associated emitting units) located within the exterior boundaries of the Uintah and Ouray Indian Reservation in Northeast Utah. The enclosure to this letter illustrates the sources with their associated emitting units.

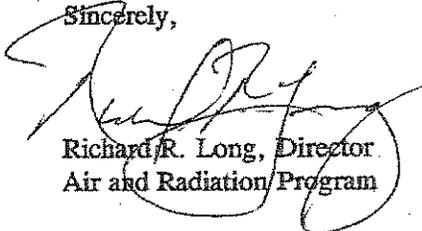
In addition, we have completed our evaluation of the potential emissions described in the enclosure to your letter dated October 18, 1999 for each of the tank batteries at the Walker Hollow Unit (also in the enclosure). It is our determination that none of the tank batteries are major sources as defined under the Federal Operating Permit regulations (40 CFR 71). As

long as the total potential emissions from all the pollutant emitting units at each tank battery of any pollutant remains below 100 tons per year and any hazardous air pollutant remains below 10 tons per year individually or 25 tons per year in aggregate, these sources will be considered minor sources under the Federal Operating Permit regulations.

This determination is based on the 1996 and 1997 emissions information contained in your letter and more recent information provided in your facsimiles. We recommend that you verify the correct status of the sources located on the Walker Hollow Field by conducting testing of the potential emissions from representative equipment and keeping records of changes and modifications to insure that the sources continue to operate as minor sources under the Federal Operating Permit regulations.

We hope that this has clarified for you our understanding of the regulations as they pertain to Citation Oil & Gas Corporation's Walker Hollow Field. If you have any further questions, please feel free to contact Kathleen Paser of my Technical Assistance staff at 303-312-6526.

Sincerely,



Richard R. Long, Director
Air and Radiation Program

Enclosure

cc: Elaine Willie, Environmental Coordinator, Ute Indian Tribe
Ed Kurip, Director AQM, Ute Indian Tribe

Walker Hollow Sources and Emission Summary

This is an estimate of the potential emissions based on 1996 and 1997 data provided by the source. The emission factors used to calculate the potential emission were provided by Citilcon Oil and Gas Corporation. It has been recommended that Citilcon verify the correct status of these sources by conducting testing of the potential emissions from this equipment and by keeping operational records to ensure that these sources operate as minor sources.

Sattelite Battery

Wells dedicated to this battery =	18	Well Identification =>	15, 21, 25, 43, 45, 46, 47, 54, 63, 64, 66, 69, 72, 73, 74, 75, 76, 77								
	Number of Units	PM-10 (tpy)	Nox (tpy)	CO (tpy)	VOC (tpy)	Sox (tpy)	Benzene	Ethyl Benzene	Hexane	Toluene	Xylenes
16100 gal Crude Oil Storage Tank	1	0	0	0	5	0	0.004	0.0065	0	0.012	0.0065
3.1 mmbTU/hr Natural Gas External Combustion Dehydrator	1	0	0.02	0.01	0	0	0	0	0	0	0
101 hp Natural Gas Internal Combustion Compressor	1	0.16	2.93	2.63	1.07	0.02	0	0	0	0	0
Dehydration Still Vent	1	0	0	0	0.89	0	0	0	0	0	0
3.5 mmbTU/hr Natural Gas External Combustion Line Heaters	2	0.0186	0.1625	0.03375	0.01	0.00125	0	0	0	0	0
3.75 mmbTU/hr Natural Gas External Combustion Line Heaters	10	0.145	1.22	0.2568	0.0705	0.006818	0	0	0	0	0
1.0 mmbTU/hr natural Gas External Combustion Line Heaters	9	0.1737	1.467	0.306	0.0837	0.006003	0	0	0	0	0
42 hp Natural Gas Internal Combustion Pump Drivers	3	0.195	4.86	1.824	0.486	0.03	0	0	0	0	0
50 hp Natural Gas Internal Combustion Pump Drivers	14	1.3	32.48	12.17	3.23	0.14	0	0	0	0	0
75 hp Electric Pump Drivers	1	0	0	0	0	0	0	0	0	0	0
Totals		2.0	43.1	17.2	10.8	0.2	0.0	0.0	0.0	0.0	0.0

Walker Hollow Sources and Emission Summary

This is an estimate of the potential emissions based on 1996 and 1997 data provided by the source. The emission factors used to calculate the potential emission were provided by Citilcon Oil and Gas Corporation. It has been recommended that Citilcon verify the correct status of these sources by conducting testing of the potential emissions from this equipment and by keeping operational records to insure that these sources operate as minor sources.

Tank Battery 1

Wells dedicated to this battery =

14 Well Identification => 1, 2, 3, 11, 13, 14, 16, 28, 40, 49, 52, G-1, G-59, 41

	Number of Units	PM-10 (tpy)	Nox (tpy)	CO (tpy)	VOC (tpy)	Sox (tpy)	Benzene	Ethyl Benzene	Hexane	Toluene	Xylenes
101 hp Natural Gas Engine	2	0.32	5.86	5.26	2.14	0.04	0	0	0	0	0
2700 gal crude oil storage tank	2	0	0	0	12.54	0	0.01	0.016	0	0.031	0.016
1.5 mmBTU/hr Natural Gas External Combustion Boiler	1	0.03	0.24	0.05	0.01	0	0	0	0	0	0
3.1 mmBTU/hr Natural Gas External Combustion Dehydrator	2	0	0.04	0.02	0	0	0	0	0	0	0
Dehydration Still Vent	2	0	0	0	7.92	0	0	0	0	0	0
1.5 mmBTU/hr Natural Gas External Combustion Treater	1	0.03	0.24	0.05	0.01	0	0	0	0	0	0
1.5 mmBTU/hr Natural Gas External Combustion Free Water Knock-Out	1	0.03	0.24	0.05	0.01	0	0	0	0	0	0
3.5 mmBTU/hr Natural Gas External Combustion Line Heaters	6	0.05625	0.4875	0.10125	0.03	0.00375	0	0	0	0	0
0.75 mmBTU/hr Natural Gas External Combustion Line Heaters	14	0.203	1.708	0.35952	0.0987	0.009545	0	0	0	0	0
1.0 mmBTU/hr natural Gas External Combustion Line Heaters	0	0	0	0	0	0	0	0	0	0	0
30 hp Natural Gas Internal Combustion Pump Drivers	1	0.046	1.16	0.435	0.116	0.01	0	0	0	0	0
42 hp Natural Gas Internal Combustion Pump Drivers	1	0.065	1.62	0.608	0.162	0.01	0	0	0	0	0
60 hp Natural Gas Internal Combustion Pump Drivers	8	0.744	18.56	6.95	1.85	0.08	0	0	0	0	0
40 hp Electric Pump Drivers	1	0	0	0	0	0	0	0	0	0	0
60 hp Electric Pump Drivers	1	0	0	0	0	0	0	0	0	0	0
Totals		1.5	30.2	13.9	24.9	0.2	0.0	0.0	0.0	0.0	0.0

Walker Hollow Sources and Emission Summary

This is an estimate of the potential emissions based on 1996 and 1997 data provided by the source. The emission factors used to calculate the potential emission were provided by Citation Oil and Gas Cooperation. It has been recommended that Citation verify the correct status of these sources by conducting testing of the potential emissions from this equipment and by keeping operational records to insure that these sources operate as minor sources.

Tank Battery 2

Wells dedicated to this battery =	14	Well Identification =>	5, 20, 23, 24, 28, 36, 39, 37, 33, 42, 55, 56, 62, 38								
	Number of Units	PM-10 (tpy)	Nox (tpy)	CO (tpy)	VOC (tpy)	Sox (tpy)	Benzene	Ethyl Benzene	Hexane	Toluene	Xylenes
1.25 mmBTU/hr Natural Gas Heater	1	0.02	0.2	0.04	0.01	0	0	0	0	0	0
1.50 mmBTU/hr Natural Gas Heater	2	0.06	0.48	0.1	0.02	0	0	0	0	0	0
3.00 mmBTU/hr Natural Gas Heater	1	0.06	0.49	0.1	0.03	0	0	0	0	0	0
42700 Crude oil tank	3	0	0	0	28.23	0	0.021	0.036	0	0.069	0.036
0.5 mmBTU/hr Natural Gas External Combustion Line Heaters	1	0.008375	0.08125	0.016875	0.005	0.000625	0	0	0	0	0
0.75 mmBTU/hr Natural Gas External Combustion Line Heaters	20	0.29	2.44	0.5136	0.141	0.0136	0	0	0	0	0
1.0 mmBTU/hr natural Gas External Combustion Line Heaters	2	0.0386	0.326	0.068	0.0186	0.001334	0	0	0	0	0
42 hp Natural Gas Internal Combustion Pump Drivers	2	0.13	3.24	1.22	0.324	0.02	0	0	0	0	0
50 hp Natural Gas Internal Combustion Pump Drivers	12	1.12	27.84	10.43	2.77	0.12	0	0	0	0	0
Totals		1.7	35.1	12.5	31.5	0.2	0.0	0.0	0.0	0.1	0.0

Walker Hollow Sources and Emission Summary

This is an estimate of the potential emissions based on 1996 and 1997 data provided by the source. The emission factors used to calculate the potential emission were provided by Citation Oil and Gas Corporation. It has been recommended that Citation verify the correct status of these sources by conducting testing of the potential emissions from this equipment and by keeping operational records to insure that these sources operate as minor sources.

Tank Battery 3

Wells dedicated to this battery = 0 Well Identification => Receives crude from other batteries

	Number of Units	PM-10 (tpy)	Nox (tpy)	CO (tpy)	VOC (tpy)	Sox (tpy)	Benzene	Ethyl Benzene	Hexane	Toluene	Xylenes
205500 gal crude oil storage tanks	2	0	0	0	62	0	0.048	0.078	0	0.151	0.08
1.5 mmBTU/hr Natural Gas External Combustion Boiler	1	0.03	0.24	0.05	0.01	0	0	0	0	0	0
0.5 mmBTU/hr Natural Gas External Combustion Line Heaters	5	0.046675	0.40625	0.084375	0.025	0.003125	0	0	0	0	0
0.75 mmBTU/hr Natural Gas External Combustion Line Heaters	1	0.0145	0.122	0.02568	0.00705	0.000682	0	0	0	0	0
1.0 mmBTU/hr natural Gas External Combustion Line Heaters	1	0.0193	0.163	0.034	0.0093	0.000667	0	0	0	0	0
Totals		0.1	0.9	0.2	62.1	0.0	0.0	0.1	0.0	0.2	0.1

EXHIBIT 18

Letter from Callie A. Videtich, Region VIII Leader, Air Technical Assistance Unit, to Roland Hea, Unit Leader, Construction Permit Program, Air Pollution Control Division, Department of Public Health and Environment (October 18, 2004)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8
999 18TH STREET - SUITE 300
DENVER, CO 80202-2466
Phone 800-227-8917
<http://www.epa.gov/region08>

OCT 18 2004

Ref: 8P-AR

Roland Hea, Unit Leader
Construction Permit Unit
Stationary Sources Program
Air Pollution Control Division
Department of Public Health
and Environment
4300 Cherry Creek Drive South
Denver, CO 80222-1530

RE: EPA Comments on Draft Construction
Permit #04GA0755 for
Williams Production RMT Co.-Rifle Station

Dear Roland,

Thank you for the opportunity to review the draft construction permit for Williams Production RMT Co. (Williams), permit number 04GA0755 for their Rifle Station. EPA is submitting the following comments on the draft permit out for public comment in order to establish synthetic minor limits for this facility. We hope the enclosed comments will improve the permit and we look forward to working with you to resolve any issues before the final permit is issued. If you have any questions, please contact me at 303-312-6434 or Hans Buenning of my staff at 303-312-6438.

Sincerely,

A handwritten signature in black ink, appearing to read "Callie A. Videtich".

Callie A. Videtich, Leader

Air Technical Assistance Unit

Enclosure



Printed on Recycled Paper

Enclosure

Comments on Colorado Draft Construction Permit #04GA0755
for
Williams – Rifle Station

Single Stationary Source Question for the Reconfigured Plant

The public comment notice describes the project that Williams has applied to have permitted as a synthetic minor source for purposes of the Title V program. Based on the information provided in the public notice, this facility (formerly known as Rifle Compressor Station) historically had natural gas compression capacity, but has since removed all of the compressors. The proposed permit is for a natural gas dehydration facility consisting of one natural gas sweetening unit, two natural gas triethylene glycol dehydration systems, one condensate tank, one condensate load out, and two natural gas fired heaters. This permit action proposes to limit the potential to emit from these units to 38.8 tons per year of volatile organic compounds, eight tons per year of a single hazardous air pollutant (HAP), and twenty tons per year of total HAPs.

In light of the equipment reconfiguration involved in this construction permit, we are concerned that this facility may be operating in conjunction with another natural gas facility or facilities as a single stationary source under the definitions found in Colorado Air Quality Control Commission's Regulation No. 3 for the New Source Review (NSR) and Title V programs. While the relevant facts necessary to make a final determination are not presently available to our office (and may not be presently available to your office), we believe that a natural gas facility operating without any compression capacity is likely supported by or supporting activities at a nearby natural gas facility or facilities with pollution emitting activities. As such, an analysis of how natural gas is transported to and from the Rifle Station should be conducted. The role the Rifle Station plays in the final product of any natural gas facility or facilities providing this compression should be established. Once this information is obtained, a factual and legal analysis should be conducted to determine if the Rifle Station is operating independently, or whether it should be considered a single stationary source with other pollutant emitting activities.

Under the circumstances of this permitting action, we recommend that the Division completely analyze whether the Rifle Station is truly operating independently as a single stationary source before establishing synthetic minor limits for the Title V program. We acknowledge that the definitions found in 40 CFR Part 63 (National Emission Standards for Hazardous Air Pollutants) and 40 CFR Part 70 (State Operating Permit Programs) pertaining to oil and gas facilities precludes the level of detail in the analysis described above for defining a stationary source for HAPs that would be required for criteria pollutants under the NSR and Title V programs.