UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8
1595 WYNKOOP STREET
DENVER, CO 80202-1129
Phone 800-227-8917
http://www.epa.gov/region08

DOCKET NO.: CAA-08-2011-0026

IN THE MATTER OF:	)	
QEP ENERGY COMPANY	)	**ORDER GRANTING FILING OF AN ELECTRONIC CONSENT AGREEMENT FINAL ORDER**
Respondent	)	

Pursuant to 40 C.F.R. §22.13(b) and 22.18, of EPA's Consolidated Rules of Practice, the Consent Agreement resolving this matter is hereby approved and incorporated by reference into this Final Order. The Respondent is hereby **ORDERED** to comply with all of the terms of the Consent Agreement, effective immediately upon receipt by Respondent of this Consent Agreement and Final Order.

This court will accept the electronic filing of the Consent Agreement in this matter at this time, however the Parties are to file the original Consent Agreement within seven days of issuance of this Order.

The Parties are hereby **ORDERED** to comply with all of the terms of this **Order**, effective immediately upon receipt by Parties of this **Order**.

SO ORDERED THIS 29th **Day of** August **, 2011**

Elyana R. Sutin
Regional Judicial Officer

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

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Docket No. CAA-08-2011-0026

EPA REGION VIII
HEARING CLERK

In the Matter of:	)	
	)	**ADMINISTRATIVE COMPLAINT**
QEP ENERGY COMPANY	)	**AND CONSENT AGREEMENT**
	)	
Respondent.		

AUTHORITY

The United States Environmental Protection Agency, Region 8 (EPA or Complainant) is issuing this Administrative Complaint and Consent Agreement (Agreement) to QEP Energy Company (Respondent) pursuant to Sections 113(a)(3) and 113(d)(1) of the Clean Air Act (CAA or the Act), 42 U.S.C. § 7413(a)(3) and § 7413(d)(1). The Administrator of the EPA has the authority to enter into this Agreement and that authority has been properly delegated to the undersigned EPA official.

A. STATUTORY AND REGULATORY BACKGROUND

1. On June 19, 1978, EPA promulgated the Prevention of Significant Deterioration (PSD) regulations pursuant to Subtitle I, Part C of the Act. 43 Fed. Reg. 26403. EPA revised the PSD regulations on several occasions including August 7, 1980 (45 Fed. Reg. 52676) and December 31, 2002 (67 Fed. Reg. 80186). These regulations are codified at 40 C.F.R. Part 52.

2. Terms used in this Agreement that are defined in the Act or in regulations promulgated pursuant to the Act shall have the meanings assigned to them therein, unless otherwise provided in this Agreement.

3. The emission sources to which this Agreement relates are in "Indian country" as defined at 18 U.S.C. §1151. The locations of the emission sources are identified in Appendix A.

4. Section 165(a) of the Act, 42 U.S.C. § 7475(a), and the PSD regulations implementing Part C at 40 C.F.R. § 52.21(a)(2)(iii), prohibit a major stationary source from commencing construction or major modification of a major stationary source without a permit which states that the major stationary source or modification would meet the requirements of 40 C.F.R. § 52.21(j) through (r).

5. 40 C.F.R. § 52.21(b)(5) defines a "stationary source" as, any building, structure, facility or installation which emits or may emit a regulated PSD pollutant.

6. 40 C.F.R. § 52.21(b)(1)(i)(b) defines a "major stationary source" as, among other things, any stationary source that emits, or has the potential to emit, 250 tons per year or more of any regulated PSD pollutant.

7. On July 1, 2011, EPA promulgated final rules titled "Review of New Sources and Modifications in Indian Country." (Tribal Minor NSR Rule) 76 Fed. Reg. 38748-808 (July 1, 2011) (to be codified at 40 C.F.R. Parts 49 and 51). The final rules are effective on August 30, 2011. 76 Fed. Reg. at 38748. Once

effective, the rules allow, among other things, for a synthetic minor source permit to be issued to an otherwise major source that has taken a restriction, enforceable as a legal and practical matter, so that the source's potential to emit is less than the amounts for major sources.

8. This proceeding is governed by the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, and the Revocation, Termination or Suspension of Permits (Consolidated Rules) set forth at 40 C.F.R. Part 22. The U.S. Department of Justice has concurred with EPA Region 8's request for authorization to commence an administrative enforcement action in this matter.

9. This Agreement is voluntarily entered into by the EPA and the Respondent for the purpose of simultaneously commencing and concluding this matter, as authorized by 40 C.F.R. § 22.13(b), and executed pursuant to 40 C.F.R. § 22.18(b)(2) and (3) of the Consolidated Rules.

B. INTRODUCTORY PROVISIONS

1. This Agreement addresses a unique situation in that the Respondent is unable to obtain an effective synthetic minor source permit from EPA prior to commencing construction because, pursuant to the new Tribal Minor NSR Rule, the authority to issue such permits begins August 30, 2011.

2. This Agreement is entered into by EPA and Respondent to settle alleged violations and allow Respondents to comply as expeditiously as possible with the requirements of the CAA, specifically PSD, of certain Bakken Formation Oil and Gas Emission Sources (emission sources) owned and/or operated by Respondent, located within the exterior boundaries of the Fort Berthold Indian Reservation in North Dakota as described in Appendix A.

3. Respondent admits the jurisdictional allegations in this Agreement but does not admit the specific factual allegations or legal conclusions made by the Complainant herein.

4. Respondent waives its rights to a hearing before any tribunal and to contest any issue of law or fact set forth in this Agreement.

5. Complainant asserts that settlement of this matter is in the public interest. Complainant and Respondent agree that resolving this matter without further litigation and without adjudication of any issue of fact or law is appropriate.

6. This Agreement, which includes Appendices A and B, upon incorporation into a Final Order, applies to and is binding upon EPA and upon Respondent, and Respondent's officers, directors, employees, agents, successors and assigns.

7. This Agreement contains all terms of the settlement agreed to by the EPA and Respondent.

C. ALLEGED VIOLATIONS

1. Respondent is a Texas corporation and therefore a "person" as defined in section 302(e) of the CAA, 42 U.S.C. § 7602(e).

2. Respondent owns and/or operates the emission sources described in Appendix A.

3. Complainant alleges that Respondent violated the CAA by constructing each of the major stationary sources identified in Appendix A, Table A-1 without first obtaining a PSD permit pursuant to 40 C.F.R. § 52.21.

D. REQUIREMENTS UNDER THIS AGREEMENT

The EPA and Respondent, by their undersigned representatives, hereby consent and agree as follows:

1. Permitting

   a. Within one year of the effective date of this Agreement, for all Existing Emission Sources listed in Appendix A, Table A-1, Respondent shall submit to EPA a complete synthetic minor source permit application under EPA's Tribal Minor NSR Rule. If Respondent determines that an emission source was incorrectly included in Appendix A, Table A-1, it may notify EPA of that fact by October 14, 2011. In this circumstance, Paragraph F.13 below shall apply.
   b. By October 1, 2011, Respondent shall submit to EPA a complete synthetic minor source permit application for New Emission Sources listed in Appendix A, Table A-2 that will commence construction during the period starting August 31, 2011, and ending December 31, 2011.
   c. By November 1, 2011, Respondent shall submit to EPA a complete synthetic minor source permit application for New Emission Sources listed in Appendix A, Table A-3 that will commence construction during the period starting January 1, 2012, and ending March 31, 2012.
   d. By January 1, 2012, Respondent shall submit to EPA a complete synthetic minor source permit application for New Emission Sources listed in Appendix A, Table A-4 that will commence construction during the period starting April 1, 2012, and ending June 30, 2012.
   e. Any emission sources for which construction will commence after June 30, 2012, are not subject to this Agreement and Respondent must obtain an effective synthetic minor source permit from EPA or comply with the provisions of 40 C.F.R. § 52.21 prior to commencing construction.
   f. Inclusion of an emission source listed in Appendix A, Table A-2, A-3 or A-4 does not preclude Respondent from commencing construction of that emission source after the date specified in the relevant Paragraph D.1.b,c, and d above. However, all such emission sources must commence construction prior to June 30, 2012.
   g. If those emission sources listed in Appendix A, Tables A-2, A-3, and/or A-4 do not commence construction by June 30, 2012, then they are therefore not subject to Section D of this Agreement.

2. Control Requirements

   a. For all Existing Emission Sources listed in Appendix A, Table A-1, the Respondent shall comply with the requirements of Appendix B by no later than December 1, 2011.
   b. For all New Emission Sources listed in Appendix A, Tables A-2, A-3, and A-4 the Respondent shall comply with the requirements of Appendix B upon start-up of production. Emission sources that receive an effective synthetic minor source permit before commencing construction are not subject to the requirements of this Agreement.

3. Notification

Respondent shall notify the EPA on the last business day of each month of all of the emission sources subject to this Agreement that commence construction in the previous month. Respondent shall also notify the EPA whether those emission sources are meeting the control requirements as required by Appendix B and whether they have received an effective synthetic minor source permit. This notice shall also include a list of emissions sources that are removing a 98% control device and using a 90% control device as outlined in Appendix B.

Unless otherwise specified herein, whenever Respondent's notification, submissions, or communication are required by this Agreement, they shall be made electronically or mailed to the following:

Cynthia J. Reynolds, Director
U.S. EPA Region 8 (8ENF-AT)
Air & Toxics Technical Enforcement Program
1595 Wynkoop St.
Denver, CO 80208-1129
reynolds.cynthia@epa.gov

E. CIVIL PENALTY

1. Pursuant to an analysis of the facts and circumstances of this case with the statutory factors described in section 113(d)(1)(B) of the CAA, 43 U.S.C. §7413(d)(1)(B), EPA has determined that an appropriate civil penalty to settle this action is the amount of $3,000 per emission source listed in Appendix A for a total of $381,000.

2. Respondent consents to the issuance of a Final Order and consents for the purpose of settlement to the payment of the civil penalty in the manner described below in this paragraph:

   a. Payment is due within 90 calendar days from the date of the Final Order, to be issued by the EPA's Regional Judicial Officer, that adopts this Administrative Complaint and Consent Agreement. If the due date falls on a weekend or legal federal holiday, then the due date

becomes the next business day. The date the payment is made is considered to be the date processed by the Bank described below. Payments received by 11:00 AM are processed on the next business day.

b. The payment shall be made by remitting a cashier's or certified check, including the name and docket number of this case, for the calculated amount, payable to "Treasurer, United States of America," to:

CHECK PAYMENT:
US Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
PO Box 979077
St. Louis, MO 63197-9000

OVERNIGHT MAIL:
U.S. Bank
1005 Convention Plaza
Mail Station SL-MO-C2GL
St. Louis, MO 63101
Contact: Natalie Pearson
314-418-4087

WIRE TRANSFER:
Wire Transfers should be directed to the Federal Reserve Bank of New York
Federal Reserve Bank of New York
ABA = 021030004
Account = 68010727
SWIFT address = FRNYUS33
33 Liberty Street
New York, NY 10045

Field Tag 4200 of the Fedwire message should read AD 6801727 Environmental Protection Agency

ACH (also known as REX or remittance express):
Automated Clearinghouse (ACH) for receiving US currency
PNC Bank
808 17th Street, NW
Washington, DC 20074
Contact B Jesse White 301-887-6548
ABA = 051036706, Transaction Code 22- checking
Environmental Protection Agency, Account 310006, CTX Format

ON-LINE PAYMENT:
There is now an On Line Payment Option, available through the Dept. of Treasury. This payment option can be accessed from the information below:
www.pay.gov

Enter sfo 1.1 in the search field. Open form and complete required fields.

A copy of the check, or wire transfer, shall be sent simultaneously to:

Alexis North (8ENF-AT) U.S. EPA Region 8 Technical Enforcement Program 1595 Wynkoop St. Denver, CO 80202-1129	and	Tina Artemis Regional Hearing Clerk (8RC) U.S. EPA Region 8 1595 Wynkoop St. Denver, CO 80202-1129

c. Payment of the penalty in this manner does not relieve Respondent of its obligation to comply with the requirements of the CAA and its regulations.

F. GENERAL PROVISIONS

1. The emissions controls required in Appendix B under this Agreement shall be considered "federally enforceable" and, as applicable, "legally and practicably enforceable" for purposes of calculating the potential to emit for the emission sources covered under this Agreement.

2. Failure by Respondent to timely apply for, and ultimately obtain, the synthetic minor permit for any emission source identified in this Agreement or to comply with the requirements of Section D and Appendix B shall render any release or satisfaction of liability afforded under this Agreement null and void as to that source.

3. Nothing in this Agreement shall be construed as a waiver by the EPA or any other federal entity of its authority to seek costs or any appropriate penalty associated with any collection action instituted as a result of Respondent's failure to perform pursuant to the terms of this Agreement.

4. Once the Respondent has received a synthetic minor source permit from EPA for the emission source identified in Appendix A, and that permit has become effective, the terms of that permit supersede this Agreement.

5. For all Existing Emission Sources listed in Appendix A, Table A-1, Respondent's submission of a complete synthetic minor source permit application will constitute compliance with the relevant CAA provisions during the period of this Agreement.

6. For all New Emission Sources listed in Appendix A, Tables A-2, A-3, and A-4, compliance with the relevant CAA provisions requires that Respondent; a)obtains an effective synthetic minor source permit; b) is subject to an EPA approved Federal Implementation Plan which allows for a permit by rule; or c) complies with a new EPA applicable CAA regulation that removes them from PSD applicability.

7. Notwithstanding the terms of this Agreement, the Respondent must meet any other applicable requirements of the Act or its implementing regulations.

8. Respondent agrees that for any emission source operated without the controls required by this Agreement, except for instances of malfunction, Respondent is in violation of this Agreement. Malfunction shall be defined as any sudden, infrequent, and not reasonably preventable failure of air pollution control equipment, process equipment, or a process to operate in a normal or usual manner, caused by circumstances entirely beyond the control of the owner or operator, but shall not include failures that are caused in whole or in part by poor maintenance or careless operation.

9. Respondent agrees that any emission source whose actual emissions have exceeded 250 tons per year is not covered by this Agreement, including any emission source listed by the Respondent in Appendix A.

10. Each undersigned representative of the EPA and Respondents (Parties) to this Agreement certifies that he or she is fully authorized by the Party represented to bind the Party to the terms and conditions of this Agreement and to execute and legally bind that Party to this Agreement.

11. The Parties agree to submit this Agreement to the Regional Judicial Officer, with a request that it be incorporated into a Final Order.

12. The terms, conditions, and compliance requirements of this Agreement may not be modified or amended except upon the written agreement of both parties, and approval of a Regional Judicial Officer.

13. If the Respondent, pursuant to Paragraph D.1.a, above, wishes to amend the list of emission sources in Appendix A, Table A-1, it shall submit those suggested changes to EPA for approval. If EPA agrees with the suggested changes, the Parties will submit an amended Agreement to the Regional Judicial Officer for incorporation into a revised Final Order.

14. The effective date of this Agreement is the date that the Final Order is signed by the Regional Judicial Officer.

15. This Agreement, upon incorporation into a Final Order by the Regional Judicial Officer and full satisfaction by the Parties, shall be a complete, full and final settlement of the violations alleged in this Agreement.

16. Each Party shall bear its own costs and attorneys fees in connection with all issues associated with this Agreement.

UNITED STATES ENVIRONEMENTAL PROTECTION AGENCY REGION 8,
Complainant.

Date: August 25, 2011

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

QEP ENERGY COMPANY,
Respondent.

Date: August 26, 2011

By: _____
C. B. Stanley
President & CEO

APPENDIX A

EMISSION SOURCE INVENTORY

TABLE A-1: Existing Emission Sources (commenced construction by August 30, 2011)

SOURCE IDENTIFICATION	Latitude	Longitude	SECTION	TOWNSHIP	RANGE	Well Site Completion Date	Casing Head Controlled or Captured	Casinghead gas control device	Tank Battery Control Device	Tank Battery Control Device install date
1-14-6D	47.747518	-102.505592	31	150	92	6/1/2010	captured	ground pit flare	ground pit flare	11/01/11
1-16-6E	47.747291	-102.365626	6	149	92	9/4/2010	captured	ground pit flare	ground pit flare	09/18/11
2-16-6E	47.747358	-102.366303	6	149	92	9/19/2010	captured	ground pit flare	ground pit flare	09/18/11
1-4-5J	47.587337	-102.435301	5	147	92	6/23/2011	controlled	ground pit flare	ground pit flare	11/14/11
2-4-5J	47.587386	-102.434769	5	147	92	7/5/2011	controlled	ground pit flare	ground pit flare	11/14/11
1-3-18C	47.816000	-102.249930	18	150	90	10/7/2009	captured	ground pit flare	ground pit flare	09/28/11
1-14-4C	47.833951	-102.204545	4	150	90	9/21/2010	captured	ground pit flare	ground pit flare	10/24/11
1-13-18C	47.804898	-102.251996	18	150	91	5/7/2010	captured	ground pit flare	ground pit flare	10/18/11
1-4-8F	47.745836	-102.232235	8	149	90	12/17/2009	captured	ground pit flare	ground pit flare	10/14/11
1-1-32C	47.774689	-102.216086	32	150	90	2/6/2011	captured	ground pit flare	ground pit flare	10/08/11
1-16-32C	47.761611	-102.216617	32	150	90	3/18/2011	captured	ground pit flare	ground pit flare	10/05/11
2-13-18C	47.805446	-102.251996	18	150	90	11/21/2010	captured	ground pit flare	ground pit flare	10/21/11
2-16-32C	47.761725	-102.216617	32	149	90	5/30/2011	captured	ground pit flare	ground pit flare	10/05/11
1-8-29C	47.783313	-102.215975	29	150	90	5/19/2011	captured	ground pit flare	ground pit flare	10/12/11
1-4-23	47.945988	-102.449063	35	152	92	6/1/2010	captured	ground pit flare	ground pit flare	11/30/11
1-4-21	47.965055	-102.451226	27	152	92	3/30/2011	captured	ground pit flare	ground pit flare	11/30/11
1-7-6F	47.755261	-102.245428	6	149	91	5/30/2011	captured	ground pit flare	ground pit flare	09/25/11
1-16-32B	47.761652	-102.343555	32	149	91	10/1/2011	captured	ground pit flare	ground pit flare	09/15/11
2-16-32B	47.761727	-102.343555	32	149	91	10/1/2011	captured	ground pit flare	ground pit flare	09/15/11
3-16-32B	47.761883	-102.343555	32	150	91	10/1/2011	captured	ground pit flare	ground pit flare	09/15/11
4-16-32B	47.761766	-102.343555	32	150	91	10/1/2011	captured	ground pit flare	ground pit flare	09/15/11
1-15-6F	47.747045	-102.242185	6	150	90	8/27/2011	captured	ground pit flare	ground pit flare	08/24/11
2-15-6F	47.747045	-102.242357	6	150	90	9/8/2011	captured	ground pit flare	ground pit flare	08/24/11

TABLE A-2: New Emission Sources (commencing construction between August 31, 2011 and December 31, 2011)

SOURCE IDENTIFICATION	SECTION	TOWNSHIP	RANGE	Expected Commence Construction Date						
1-6-32G	32	148	92	12/15/11						
2-6-32G	32	148	92	12/15/11						
1-11-8C	18	150	90	11/15/11						
2-11-8C	18	150	90	11/15/11						
2-8-6E	6	149	91	11/15/11						
1-8-6E	6	149	91	11/15/11						
2-1-5F	5	149	90	11/15/11						
1-1-5F	5	149	90	11/15/11						

TABLE A-3: New Emission Sources (commencing construction between January 1, 2012 and March 31, 2012)

SOURCE IDENTIFICATION	SECTION	TOWNSHIP	RANGE	Expected Commence Construction Date						
2-16-34	34	152	92	1/11/12						
2-16-36	36	148	93	1/11/12						
1-16-36	36	148	93	1/11/12						
6-16-31B	31	150	91	2/11/12						
2-16-31B	31	150	91	2/11/12						
1-12-5H	5	148	91	2/11/12						
8-16-31B	31	150	91	2/11/12						
3-16-5F	5	149	90	2/11/12						
4-16-31B	31	150	91	3/11/12						
1-16-5F	5	149	90	3/11/12						
7-16-31B	31	150	91	3/11/12						
4-16-31G	31	148	92	3/11/12						
2-12-5H	5	148	91	3/11/12						
5-16-31B	31	150	91	3/11/12						
2-16-5F	5	149	90	3/11/12						
3-16-31B	31	150	91	03/15/12						
2-16-31G	31	148	92	03/15/12						
10-16-31B	31	150	91	03/31/12						
3-16-31G	31	148	92	03/31/12						
9-16-31B	31	150	91	03/31/12						
1-16-31G	31	148	92	03/31/12						
1-16-31B	31	150	91	03/31/12						

TABLE A-4: New Emission Sources (commencing construction between April 1, 2012 and June 30, 2012)

SOURCE IDENTIFICATION	SECTION	TOWNSHIP	RANGE	Expected Commence Construction Date						
2-4-26E	26	149	91	04/15/12						
1-4-26E	26	149	91	05/15/12						
2-13-26E	26	149	91	05/15/12						
3-13-26E	26	149	91	05/15/12						
4-13-26E	26	149	91	05/15/12						
5-13-26E	26	149	91	05/15/12						
6-13-26E	26	149	91	05/15/12						
7-13-26E	26	149	91	05/15/12						
8-13-26E	26	149	91	05/15/12						
9-13-26E	26	149	91	05/15/12						
10-13-26E	26	149	91	05/15/12						
11-13-26E	26	149	91	05/15/12						
12-13-26E	26	149	91	05/15/12						
2-5-29C	29	150	90	06/15/12						
1-27A	27	150	92	06/15/12						
10-5-10E	10	149	91	06/15/12						
3-5-33C	33	150	90	06/15/12						
4-5-10E	10	149	91	06/15/12						
4-1-28G	28	148	92	06/15/12						
2-5-33C	33	150	90	06/15/12						
7-5-10E	10	149	91	06/15/12						
3-1-28G	28	148	92	06/15/12						
2-12-4E	4	149	91	06/15/12						
1-5-33C	33	150	90	06/15/12						
1-5-10E	10	149	91	06/15/12						
2-1-28G	28	148	92	06/15/12						
9-5-10E	10	149	91	06/15/12						
1-12-4E	4	149	91	06/15/12						
1-1-28G	28	148	92	06/15/12						
3-5-10E	10	149	91	06/15/12						
12-5-10E	10	149	91	06/15/12						
6-5-10E	10	149	91	06/15/12						
3-4-35E	35	149	91	06/15/12						
1-5-33F	33	148	90	06/15/12						
2-4-35E	35	149	91	06/15/12						
11-5-10E	10	149	91	06/15/12						
4-4-35E	35	149	91	06/15/12						
5-5-10E	10	149	91	06/15/12						
5-4-35E	35	149	91	06/15/12						
1-4-26G	26	148	92	06/15/12						

TABLE A-4 continued

SOURCE IDENTIFICATION	SECTION	TOWNSHIP	RANGE	Expected Commence Construction Date						
8-5-10E	10	149	91	6/29/12						
1-4-35E	35	149	91	6/29/12						
2-4-26G	26	148	92	6/29/12						
2-5-10E	10	149	91	6/29/12						
3-4-26G	26	148	92	6/29/12						
4-4-26G	26	148	92	6/29/12						
9-13-3D	3	149	92	6/29/12						
10-13-3D	3	149	92	6/29/12						
11-13-3D	3	149	92	6/29/12						
12-13-3D	3	149	92	6/29/12						
3-13-3D	3	149	92	6/29/12						
1-13-3D	3	149	92	6/29/12						
4-13-3D	3	149	92	6/29/12						
2-13-3D	3	149	92	6/29/12						
1-16-23G	23	148	92	6/29/12						
2-16-23G	23	148	92	6/29/12						
3-16-23G	23	148	92	6/29/12						
4-16-23G	23	148	92	6/29/12						
5-13-3D	3	149	92	6/29/12						
6-13-3D	3	149	92	6/29/12						
7-13-3D	3	149	92	6/29/12						
8-13-3D	3	149	92	6/29/12						
1-13-24G	24	148	92	6/29/12						
2-13-24G	24	148	92	6/29/12						
3-13-24G	24	148	92	6/29/12						
4-13-24G	24	148	92	6/29/12						
1-16-24G	24	148	92	6/29/12						
2-16-24G	24	148	92	6/29/12						
3-16-24G	24	148	92	6/29/12						
4-16-24G	24	148	92	6/29/12						
2-16-21	21	152	92	6/29/12						
3-16-21	21	152	92	6/29/12						
2-14-32B	32	150	91	6/29/12						
1-14-32B	32	150	90	6/29/12						

APPENDIX B

EMISSION CONTROL REQUIREMENTS

A. Applicability

These requirements apply to existing and new emission sources associated with oil production from the Bakken Formation on the Fort Berthold Indian Reservation in North Dakota and target the control of casinghead gas emissions (also known as treater gas) and emissions from oil and produced water storage tanks (tanks).

B . Control Requirements

All casinghead gas and tank emissions must be controlled or captured upon start of production. If gas gathering infrastructure is in place, casinghead gas shall be routed to a gas gathering pipeline as soon as practicable. When a pipeline is not available, casinghead gas is required to be routed to a control system or device in the Control System List below. The Control System List also applies to emissions from oil and produced water storage tanks. Capture or control devices shall be operated at all times when emissions may be vented to them.

The owner/operator shall maintain and operate all air pollution control equipment, and all equipment employed to contain and collect vapors and transport them to the emission control system or device, in accordance with the manufacturer's recommendations and in a manner consistent with good air pollution control practice for minimizing emissions.

Control System List

1. A ground pit flare (including, but not limited to pit flares, shop built flares or other similar oilfield type flares) or other 90% or greater DRE device. If a ground pit flare is utilized, a 90% DRE to be assumed. This is considered the minimum level of control for tank and treater gas emissions at all times.

2. A vapor recovery unit or oil stabilizer that is designed and operated to reduce the mass content of VOC and total hazardous air pollutant (HAP) emissions in the vapors vented to the device by at least 95% by weight.

3. An enclosed combustion device appropriately sized for the site's operating parameters and for which the manufacturer represents will achieve a destruction efficiency of at least 95% of the VOCs with respect to the volumetric flow and BTU content of the site's waste gas stream. An enclosed combustion device is operated including, but not limited to the following:

    - This device should be operated with no visible emissions except for periods not to exceed a total of 5 minutes during any 2 consecutive hours; Method 22 of 40 CFR Appendix A shall be used to determine the compliance with this visible emission provision.

- Owner/operator shall install an appropriate, reliable temperature sensor/transmitter that indicates continuous ignition of the pilot flame on the control device. The sensor/transmitter will be connected to the site's Supervisory Control and Data Acquisition (SCADA) System. The SCADA system will record temperature readings at a specified frequency and will be programmed to trigger an alarm if temperatures outside of a pre-programmed range are detected. For the purpose of this paragraph, "continuous" monitoring equipment shall measure and record values at least once every hour.

4. A utility flare (using an open flame without enclosure) that is designed and operated to reduce the mass content of VOC and total HAP emissions in the vapors vented to the device by at least 98% by weight. A utility flare is any flare that is designed and operated in accordance with the requirements of 40 C.F.R § 60.18. Requirements of 40 C.F.R § 60.18 include, but are not limited to the following:

    - Flare shall be designed and operated with no visible emissions except for periods not to exceed a total of 5 minutes during any 2 consecutive hours; Method 22 of 40 CFR Appendix A shall be used to determine the compliance with this visible emission provision;
    - Flare shall be operated with a flame present at all times;
    - An owner/operator has the choice of adhering to either the heat content specifications in paragraph 40 C.F.R. § 60.18(c)(3)(ii) and the maximum tip velocity specifications in paragraph (c)(4) or adhering to the requirements in 40 C.F.R. § 60.18(c)(3)(i);
    - Flares used to comply with this section shall be steam-assisted, air-assisted or nonassisted;
    - Owners/operators of flares shall monitor the control devices to ensure that they are operated and maintained in conformance with their designs;
    - The presence of a flare pilot flame shall be monitored using a thermocouple or any other equivalent device to detect the presence of a flame. Continuous checks by an operator to verify the existence of a visible flame or to verify proper operation of the igniter may be used in lieu of a physical device. For the purpose of this paragraph, "continuous" monitoring equipment shall measure and record values at least once every hour.
    - For safety and air pollution control purposes: each flare must be equipped and operated with an automatic ignitor or a continuous burning pilot, which must be maintained in good working order. This is required even if the flare is used for emergency purposes only.

5. Control devices other than those listed above may be utilized upon approval from the EPA.

C. Recordkeeping Requirements

1. Owner/operator shall maintain control device temperature logs for three years.

CERTIFICATE OF SERVICE

The undersigned certifies that the original of the attached **ORDER GRANTING ELECTRONIC FILING OF CONSENT AGREEMENT AND FINAL ORDER** in the matter of **QEP ENERGY COMPANY; DOCKET NO.: CAA-08-2011-0026,** was filed with the Regional Hearing Clerk on August 29, 2011.

Further, the undersigned certifies that a true and correct copy of the document was delivered to Jim Eppers, Enforcement Attorney, U. S. EPA – Region 8, 1595 Wynkoop Street, Denver, CO 80202-1129. True and correct copies of the aforementioned documents were placed in the United States mail on August 29, 21011, to:

Eric L. Dady
Vice-President & General Counsel
QEP Resources, Inc.
1050 17th Street, Suite 500
Denver, Co 80265

And emailed to:

Elizabeth Whitsel
U. S. Environmental Protection Agency
Cincinnati Finance Center
26 W. Martin Luther King Drive (MS-0002)
Cincinnati, Ohio 45268

August 29, 2011

Tina Artemis
Paralegal/Regional Hearing Clerk