



July 5, 2019

Timothy Sharp
Colorado Air Pollution Control Division
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Denver, CO 80246
Cdphe.commentsapcd@state.co.us

Re: Comments on Proposed Air Permit, SRC Energy, Hood-Doles 37-20 Oil and Gas Production Facility

Dear Mr. Sharp:

WildEarth Guardians submits the following comments on the Air Pollution Control Division's proposed approval of synthetic minor construction permits for SRC Energy, Inc.'s Hood-Doles 37-20 oil and gas production facility in Weld County, Colorado. The Division published notice of the proposed permit on June 6, 2019.

We object to the Division's proposal and we call on the Division to order SRC Energy to cease operation of its Hood-Doles facility. The Division has no authority to approve a synthetic minor permit for a source of air pollution that has already constructed and that is subject to nonattainment new source review ("NSR") requirements under the Colorado State Implementation Plan ("SIP"). The Hood-Doles facility is a major source of volatile organic compound ("VOC") emissions that has already been constructed and is currently operating. The Division cannot continue to permit the facility as a synthetic minor for NSR purposes

Under the Colorado SIP and applicable Clean Air Act requirements, SRC Energy is not allowed to operate its facility unless and until it comes into compliance with applicable nonattainment NSR requirements.

Background

Under the Colorado SIP and the Clean Air Act, any stationary source in an ozone nonattainment area that emits or has the potential to emit 100 tons per year or more of VOCs must obtain a nonattainment NSR permit prior to construction. *See* Air Quality Control Commission ("AQCC") Regulation No. 3, Part D; *see also* 42 U.S.C. § 7503; 40 C.F.R.

§ 51.165. The major source threshold is triggered not just where a new source of air pollution is constructed. Even where an existing source of air pollution is modified, where the modification would trigger major source thresholds (i.e., lead to a potential to emit of greater than 100 tons/year), the source must obtain a nonattainment NSR permit prior to construction. *See* AQCC Regulation No. 3, Part D, Section II.A.24.c.

The potential to emit of a stationary source of air pollution is defined in the Colorado SIP as “The maximum capacity of a stationary source to emit a pollutant under its physical and operational design.” AQCC Common Provisions Regulation, Section I.G. Although emission controls can be considered to be part of a source’s “operational design,” they can only be considered part of a source’s design “if the limitation or the effect it would have on emissions is state enforceable *and federally enforceable.*” *Id.* (emphasis added).

The definition of “federally enforceable” under the Colorado SIP means “all limitations and conditions which are enforceable by the U.S. EPA Administrator[.]” AQCC Common Provisions Regulation, Section I.G (defining “Federally Enforceable”). Thus, limitations and conditions that are enforceable only by the State of Colorado, such as limitations and conditions in state regulations, are not “federally enforceable” pursuant to the Colorado SIP.

Nonattainment NSR is a stringent permitting process that ultimately assures the most rigorous oversight and control of pollution from stationary sources in nonattainment areas. Among other things, the Colorado SIP requires new major stationary sources to achieve “the lowest achievable emission rate,” certify compliance at “all other existing major stationary sources owned, operated, or controlled by the applicant,” achieve emission offsets, include an analysis of alternative sites, sizes, production processes, and environmental control techniques, and demonstrate that emissions will not adversely impact visibility in Class I areas. AQCC Regulation No. 3, Part D, Section V.A.

SRC Energy’s Hood-Doles Facility is a Major Source Subject to Nonattainment NSR

The Hood-Doles oil and gas production facility is a major source of VOC emissions. According to the Division’s preliminary analysis and the company’s application, the facility has the potential to emit more than 3,800 tons of VOCs annually. Furthermore, the facility is located in the Denver Metro-North Front Range ozone nonattainment area.

The new wells and equipment at the Hood-Doles facility were constructed and put into operation in 2017. According to data from the Colorado Oil and Gas Conservation Commission, the facility began construction before March 1, 2017. According to the company’s application for its air permit, the facility, which includes 12 new oil and gas wells, began production on September 12, 2017. Data from the Colorado Oil and Gas Conservation Commission indicates that tens of thousands of barrels of oil and tens of thousands of cubic feet of natural gas have been produced since September 12, 2017. Based on the company’s own VOC emission factors reported in its Annual Pollutant Emission Notices (“APENs”), it appears the source actually emitted more than 100 tons of VOCs in 2018 based on its reported production and based on a lack of federally enforceable limits establishing any control requirements related to production.

Given this, the Hood-Doles facility is subject to nonattainment NSR requirements pursuant to the Colorado SIP. The Division therefore has no authority to permit the source as a synthetic minor. The time for SRC Energy to apply for and obtain synthetic minor status was prior to the construction of the Hood-Doles facility, not after construction and certainly not after operating as a major source for more than a year. Pursuant to the Colorado SIP under AQCC Regulation No. 3, Part D, the Division has no authority to permit a major source as a synthetic minor after it has already been constructed.

That the Division has no authority to permit the Hood-Doles facility as a synthetic minor is underscored by the fact that SRC Energy has already constructed the new wells and put it into operation. Given that these wells and their associated emission points, namely venting from the separators and emissions from tanks, are not subject to any federally enforceable limits on VOC emissions, the source is major pursuant to the Colorado SIP and the Clean Air Act. The Division cannot now, after a major source has been constructed and has been operating for over a year, determine the source is a synthetic minor and permit it as such.

The Division may claim the source has controlled emissions since beginning construction and operation. While there is no way to verify this claim, it is irrelevant. Since the construction and the beginning of operation of the new wells at the Hood-Doles facility, SRC Energy has not been subject to any federally enforceable limits on VOC emissions in relation to separator venting, condensate tanks, and the operation of its new wells and associated production. This is underscored by the fact that SRC Energy has submitted a permit application seeking synthetic minor status. This means even the company acknowledges it is currently a major source that would otherwise be subject to nonattainment NSR. SRC Energy has even submitted certified APENs disclosing that uncontrolled emissions (i.e., emissions resulting from the facility's "operational design") just from condensate tanks are more than 2,000 tons of VOCs annually.

Also of concern is that the Division is not ensuring the Hood-Doles facility achieves a level of offsets consistent with nonattainment NSR requirements for moderate ozone nonattainment areas. Under the SIP, a new source in the Denver Metro-North Front Range ozone nonattainment area must secure VOC offsets at a ratio of 1.15 to 1. Regulation No. 3, Part D, Section V.A.3.a(i)(b). Under the Division's proposed permits, 86.7 tons of VOCs would be permitted annually, requiring an offset of 99.71 tons of VOCs. This underscores the inappropriateness of approving a synthetic minor permit rather than requiring the source to comply with nonattainment NSR.

While the source may have been subject to some state-only emission requirements upon the commencement of operation, state-only requirements do not serve to establish federally enforceable limits, as they are not enforceable by the EPA. The facility is a major source based on its potential to emit and any attempt to claim otherwise is contrary to the SIP and the Clean Air Act.

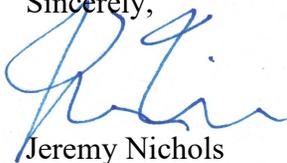
Accordingly, the Division is not permitted to approve the proposed synthetic minor permit. SRC Energy must submit an application for a nonattainment NSR permit and the Division must review and take action on the application in accordance with the SIP. Among

other NSR requirements, the Division must ensure SRC Energy is meeting lowest achievable emission rates, offsetting emissions, certifying compliance, and protecting visibility in Class I areas.

If the Division continues to permit the Hood-Doles oil and gas production facility as a synthetic minor source of VOCs for nonattainment NSR purposes, it will underscore that the State of Colorado is categorically failing to comply with its SIP with regards to the regulation of oil and gas production facilities. Furthermore, the issuance of a sham synthetic minor permit will not eliminate the need for SRC Energy to obtain a nonattainment NSR permit under the Clean Air Act. The Division's issuance of a permit will not shield SRC Energy from liability under the Clean Air Act and the potential for federal and/or citizen enforcement action.

Thank you for the opportunity to comment.

Sincerely,



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cc: Monica Morales, Air Program Director, EPA Region 8