



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

APR 26 2007

REPLY TO THE ATTENTION OF:

(AR-18J)

Mr. Scott Huber  
Summit Petroleum Corporation  
P.O. Box 365  
Mount Pleasant, Michigan 48804

Dear Mr. Huber:

This letter is in response to your January 18, 2006, request for a Title V major source determination. You asked the United States Environmental Protection Agency (U.S. EPA), Region 5, for a determination on whether the sour gas wells and the gas sweetening plant, located near the Rosebush, Michigan, owned and operated by Summit Petroleum Corporation (Summit Petroleum), constitute a single stationary source for purposes of Title V applicability under the Clean Air Act. Based on our review of the information provided in your letter, and subsequent information provided by the Michigan Department of Environmental Quality (MDEQ), we are unable to conclude if the wells and the plant constitute a single source for Title V purposes. However, we are making a few clarifying points about guidance and regulations that are useful in making this determination.

On January 12, 2007, the Office of Air and Radiation, U.S. EPA issued a guidance that discusses approaches for aggregating emissions from the oil and gas industry (such as wells and processing centers) for purposes of determining whether a source or modification qualifies as major under the New Source Review (NSR) and Title V programs (enclosed).

The January 12, 2007, guidance does not propose to supersede the existing regulations associated with the Title V applicability. 40 C.F.R. § 71.3(a)(1) provides that any major source must obtain a Title V permit. "Major source" is defined at 40 C.F.R. § 70.2, as well as in 40 C.F.R. § 71.2, as "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 and that are described in paragraph (1), (2), or (3) of [the 'major source'] definition." Subsection (1) defines sources which are major for Title V based on emissions of hazardous air pollutants (HAPs), and subsections (2) and (3) define sources which are major for Title V based upon emission levels of conventional pollutants. Each of these subsections provides a different test for Title V applicability. The January 12, 2007, guidance suggests the following steps be taken to determine whether a group of stationary sources constitutes a single major source:

- 1) Identify the surface sites<sup>1</sup>,
- 2) Evaluate whether each individual surface site qualifies as a separate stationary source<sup>2</sup>, or if the emissions activities should be grouped together to form a stationary source (i.e., if their emission activities are under common control, belong to the same major industrial grouping, and are contiguous or adjacent), and
- 3) Aggregate two or more stationary sources if they are under common control and are located in proximity of each other.

According to the information provided in your letter, the gas production wells and the gas sweetening plant are controlled and operated by the same company, Summit Petroleum. Information we have obtained from MDEQ indicates that Summit Petroleum's plant and wells belong to the same single major industrial grouping (SIC 1311).

Your letter mentions that the sour gas production wells and the gas sweetening plant are not contiguous (i.e., not touching). Therefore, we must evaluate the adjacency (i.e., the nearness or closeness) of the sour gas wells to the sweetening plant. According to your letter, the distances between the plant and the wells range from 500 feet to slightly over eight miles. U.S. EPA has never established a specific distance between pollutant-emitting activities that is determinative for deciding whether facilities are separate sources or a single source for Prevention of

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<sup>1</sup> As defined in 40 C.F.R. § 63.761

<sup>2</sup> As defined in 40 C.F.R. § 52.21(b)(5)

Significant Deterioration (PSD) and Title V purposes. Instead, U.S. EPA has relied on the principle of a "common sense" notion of a plant (August 7, 1980 PSD regulations, 45 Fed. Reg. 52676, 52693, *Alabama Power Co. v. Costle*, 636 F.2<sup>nd</sup> 323,397 (D.C.Cir.1979)). In this case, because the production wells supply the gas to the gas sweetening plant, we believe that the sites meet the common sense notion of a plant. However, the January 12, 2007, guidance makes clear that proximity is the most informative factor in making a source determination involving oil and gas activities. In order to determine the proximity of the emission units, we will need additional information regarding the emission units. Specifically, we are requesting a map that includes:

- All the emission units (such as compressor engines, pumps, tanks, emergency engines, wells, incinerator, etc.);
- The potential to emit<sup>3</sup> (PTE) for all criteria air pollutants from each emission unit located within 1 mile radius of the sweetening plant, including the supporting calculations and any assumptions made; and
- Identification of the emission units located further than 1 mile from the processing plant that have a PTE of 5 tons per year or higher for any criteria pollutant, including the supporting calculations and any assumptions made.

If a map with each emission unit's PTE is not available, please include the information in chart form, with a reference to the map of the wells and the sweetening plant. We also request a flow diagram or schematic of the Summit plant's processes. This would enable us to observe the correlation between exploration and production activities. Once we receive this information, we will be able to determine whether some or all of the sour gas wells should be combined with the sweetening plant to constitute a single major stationary source for Title V purposes.

Finally, it is our understanding that the gas sweetening plant and sour gas wells are located within the Saginaw Chippewa Tribe's Isabella Reservation. Because MDEQ's Title V program authority does not extend to sources within Indian country, U.S. EPA would be the Title V permitting authority in this case. Accordingly, we need to consider whether Summit Petroleum is required to obtain a Title V

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<sup>3</sup> As defined in 40 C.F.R. § 70.2

permit under 40 C.F.R. Part 71. We will work with you to ensure that the appropriate permit is issued.

We hope that this letter clarified for you our understanding of the regulations as they pertain to Summit Petroleum. If you have any further questions, please free to contact Laura L. Cossa of my staff at (312) 886-0661, or email at [cossa.laura@epa.gov](mailto:cossa.laura@epa.gov).

Sincerely yours,

A handwritten signature in cursive script that reads "Pamela Blakley".

Pamela Blakley, Chief  
Air Permits Section

Enclosure

cc: Chris Hare, MDEQ  
Lynn Fiedler, MDEQ