



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

FEB 03 2016

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Tim Baker, VP of Engineering and Operations
West Bay Exploration Company
13685 South West Bay Shore Drive, Suite 200
Traverse City, Michigan 49684

Re: Notice and Finding of Violation
West Bay Exploration Company
Lantis 30 CPF
Jackson County, Napoleon Township, Michigan

Dear Mr. Baker:

The U.S. Environmental Protection Agency is issuing the enclosed Notice and Finding of Violation (NOV/FOV) to West Bay Exploration Company (you) under Section 113(a) of the Clean Air Act (CAA), 42 U.S.C. § 7413(a). We find that you are violating Title V of the CAA and the Michigan State Implementation Plan (SIP) at your Jackson County, Michigan facility.

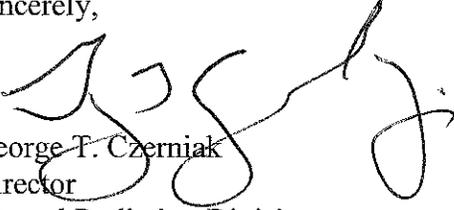
Section 113 of the CAA gives us several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order, bringing a judicial civil action and/or bringing a criminal action.

We are offering you an opportunity to confer with us about the violations alleged in the NOV/FOV. The conference will give you an opportunity to present information on the specific findings of violation, any efforts you have taken to comply and the steps you will take to prevent future violations. In addition, in order to make the conference more productive, you should submit any information responsive to the NOV/FOV to us prior to the conference date.

Please plan for your facility's technical and management personnel to attend the conference to discuss compliance measures and commitments. You may have an attorney represent you at this conference.

The EPA contact in this matter is Nidhi O'Meara of the Office of Regional Counsel. You may contact her at 312-886-0568 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

Enclosure

cc: Scott Miller, Jackson District Supervisor, MDEQ
Thomas Hess, Enforcement Unit Supervisor, MDEQ

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

IN THE MATTER OF:)	
)	
West Bay Exploration)	NOTICE OF VIOLATION and
Lantis 30 CPF)	FINDING OF VIOLATION
Jackson County, Michigan)	
)	EPA-5-16-MI-03
Proceedings Pursuant to)	
the Clean Air Act)	
42 U.S.C. § 7401 et seq)	

NOTICE AND FINDING OF VIOLATION

The U.S. Environmental Protection Agency (EPA) is issuing this Notice of Violation and Finding of Violation (NOV/FOV or Notice) under Sections 113(a)(1) and (a)(3) of the Clean Air Act (CAA), 42 U.S.C. §§ 7413(a)(1) and (a)(3). EPA finds that West Bay Exploration Company (West Bay) is violating provisions of Title V of the CAA and the Michigan State Implementation Plan (SIP), at its oil and gas production and processing facility known as the Lantis 30 CPF (Lantis 30 facility), located in Jackson County, Napoleon Township, Michigan, as follows:

Statutory and Regulatory Background

Title V Permit Program

1. Title V of the CAA, 42 U.S.C. § 7661 -7661f, and its implementing regulations at 40 C.F.R. Part 70, establish an operating permit program for major sources of air pollution.
2. Section 502(a) of the CAA, 42 U.S.C. § 7661a(a), and 40 C.F.R. § 70.7(b) state that after the effective date of any permit program approved or promulgated under Title V of the CAA, no source subject to Title V may operate except in compliance with a Title V permit.
3. In accordance with Section 502(b) of the CAA, 42 U.S.C. § 7661a(b), EPA promulgated regulations establishing the minimum elements of a Title V permit program to be administered by any air pollution control agency. See 57 Fed. Reg. 32295 (July 21, 1992). These regulations are codified at 40 C.F.R. Part 70.
4. Section 502(d) of the CAA, 42 U.S.C. § 7661a(d), requires each State to submit to EPA a permit program meeting the requirements of Title V.
5. 40 C.F.R. Part 70, Appendix A states that EPA granted final interim approval to the Michigan Title V operating permit program on January 10, 1997. 62 Fed. Reg. 1387. The

program became effective on February 10, 1997. The Michigan Title V program was granted final full approval by EPA, effective November 30, 2001. 66 Fed. Reg. 62949.

6. 40 C.F.R. § 70.1(b) states that all sources subject to 40 C.F.R. Part 70 shall have a permit to operate that assures compliance by the source with all applicable requirements.
7. 40 C.F.R. § 70.2 defines "major source" as, among other things, any stationary source belonging to a single major industrial grouping and that directly emits or has the potential to emit greater than 100 tons per year (tpy) or more of any air pollutant subject to regulation. See also 42 U.S.C. § 7661(2)(A).
8. 40 C.F.R. § 70.2 defines "regulated air pollutant" as, among other things, "[n]itrogen oxides or any volatile organic compounds."
9. 40 C.F.R. §70.5(a) requires the owner and operator of each source subject to 40 C.F.R. Part 70 to submit a timely and complete permit application.
10. 40 C.F.R. §70.7(b) states that "no part 70 source may operate after the time that it is required to submit a timely and complete application under an approved permit program, except in compliance with a permit issued under a part 70 program."

Michigan State Implementation Plan

11. Section 110 of the CAA, 42 U.S.C. § 7410, requires each state to adopt and submit to EPA for approval a SIP that provides for the implementation, maintenance, and enforcement of the National Ambient Air Quality Standards.
12. On May 6, 1980, EPA approved Michigan Rule 336.1201 as part of the federally enforceable Michigan SIP. 45 Fed. Reg. 29790 (May 6, 1980).
13. R 336.1201 of the Michigan SIP states, "a person shall not install, construct, reconstruct, relocate, or alter any process, fuel-burning or refuse-burning equipment, or control equipment pertaining thereto, which may be a source of an air contaminant, until a permit is issued by the commission.
14. On June 11, 1992, EPA approved Michigan Rules 336.1101 and 336.1116, as part of the federally enforceable Michigan SIP. See 40 C.F.R. § 52.1170(c) and 57 Fed. Reg. 24752.
15. R 336.1101 defines an "air contaminant" as dust, fume, gas, mist, odor, smoke, vapor, or any combination thereof."
16. R 336.1116 defines a "person" as "any of the following: (i) An individual person...(v) Association. (vi) Partnership. (vii) Firm... (ix) Company. (x) Corporation. (xi) Business trust... (xxi) Other entity recognized by law as the subject of rights and duties." among other things.
17. R 336.1116 defines "process" or "process equipment" as "any equipment, device, or contrivance and all appurtenances thereto, for the changing any materials or for the

storing and handling of any materials, including ducts and stacks, the use of which may cause discharge of an air contaminant into the outer air."

Factual Background

18. At all times relevant to this Notice, West Bay was the owner and/or operator of an oil and gas production and processing facility known as the Lantis 30 CPF (Lantis 30 facility), located in Jackson County, Napoleon Township, Michigan.
19. West Bay is a person as that term is defined in the Michigan SIP.
20. West Bay's Lantis 30 facility contains process equipment as defined in the Michigan SIP, including storage vessels for the storing of crude oil and produced water.
21. The storage vessels at the Lantis 30 facility, which are process equipment, emit volatile organic compounds (VOC).
22. VOC is a regulated air pollutant as defined in Title V of the CAA, and as a gaseous emission to the air is an air contaminant as defined in the Michigan SIP.
23. On February 18, 2015, EPA issued a Request for Information (information request) to West Bay pursuant to Section 114 of the CAA, requesting, among other things, air permits, air permit applications, past emissions calculations, and material sampling and calculations to determine potential VOC emissions.
24. On March 23, 2015 and May 12, 2015, West Bay submitted its response to the information request.
25. As part of its response, West Bay submitted calculations showing a potential to emit 626.9 tons of VOC per year from the storage vessels at the Lantis 30 facility.
26. To date, West Bay has not submitted an application for a permit to install to the Michigan Department of Environmental Quality (MDEQ) for its Lantis 30 facility.
27. To date, West Bay has not submitted a timely and complete permit application in accordance with 40 C.F.R. Part 70 for its Lantis facility.
28. To date, West Bay is operating the Lantis 30 facility without a required permit to operate in accordance with 40 C.F.R. Part 70.

Violations

29. West Bay is operating its Lantis 30 facility without a Title V permit, in violation of Section 502(a) of the CAA, 42 U.S.C. § 7661a(a) and 40 C.F.R. §§ 70.1(b) and 70.7(b).
30. To date, West Bay has not submitted a timely and complete application for a Title V permit for its Lantis 30 facility, in violation of 40 C.F.R § 70.5(a).

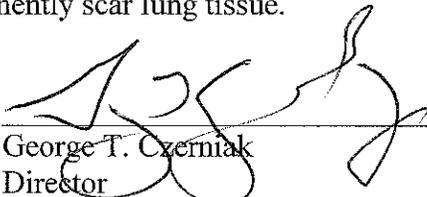
31. West Bay installed and constructed an air contaminant source at its Lantis 30 facility, without first obtaining a permit to install, in violation of the Michigan SIP at Rule 336.1201.

Environmental Impact of Violations

32. These violations have caused excess emissions of VOC, which leads to the formation of ground-level ozone. Breathing ozone contributes to a variety of health problems including chest pain, coughing, throat irritation, and congestion. It can worsen bronchitis, emphysema, and asthma, and can reduce lung function and inflame lung tissue. Repeated exposure may permanently scar lung tissue.

2/3/16

Date



George T. Czerniak
Director
Air and Radiation Division

U.S. EPA Small Business Resources Information Sheet

The United States Environmental Protection Agency provides an array of resources, including workshops, training sessions, hotlines, websites and guides, to help small businesses understand and comply with federal and state environmental laws. In addition to helping small businesses understand their environmental obligations and improve compliance, these resources will also help such businesses find cost-effective ways to comply through pollution prevention techniques and innovative technologies.

EPA's Small Business Websites

Small Business Environmental Homepage - www.smallbiz-enviroweb.org

Small Business Gateway - www.epa.gov/smallbusiness

EPA's Small Business Ombudsman - www.epa.gov/sbo or 1-800-368-5888

EPA's Compliance Assistance Homepage

www.epa.gov/compliance/assistance/business.html

This page is a gateway to industry and statute-specific environmental resources, from extensive web-based information to hotlines and compliance assistance specialists.

EPA's Compliance Assistance Centers

www.assistancecenters.net

EPA's Compliance Assistance Centers provide information targeted to industries with many small businesses. They were developed in partnership with industry, universities and other federal and state agencies.

Agriculture

www.epa.gov/agriculture/

Automotive Recycling

www.ecarcenter.org

Automotive Service and Repair

www.ccar-greenlink.org or 1-888-GRN-LINK

Chemical Manufacturing

www.chemalliance.org

Construction

www.cicacenter.org or 1-734-995-4911

Education

www.campuserc.org

Food Processing

www.fpeac.org

Healthcare

www.hercenter.org

Local Government

www.lgean.org

Metal Finishing

www.nmfrc.org

Paints and Coatings

www.paintcenter.org

Printed Wiring Board Manufacturing

www.pwbrc.org

Printing

www.pneac.org

Ports

www.portcompliance.org

U.S. Border Compliance and Import/Export Issues

www.bordercenter.org

Hotlines, Helplines and Clearinghouses

www.epa.gov/epahome/hotline.htm

EPA sponsors many free hotlines and clearinghouses that provide convenient assistance regarding environmental requirements. Some examples are:

Antimicrobial Information Hotline

info-antimicrobial@epa.gov or
1-703-308-6411

Clean Air Technology Center (CATC) Info-line

www.epa.gov/ttn/catc or 1-919-541-0800

Emergency Planning and Community Right-To-Know Act

www.epa.gov/superfund/resources/infocenter/epcra.htm or 1-800-424-9346

EPA Imported Vehicles and Engines Public Helpline

www.epa.gov/otaq/imports or
734-214-4100

National Pesticide Information Center

www.npic.orst.edu/ or 1-800-858-7378

National Response Center Hotline -

to report oil and hazardous substance spills
www.nrc.uscg.mil or 1-800-424-8802

Pollution Prevention Information Clearinghouse (PPIC)

www.epa.gov/opptintr/ppic or
1-202-566-0799

Safe Drinking Water Hotline

www.epa.gov/safewater/hotline/index.html or 1-800-426-4791

Stratospheric Ozone Protection Hotline

www.epa.gov/ozone or 1-800-296-1996

Toxic Substances Control Act (TSCA) Hotline

tsca-hotline@epa.gov or 1-202-554-1404

Wetlands Information Helpline

www.epa.gov/owow/wetlands/wetline.html or 1-800-832-7828

State and Tribal Web-Based Resources

State Resource Locators

www.envcap.org/statetools

The Locators provide state-specific contacts, regulations and resources covering the major environmental laws.

State Small Business Environmental Assistance Programs (SBEAPs)

www.smallbiz-enviroweb.org

State SBEAPs help small businesses and assistance providers understand environmental requirements and sustainable business practices through workshops, trainings and site visits. The website is a central point for sharing resources between EPA and states.

EPA's Tribal Compliance Assistance Center

www.epa.gov/tribalcompliance/index.html

The Center provides material to Tribes on environmental stewardship and regulations that might apply to tribal government operations.

EPA's Tribal Portal

www.epa.gov/tribalportal/

The Portal helps users locate tribal-related information within EPA and other federal agencies.

EPA Compliance Incentives

EPA provides incentives for environmental compliance. By participating in compliance assistance programs or voluntarily disclosing and promptly correcting violations before an enforcement action has been initiated, businesses may be eligible for penalty waivers or reductions. EPA has two such policies that may apply to small businesses:

EPA's Small Business Compliance Policy

www.epa.gov/compliance/incentives/smallbusiness/index.html

This Policy offers small businesses special incentives to come into compliance voluntarily.

EPA's Audit Policy

www.epa.gov/compliance/incentives/auditing/auditpolicy.html

The Policy provides incentives to all businesses that voluntarily discover, promptly disclose and expeditiously correct their noncompliance.

Commenting on Federal Enforcement Actions and Compliance Activities

The Small Business Regulatory Enforcement Fairness Act (SBREFA) established a SBREFA Ombudsman and 10 Regional Fairness Boards to receive comments from small businesses about federal agency enforcement actions. If you believe that you fall within the Small Business Administration's definition of a small business (based on your North American Industry Classification System designation, number of employees or annual receipts, as defined at 13 C.F.R. 121.201; in most cases, this means a business with 500 or fewer employees), and wish to comment on federal enforcement and compliance activities, call the SBREFA Ombudsman's toll-free number at 1-888-REG-FAIR (1-888-734-3247), or go to their website at www.sba.gov/ombudsman.

Every small business that is the subject of an enforcement or compliance action is entitled to comment on the Agency's actions without fear of retaliation. EPA employees are prohibited from using enforcement or any other means of retaliation against any member of the regulated community in response to comments made under SBREFA.

Your Duty to Comply

If you receive compliance assistance or submit a comment to the SBREFA Ombudsman or Regional Fairness Boards, you still have the duty to comply with the law, including providing timely responses to EPA information requests, administrative or civil complaints, other enforcement actions or communications. The assistance information and comment processes do not give you any new rights or defenses in any enforcement action. These processes also do not affect EPA's obligation to protect public health or the environment under any of the environmental statutes it enforces, including the right to take emergency remedial or emergency response actions when appropriate. Those decisions will be based on the facts in each situation. The SBREFA Ombudsman and Fairness Boards do not participate in resolving EPA's enforcement actions. Also, remember that to preserve your rights, you need to comply with all rules governing the enforcement process.

EPA is disseminating this information to you without making a determination that your business or organization is a small business as defined by Section 222 of the Small Business Regulatory Enforcement Fairness Act or related provisions.

CERTIFICATE OF MAILING

I, Kathy Jones, certify that I sent a Notice and Finding of Violation, No. EPA-5-16-MI-03, by Certified Mail, Return Receipt Requested, to:

Mr. Tim Baker, VP of Engineering and Operations
West Bay Exploration Company
13685 South West Bay Shore Drive, Suite 200
Traverse City, Michigan 49684

I also certify that I sent copies of the Notice and Finding of Violation, No. EPA-5-16-MI-03, by first-class mail to:

Tom Hess
Enforcement Unit Manager, Air Quality Division
Michigan Department of Environmental Quality
525 West Allegan, P.O. Box 30242
Lansing, Michigan 48909-7760

Scott Miller
Jackson District Supervisor
Michigan Department of Environmental Quality
State Office Building, 4th Floor
301 East Louis B. Glick Highway
Jackson, Michigan 49201-1556

On the 8th day of February 2016.

Kathy Jones

Program Technician
AECAB, PAS

CERTIFIED MAIL RECEIPT NUMBER: 7014 2870 0001 9577 8002

