



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

DEC 11 2013

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Judson Shreves
Ohio Production & Completions Manager
Gulfport Energy Corporation
156 Woodrow Ave.
St. Clairsville, Ohio 43950

**Re: Notice of Violation and Finding of Violation
Gulfport Energy – Boy Scout Well Site
Tippecanoe, Ohio**

Dear Mr. Shreves:

This is to advise you that the U.S. Environmental Protection Agency has determined that Gulfport Energy's facility at 79900 Adams Road, Tippecanoe, Ohio ("facility," "Gulfport," or "you") is in violation of the Clean Air Act (CAA) and associated state pollution control requirements. A list of the requirements violated is provided below. We are today issuing to you a Notice of Violation and Finding of Violation (NOV/FOV) for these violations.

Section 111 of the CAA requires EPA to implement the New Source Performance Standards (NSPS) program. The NSPS are nationally uniform emission standards for new or modified stationary sources falling within industrial categories that significantly contribute to air pollution. As discussed more fully in the enclosed NOV/FOV, Gulfport is subject to and in violation of the NSPS General Provisions at 40 C.F.R. Part 60, Subpart A.

The CAA also requires the development of Primary and Secondary National Ambient Air Quality Standards (NAAQS) to protect public health and welfare. To attain and maintain these standards, each state is required to develop an implementation plan. Among other things, each implementation plan must include a permit program to regulate the modification and construction of any stationary source of air pollution as necessary to assure that NAAQS are achieved. The State of Ohio has incorporated such a permitting program into its State Implementation Plan (SIP). We find that you are in violation of the terms of Gulfport Energy's Permits to Install and Operate conditions established in accordance with OHIO ADMIN. CODE 3745-31-29 of the Ohio SIP at your Tippecanoe, Ohio facility.

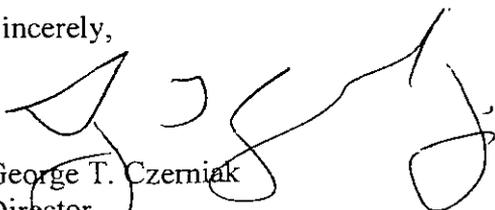
Lastly, under Section 112(r)(1) of the CAA, owners and operators of stationary sources producing, processing, handling, or storing substances listed pursuant to Section 112(r)(3) of the

CAA or any other extremely hazardous substance have a general duty, in the same manner and to the same extent as 29 U.S.C. § 654, to identify hazards which may result from accidental releases of such substances using appropriate hazard assessment techniques, to design and maintain a safe facility taking such steps as are necessary to prevent releases, and to minimize the consequences of accidental releases which do occur. We find that you are subject to and in violation of Section 112(r)(1) of the CAA.

Section 113 of the Act, 42 U.S.C. § 7413, gives EPA several enforcement options. The options include issuing an administrative compliance order, issuing an administrative penalty order, bringing a judicial civil action, and bringing a judicial criminal action.

We are offering you the opportunity to request a conference with us about the violations alleged in the NOV/FOV. Please plan for your facility's technical and management personnel to take part in these discussions. You may have an attorney represent and accompany you at this conference. The EPA contact in this matter is Natalie Topinka. You may contact her at 312-886-3853 or topinka.natalie@epa.gov to request a conference. You should make the request within 10 calendar days following receipt of this letter. We should hold any conference within 30 calendar days following receipt of this letter.

Sincerely,



George T. Czerniak
Director
Air and Radiation Division

cc: Dean Ponchak, Manager
Air Pollution Group
Southeast District Office
Ohio Environmental Protection Agency

Enclosure

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

IN THE MATTER OF:)
)
Gulfport Energy Corporation) **NOTICE OF VIOLATION and**
Boy Scout Well Site) **FINDING OF VIOLATION**
Tippecanoe, Ohio)
) **EPA-5-14-OH-01**
Proceedings Pursuant to)
Section 113(a)(1) and (3) of the)
Clean Air Act, 42 U.S.C. § 7413(a)(1))
and (3)

NOTICE AND FINDING OF VIOLATION

The U.S. Environmental Protection Agency (EPA) finds that Gulfport Energy Corporation (“you”, “Gulfport,” or “Gulfport Energy”) violated requirements promulgated under the Clean Air Act (CAA), including Section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1); the New Source Performance Standards (NSPS) General Provisions at 40 C.F.R. Part 60, Subpart A; and Gulfport Energy’s Permit to Install and Operate Permit conditions established in accordance with 3745-31-29 of the Ohio State Implementation Plan (Ohio SIP), at your production well site facility at 79900 Adams Road, Tippecanoe, Ohio (“Facility” or the “Boy Scout Well Site”), as follows.

STATUTORY AND REGULATORY BACKGROUND

The General Duty Clause of 42 U.S.C. § 7412(r)(1)

1. On November 15, 1990, the President signed into law the CAA Amendments of 1990. The Amendments added Section 112(r) to the CAA, 42 U.S.C. § 7412(r), which requires the Administrator of EPA to, among other things, promulgate regulations in order to prevent accidental releases of certain regulated substances.
2. Pursuant to the General Duty Clause (GDC) at Section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1), the owners and operators of stationary sources producing, processing, handling, or storing substances listed pursuant to Section 112(r)(3) of the CAA, 42 U.S.C. § 7412(r)(3), or any other extremely hazardous substance have a general duty, in the same manner and to the same extent as 29 U.S.C. § 654, to identify hazards which may result from accidental releases of such substances using appropriate hazard assessment techniques, to design and maintain a safe facility taking such steps as are necessary to prevent releases, and to minimize the consequences of accidental releases which do occur.
3. Section 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C), defines a “stationary source” as any buildings, structures, equipment, installations or substance emitting stationary activities (i) which belong to the same industrial group, (ii) which are located on one or more contiguous properties, (iii) which are under the control of the same person (or persons under common control), and (iv) from which an accidental release may occur.

4. Section 112(r)(2)(B), 42 U.S.C. § 7412(r)(2)(B), defines a “regulated substance” as a substance listed under Section 112(r)(3) of the CAA.
5. 40 C.F.R § 68.130 Tables 3 and 4 list methane as a regulated flammable substance under Section 112(r) of the CAA.

NSPS

6. On August 16, 2012, EPA promulgated the Standards of Performance for Crude Oil and Natural Gas Production, Transmission, and Distribution. 77 Fed. Reg. 49542 (Aug. 16, 2012). These standards are codified at 40 C.F.R. Part 60, Subpart OOOO (NSPS Subpart OOOO).
7. 40 C.F.R. § 60.5365 of NSPS Subpart OOOO states that this subpart applies to owners or operators of one or more of certain onshore affected facilities which commence construction, reconstruction, or modification after August 23, 2011, including each gas well affected facility, which is a single natural gas well.
8. 40 C.F.R. § 60.5430 defines a gas well or natural gas well as an onshore well drilled principally for production of natural gas.
9. 40 C.F.R. § 60.5370(a) states that an owner or operator must be in compliance with the standards of the subpart no later than October 15, 2012 or upon startup, whichever is later.
10. The NSPS General Provisions, at 40 C.F.R. § 60.11(d), require that at all times, including periods of startup, shutdown, and malfunction, owners and operators must, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions.
11. The NSPS General Provisions, at 40 C.F.R. § 60.18(c)(1), state that flares shall be designed for and operated with no visible emissions, except for periods not to exceed a total of 5 minutes during any 2 consecutive hours.

Ohio SIP

12. Section 110(a)(1) of the CAA, 42 U.S.C. § 7410(a)(1), requires each state to adopt and submit to EPA for approval a State Implementation Plan (SIP) that provides for the implementation, maintenance, and enforcement of the National Ambient Air Quality Standards (NAAQS). Under Section 110(a) of the CAA, 42 U.S.C. § 7410(a), each SIP must include a permit program to regulate the modification and construction of any stationary source of air pollution as necessary to assure that NAAQS are achieved. Upon EPA approval, SIP requirements are federally enforceable under Section 113 of the CAA, 42 U.S.C. § 7413. Under 40 C.F.R. § 52.23, any permit limitation or condition contained within an operating

permit issued under an EPA-approved program that is incorporated into the SIP is a requirement of the SIP, and is federally enforceable under Section 113.

13. On February 20, 2013, EPA approved Ohio Administrative Code (OAC) 3745-31-29 as part of the federally enforceable SIP for Ohio. *See* 78 Fed. Reg. 11748.
14. OAC 3745-31-29 states the director may develop a model general permit for any category of air contaminant sources, or specific portions of any category of air contaminant sources, and that authorization to construct under the general permit-to-install or general permit-to-install and operate (PTIO) shall be granted by the director in the form of a final permit action. OAC 3745-31-29(A) and (D)(4).
15. OAC 3745-31-29(B) states a general permit-to-install or general PTIO may be applied for and obtained if: (1) All of the qualifications and requirements described in OAC Chapter 3745-31 are met, except as noted in paragraph (C)(2) of the rule; (2) The air contaminant source meets all of the qualifications listed in the requested model general permit; (3) The requested air contaminant source(s) are not affected sources under the acid rain program unless otherwise provided in regulations promulgated under Title IV of the CAA; and (4) The requested air contaminant source is not part of a new major stationary source or major modification subject to the attainment or nonattainment provisions contained in rules 3745-31-10 to 3745-31-27 of the OAC.
16. OAC 3745-31-29(C)(1) states that owners or operators of air contaminant sources requesting a general permit-to install or general PTIO shall do so using the forms prepared by the Ohio Environmental Protection Agency (Ohio EPA). The application must include all information necessary to determine qualification for, and to assure compliance with, the general permit-to-install or general PTIO.
17. OAC 3745-31-29(I) "Enforcement action for failure to qualify or comply" states that an air contaminant source's owner or operator who requests and is granted authority to install under a general permit-to-install or general PTIO shall be subject to enforcement action for installation without a permit if the air contaminant source is later determined not to qualify for the conditions and terms of the general permit-to-install or general PTIO.
18. On January 31, 2012, the Ohio EPA general permit to install and operate at oil and gas well site production operations (GP12) became effective.
19. Ohio EPA's GP12 includes the following qualifying criteria questions which a facility must answer affirmatively to qualify for the GP12 PTIO:
 - a. "[Is] the air contaminant source(s) for which this general permit is being sought [not] a new major stationary source or a major modification?"
 - b. "Can the source meet the allowable emissions limits and criteria contained in this Model General Permit?"
20. Gulfport's April 10, 2013 permit application for the Boy Scout Well Site states that "hydrocarbon vapors that are produced from the liquid in the storage/sales tanks are captured

by a vapor recovery system and are compressed to send to the gas gathering system pipeline. Liquids are recycled back to the low pressure separator to be sent back to the sales tank. In the event the vapor recovery system is down, the flare is used to control the emissions. Excess vapors from the tanks' vapor space are vented to atmosphere only as a process safety measure (i.e. over pressurization).”

21. Gulfport's April 10, 2013 permit application for the Boy Scout Well Site affirmatively states that the air contaminant source for which the general permit is being sought is not a new major stationary source or a major modification and can meet the allowable emissions limits and criteria contained in the Model General Permit; however, the application does not include supporting potential to emit calculations for any of the criteria pollutants or hazardous air pollutants.

Gulfport Boy Scout Well Site facility

22. Gulfport Energy is a “person,” as that term is defined in Section 302(e) of the CAA, 42 U.S.C. § 7602(e).
23. Gulfport Energy currently owns and operates the facility located at 79900 Adams Road, Tippecanoe, Ohio (facility).
24. The facility is a “stationary source” as defined in 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C).
25. The Ohio EPA, Southeast District Office issued a General Permit to Install and Operate (Permit No. P0113532) dated April 17, 2013 for the facility in response to Gulfport Energy's permit application for the facility submitted April 10, 2013.
26. Permit No. P0113532 Standard Condition A.1. states that the facility must “install and operate the unit(s) in accordance with the application Gulfport Energy submitted and all the terms and conditions contained in this PTIO, including emission limits and those terms that ensure compliance with the emission limits (for example, operating, recordkeeping, and monitoring requirements).”
27. Permit No. P0113532 Standard Condition A.9. states that “if scheduled maintenance requires shutting down or bypassing any air pollution control equipment, [Gulfport Energy] must also shut down the emissions unit(s) served by the air pollution control equipment during maintenance, unless the conditions of OAC rule 3745-15-06(A)(3) are met.”
28. OAC rule 3745-15-06(A)(3) states that “in cases where a complete source shutdown may result in damage to the air pollution sources or is otherwise impossible or impractical, the owner or operator may request authorization to continue operating the sources during the scheduled maintenance of air pollution control equipment. Any such request shall be made in a written report at least two weeks prior to the planned shutdown of the air pollution control equipment. The director shall authorize the shutdown of the air pollution control equipment if, in his judgment, the situation justifies continued operation of the sources.”

29. According to the facility's application for its permit-to-install and operate, the facility is a natural gas well site and is engaged in the extraction of natural gas from 4 on-site wells, separates the water and condensate, and pipes the natural gas off-site. The following equipment is located at the facility: sand separators; line heaters; high pressure oil/water/gas separators; oil, condensate, and water tanks; a vapor recovery unit, and a flare.
30. According to information provided to EPA by Gulfport via email on August 8, 2013, the four active wells at the Boy Scout Well Site were drilled on the following dates: April 22, 2012, September 30, 2012, March 7, 2013, and April 13, 2013.
31. According to information provided to EPA by Gulfport via email on August 8, 2013, the first production dates of the four active wells at the Boy Scout Well Site are: November 27, 2012, January 14, 2013, July 22, 2013, and July, 28, 2013.
32. The facility meets the definition of a "natural gas well" within the definition of 40 C.F.R. § 60.5430.
33. The facility produces, processes, handles, and stores oil, natural gas, and condensate or produced water. The primary constituent of natural gas and condensate is methane.
34. The constituents of natural gas and condensate at the facility are extremely hazardous substances for purposes of Section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1) and constitute a flammable liquid, as that term is defined by the National Fire Protection Association ("NFPA") 30, *Flammable and Combustible Liquids Code* (2012).
35. Extremely hazardous substances are handled and/or stored at the facility within the meaning of Section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1).
36. On July 31, 2013, EPA conducted a CAA investigation of the facility hereafter referred to as the "July 2013 inspection."
37. During the July 2013 Inspection, EPA representatives utilized the FLIR® Gas Finder Infrared Camera (FLIR) and the PhoCheck TIGER® photo ionization gas detector (PID) calibrated for methane. EPA personnel observed the following:
 - a. immediately adjacent to the tank containment area, a reading of 84 ppm methane on the PID instrument and a FLIR video of a hydrocarbon plume emanating from the tank header;
 - b. a hydrocarbon plume emanating from a vent hose resting on the ground outside of the tank area and recorded with the FLIR camera; and
 - c. visible emissions from the flare that exceeded approximately thirty consecutive minutes.

38. After the July 2013 inspection, Gulfport Energy stated that, during the inspection, maintenance was being performed on a vapor recovery compressor, and tank vapors were vented to the atmosphere through the header, as described in paragraph 37a. above.
39. Based on observations using the FLIR, and process knowledge, the EPA inspectors determined that the releases of pollutants described in paragraphs 37a. and 37b. contained methane.
40. Methane is listed as a regulated flammable substance under Section 112(r) of the CAA and in 40 C.F.R. § 68.130. The releases as described in paragraphs 37a. and 37b. potentially create explosive levels of methane.
41. Pursuant to Section 112(r)(1) of the CAA, 42 U.S.C. 7412(r)(1), Gulfport has a general duty at the facility, in the same manner and to the same extent as that required by 29 U.S.C. § 654, to (a) identify hazards which may result from accidental releases of a regulated substance or other extremely hazardous substance from its stationary source, using appropriate hazard assessment techniques, (b) design and maintain a safe facility taking such steps as are necessary to prevent releases, and (c) minimize the consequences of accidental releases which do occur.
42. API Standard 2000/ISO 28300 4.4.1.1 states that “normal venting for pressure and vacuum shall be accomplished by a pressure/vacuum valve with or without a flame-arresting device or by an open vent with or without a flame-arresting device.” In addition, the facility “should protect atmospheric storage tanks against flame transmission from outside the tank if the tank can otherwise contain a flammable vapor space.”
43. NFPA 30, *Flammable and Combustible Liquids Code* (2012) 21.4.3.8. and 21.4.3.9. state that tanks and pressure vessels that store flammable liquids, as defined in 3.3.33.2 and 4.2.3, shall be equipped with venting devices that are closed, except when venting under pressure or vacuum conditions.
44. PERRY’S CHEMICAL ENGINEERS’ HANDBOOK (7th ed. 1997) states that “[v]apor cloud explosions can result if clouds of flammable vapor in air are formed. ... The proper design of pressure relief systems can reduce the possibility of losses from unintended overpressure. ... Whenever possible, one should design user-friendly plants which can withstand human error and equipment failure without serious effects on safety. ... A source of ignition should not be listed as the primary cause of a fire or explosion, as leaks of flammable gases are liable to ignite even though we remove known sources of ignition.”

VIOLATIONS

45. By failing to supply the Ohio EPA with supporting potential to emit calculations for any of the criteria pollutants or hazardous air pollutants, Gulfport Energy failed include all information necessary to determine qualification for, and assure compliance with, the general permit-to-install or general PTIO, as required by OAC 3745-31-29(C)(1).

46. On at least July 31, 2013, Gulfport failed to control the hydrocarbon vapor emissions produced from the liquid in the storage tanks with the flare when the vapor recovery system was not operating, and instead vented the excess vapors to the atmosphere. Gulfport did not operate in accordance with the system design as described in their permit application, in violation of Permit No. P0113532 Standard Condition A.1.
47. On at least July 31, 2013, Gulfport failed to shut down the emissions units served by the vapor recovery system which had been shut down for compressor maintenance, without fulfilling the conditions of OAC rule 3745-15-06(A)(3), in violation of Permit No. P0113532 Standard Condition A.9.
48. On at least July 31, 2013, Gulfport failed to maintain and operate the facility including its associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions, as required by 40 C.F.R. § 60.11(d).
49. On July 31, 2013, visible emissions from the flare at the facility lasted longer than 5 minutes during 2 consecutive hours in violation of 40 C.F.R. § 60.18(c)(1).
50. On at least July 31, 2013, Gulfport failed to take such steps as are necessary to prevent releases containing methane from the tanks storing natural gas and condensate at the facility in violation of Section 112(r)(1) of the CAA, 42 U.S.C. 7412(r)(1). In particular, Gulfport did not design and maintain a safe facility to prevent releases of methane from condensate storage tanks at the facility, as indicated by comparing the facility's controls on methane releases to industry codes and standards for venting devices for tank vapors.

ENFORCEMENT

51. Section 113(a) of the Clean Air Act, 42 U.S.C. § 7413(a), provides several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order, and bringing a judicial civil or criminal action.

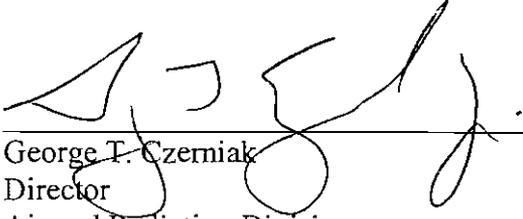
ENVIRONMENTAL IMPACT OF VIOLATIONS

52. These violations have caused or can cause excess emissions of the greenhouse gas methane. Methane, the primary constituent of natural gas, is a potent greenhouse gas which is more than 20 times as potent as carbon dioxide over a 100-year period when emitted directly to the atmosphere. Increasing concentrations of greenhouse gases in the atmosphere cause rises in the global average temperature near Earth's surface, or global warming, one aspect of global climate change. The buildup of greenhouse gases can change Earth's climate and result in dangerous effects to human health and welfare and to ecosystems.

53. These violations have caused or can cause excess emissions of volatile organic compounds (VOC). VOC emissions increase ground-level (tropospheric) ozone (smog). Ground-level ozone irritates lung airways and can cause wheezing, coughing, painful or difficult breathing, especially in people with respiratory problems. Repeated exposure can lead to more serious health problems like asthma, reduced lung capacity, and increased susceptibility to pneumonia or bronchitis. In addition, ground-level ozone inhibits the ability of plants to produce and store food, leading to ecological damage.

Date

12/11/13



George T. Czerniak
Director
Air and Radiation Division

CERTIFICATE OF MAILING

I, Loretta Shaffer, certify that I sent a Notice and Finding of Violation, No. EPA-5-14-OH-01, by Certified Mail, Return Receipt Requested, to:

Judson Shreves
Ohio Production & Completions Manager
Gulfport Energy Corporation
156 Woodrow Ave.
St. Clairsville, Ohio 43950

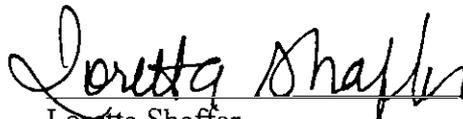
CERTIFIED MAIL RECEIPT NUMBER: 7009 1680 000 7669 5893

I also certify that I sent copies of the Notice of Violation and Finding of Violation by first-class mail to:

Robert Hodanbosi
DAPC Central Office
Ohio Environmental Protection Agency
P.O. Box 1049
Columbus, Ohio 43216-1049

Dean Ponchak, Manager
Air Pollution Group
Ohio Environmental Protection Agency
Southeast District Office
2195 Front Street
Logan, Ohio 43138

On the 13 day of December, 2013.



Loretta Shaffer
Administrative Program Assistant
AECAB, Planning and Administration Section