

RESPONSE TO PUBLIC COMMENTS
On Draft
Air Pollution Control
Prevention of Significant Deterioration (PSD)
Permit to Construct
PSD-SU-00027-01.00

Permittee:
Williams Four Corners, LLC
188 County Road 4900
Bloomfield, New Mexico 87413

Permitted Facility:
The following Units at the Ignacio Gas Plant in
La Plata County, Colorado:

2 - 10,700 hp Natural Gas Fired Turbine Re-Compressors

500 MMscfd Amine Natural Gas Treatment System
(Amine Treatment System)

Turbo-Expansion Gas Separation Unit
(Turbo-Expansion Unit)

500 MMscfd Natural Gas Dehydration Unit
(West Dehydrator)

120 MMscfd Natural Gas Dehydration Unit
(East Dehydrator)

United States Environmental Protection Agency
Region 8
Air Program
Denver, Colorado
December 22, 2010

A. Introduction

This permit action reflects the incorporation of provisions of two Federal Consent Decrees (CDs), incorporation of requests in two PSD permit applications (submitted as required by the CDs) for approval of facility modifications that already occurred, and incorporation of a request in a third permit application, for approval of a further amendment to the PSD permit. The initial PSD permit was issued by EPA on February 24, 1984. The CDs and associated permit applications address historical compliance issues at the currently existing and operating gas plant for modifications that occurred at the facility in 1984, 1991, and 1992. The attainment of this permit amendment was a required element of the CDs dated March 28, 2001 and April 22, 2002. In addition to the requirement to obtain a PSD permit, the CDs contain control requirements and emission limits determined to be the Best Available Control Technology (BACT) for the Turbo-Expansion Gas Separation Unit (Turbo-Expansion Unit), the Amine Natural Gas Treatment System (Amine Treatment System), and the East and West Natural Gas Dehydration Units (East and West Dehydrators).

The EPA published a public notice in the Durango Herald on October 22, 2010, soliciting comments on its proposal to issue the permit in accordance with Sections 160-169 of the Clean Air Act (CAA), 40 CFR 52.21, and 40 CFR part 124 . The public comment period ended on November 21, 2010.

On October 14, 2010, (the record has these documents incorrectly date stamped October 14, 2009), the EPA mailed copies of the draft PSD permit, draft Statement of Basis, public notice, and Administrative Record for the proposed permit action, consisting of all permit-related correspondence, to the following parties:

Ms. Linda Daley
La Plata County Clerk's Office
98 Everett Street, Suite C
Durango, Colorado 81303

Ms. Brenda Jarrell,
Air Program Manager
Southern Ute Indian Tribe
Environmental Programs Office
205 Ouray Drive, Building #293
Ignacio, Colorado 81137

EPA sent the documents to these locations specifically to have the documents available locally for public review, during the public comment period. As stated in the public notice, these documents were also available at the EPA office in Denver, Colorado, and on the internet through EPA's website, at:

<http://www.epa.gov/region8/air/permitting/#pco>.

Notification that the proposed action was available for public comment and the location of the draft permit, draft Statement of Basis, and administrative record was mailed to the following parties on October 14, 2010 (the administrative record has these documents incorrectly date stamped October 14, 2009):

Mr. Rolland Hea
Air Pollution Control Division
Colorado Department of Health
4300 Cherry Creek Drive South
Denver, CO 80246

Mr. Richard Goodyear, Program Manager
Air Quality Bureau
New Mexico Environment Department
1301 Siler Road
Building B
Santa Fe, NM 87507

Mr. Tom Rice
Director of Environmental Programs
Ute Mountain Ute Tribe
P.O. Box 448
Towoac, CO 81334

Ms. Charlene Nelson
The Navajo Nation
Navajo Air Quality Control Program
P.O. Box 529
Fort Defiance, AZ 86515

Mr. Kurt Sandoval, Program Director
Environmental Protection Office
Jicarilla Apache Tribe
P.O. Box 507
Dulce, NM 87528

Honorable George Whitt
Mayor of Ignacio
P.O. Box 459
Ignacio, CO 81137

Mr. John Bunyak, Chief
Policy, Planning and Permit Review
National Park Service – AIR
P.O. Box 25287
Denver, CO 80225

Mr. Bud Rolofson
Air Quality Manager
USDA Forest Service
Rocky Mountain Region
740 Simms Street
Colden, CO 80401

Mr. Alan Rolstan
San Juan Citizen Alliance
P.O. Box 2461
Durango, CO 81302

Mr. Jeremy Nichols, Director
Climate & Energy Program
Wild Earth Guardians
1536 Wynkoop, Suite 302
Denver, CO 80202

During the public comment period, two comment letters and one comment e-mail were received by EPA by the following parties:

November 17, 2010 Mathew J. Box, Chairman
Southern Ute Indian Tribe

November 10, 2010 Rick D. Cables, Regional Forest Ranger
United States Department of Agriculture
Forest Service – Rocky Mountain Region

November 21, 2010 Mark J. Bareta, Environmental Specialist
Williams Midstream

Documents upon which EPA relied in reaching the final permit decision, and as referenced in EPA's response to comments, such as the Statement of Basis, the PSD permit application, and supplemental documents, are contained in the Administrative Record. Copies of EPA's response-to-comments document, final permit, and final Statement of Basis, are available on EPA's website at:

<http://www.epa.gov/region8/air/permitting/#pco>.

Copies of the Administrative Record, response-to-comments document, the final permit, and the final Statement of Basis are available for public review at the EPA office:

US EPA Region 8
Air Program
1595 Wynkoop Street
Denver, CO 80202-1129
Contact: Kathleen Paser, 303-312-6526
Paser.kathleen@epa.gov

B. COMMENTS AND RESPONSES

Comment from the United States Department of Agriculture – Forest Service

“Thank you very much for the opportunity to review the Draft Prevention of Significant Deterioration Permit on the Southern Ute Indian Reservation. The permit addresses modifications previously completed at the plant and limits emissions of volatile organic compounds arising from these modifications. Control equipment determined to be Best Available control Technology has already been installed. We have reviewed the subject document and the accompanying Statement of Basis and have no comment on the permit at this time.”

EPA Response:

The United States Department of Agriculture – Forest Service has made a correct assessment of this permit action. This comment did not result in any changes to the final permit.

Comments from the Southern Ute Indian Tribe

1. “Did EPA consult with the Tribe on the terms of the Consent Decrees?”

EPA Response:

The Federal government has a trust responsibility to federally-recognized Indian tribes that arises from treaties, statutes, executive orders and the historical relations between the United States and Indian tribes.¹ The Federal government's trust responsibility creates a unique legal and political relationship between the Federal government and federally-recognized Indian tribes. Consistent with this unique relationship, EPA establishes regular and meaningful consultation and collaboration with tribes on a government-to-government basis when EPA activities may affect tribal governments. In addition, EPA Region 8's primary focus will be to protect human health and the environment in "Indian country," as defined in section 1151 of title 18 of the United States Code (18 U.S.C. § 1151).

EPA has developed policies and guidance consistent with the trust responsibility and the government to government relationship with federally-recognized Indian tribes. Included in those policies are specific principles regarding compliance assistance measures and enforcement in Indian country.

When EPA discovers that a facility in Indian country is not in compliance with Federal environmental laws, a letter requesting input and sharing of additional information is provided to the Tribe. Letters dated August 25, 1999, and July 27, 2001 have been included in the Administrative Record.

However, settlement discussions between a company and EPA in regard to non-compliance claims are confidential. Unless the Tribe intervenes or sues the company and becomes a plaintiff in the case, this confidentiality restriction extends to the Tribe.

¹ See, e.g., Region 8 Guidance for Compliance Monitoring, Compliance Assistance and Enforcement Procedures in Indian Country at <http://www.epa.gov/region8/tribes/Policy/r8enf.html>.

While the Southern Ute Tribe was not consulted on the Terms of the Consent Decrees, pursuant to Section 113(g) of the Clean Air Act, EPA provided notice and opportunity to comment to the public on the Consent Decrees.²

EPA does provide appropriate contact and consultation with Tribal governments, when supplemental environmental projects (SEPs) are being discussed during settlement negotiations to obtain suggestions on projects that would best benefit a tribe. However, as addressed in response to comment #3, below, the company opted to pay the entire civil penalty rather than entertain SEPs. Therefore, the Southern Ute Tribe was not consulted.

2. Was any civil penalty for the incidents of non-compliance imposed?

EPA Response:

Pursuant to the Consent Decree in United States of America and State of Colorado v. Williams Field Services Co, et al., Civil Action No. 01-S-0113, dated March 28, 2001, a civil penalty of \$850,000 dollars was imposed on Williams Field Services for 1984 installation of the Amine Treatment System and the Turbo-Expansion unit which resulted in a material net increase of VOC emissions. (See Section IV Civil Penalty, page 6 of the Consent Decree).

Pursuant to the Consent Decree in United States of America and State of Colorado v. Williams Field Services Co, et al., Civil Action No. 01-S-0113, dated April 22, 2002, a civil penalty of \$951,139 dollars was imposed on Williams Field Services for 1991 and 1992 installation of the East and West Dehydrators which resulted in a material net increase of VOC emissions. (See Section IV Civil Penalty, page 5 of the Consent Decree).

This comment did not result in any changes to the final permit.

3. Was any consideration given to requiring emission controls on the seven Clark TLA-6 engines at the Ignacio Gas Plant as part of the settlement of the 1984, 1991, and 1992 violations? If not, why not?

EPA Response:

The engines were installed at the facility prior to the passage of the Clean Air Act and the development of the Prevention of Significant Deterioration permitting program.³ These Clark engines are considered grandfathered, and therefore, EPA cannot require Williams, through a regulatory mechanism (such as permitting) to control the emissions from the engines. Additionally they were not the subject of the enforcement actions. However, sometimes EPA, as part of an enforcement settlement can require controls on units that were not included in EPA's complaint. In negotiating the terms of consent decrees, EPA can offer to mitigate a portion of the penalties with supplemental environmental projects (SEPs). Williams in these cases opted to pay the entire penalty with regard to both actions rather than to consider any mitigation through SEPs.

² See, e.g., Federal Register Vol. 66, No. 27, Thursday February 8, 2001, and Federal Register Vol. 67, No. 47, Monday March 11, 2002.

³ See, e.g., April 4, 2008 Application for Renewal of Federal Operating Permit V-SU-0027-00.00 in the final administrative record for this action.

This comment did not result in any changes to the final permit.

4. Was a PSD Increment Analysis prepared as part of Williams' application? If not, the Tribe requests that such an analysis be required before issuance of the permit.

EPA Response:

No, an increment analysis was not prepared as part of Williams' applications dated May 22, 2001, and January 18, 2002 as ambient air increments are not available for VOC emissions increases. The consent decrees, for which this permit action memorialized, addressed violations to PSD for VOC emission.

The following are the regulatory requirements from 40 CFR 52.21(c) – **Ambient Air Increments:**

52.21(c) **Ambient air increments** - In areas designated as Class I, II or III, increases in pollutant concentration over the baseline concentration shall be limited to the following:

| Class I | |
|--|---|
| Pollutant | Maximum Allowable Increase ($\mu\text{g}/\text{m}^3$) |
| Particulate matter: PM-10, annual arithmetic mean | 4 |
| PM-10, 24-hr maximum | 8 |
| Sulfur dioxide: Annual arithmetic mean | 2 |
| 24-hr maximum | 5 |
| 3-hr maximum | 25 |
| Nitrogen dioxide: Annual arithmetic mean | 2.5 |

| Class II | |
|--|---|
| Pollutant | Maximum Allowable Increase ($\mu\text{g}/\text{m}^3$) |
| Particulate matter: PM-10, annual arithmetic mean | 17 |
| PM-10, 24-hr maximum | 30 |
| Sulfur dioxide: Annual arithmetic mean | 20 |
| 24-hr maximum | 91 |
| 3-hr maximum | 512 |
| Nitrogen dioxide: Annual arithmetic mean | 25 |

| Class III | |
|--|---|
| Pollutant | Maximum Allowable Increase ($\mu\text{g}/\text{m}^3$) |
| Particulate matter: PM-10, annual arithmetic mean | 34 |
| PM-10, 24-hr maximum | 60 |
| Sulfur dioxide: Annual arithmetic mean | 40 |
| 24-hr maximum | 182 |
| 3-hr maximum | 700 |
| Nitrogen dioxide: Annual arithmetic mean | 50 |

Since this permit action only dealt with VOC pollutants and none of the pollutants that have increments, this permit did not require an increment analysis. Therefore the permit will be issued as proposed.

Comments from Williams Four Corners, LLC

1. We would note that regarding the Ignacio Proposed PSD Permit, the following historic requirements that have already been met:
 - a. Condition # III.C.4 Turbines 1 & 2 - The required stack testing on Turbine Compressor No.1 and Turbine Compressor No. 2 occurred when the turbines were started on March 13-14, 1986.
 - b. Condition # III.D.5 Amine system - Compliance with both the monthly and yearly production limitations during the first 12 months of operation occurred with submittal of initial (2003) Annual Report as per Consent Decrees 01-S-0113 and 02-B-0199.
 - c. Condition # III.D.9 Amine system - The requirement that the Permittee shall submit to EPA Region 8 the record keeping format that outlines how it is maintaining compliance on an ongoing basis with the requirements for the Amine Treatment System occurred in support of fulfillment of the requirements for condition III.D.5 above.
 - d. Condition # III.E.8 TXP Unit - The requirement that the Permittee shall submit to EPA Region 8 the record keeping format that outlines how it is maintaining compliance on an ongoing basis with the requirements for the Turbo-Expansion Unit occurred with the initial NSPS KKK periodic report submittal (2004).
 - e. Condition # III.F.9 West Dehy - The requirement that the Permittee shall submit to EPA Region 8 the record keeping format that outlines how it is maintaining compliance on an ongoing basis with the requirements for West Dehydrator occurred with submittal of initial (2003) Annual Report as per Consent Decrees 01-S-0113 and 02-B-0199.
 - f. Condition # III.G.4 East Dehy - The requirement that within 60 days of the date that the East Dehydrator commences operation, the Permittee shall perform a stack test occurred with the initial TO test done March 19, 2002 as per Consent Decrees 01-S-0113 and 02-B-0199.
 - g. Condition # III.G.10 East Dehy - The requirement that the Permittee shall submit to EPA Region 8 the record keeping format that outlines how it is maintaining compliance on an ongoing basis with the requirements for East Dehydrator occurred with submittal of initial (2003) Annual Report as per Consent Decrees 01-S-0113 and 02-B-0199.
 - h. Condition IV.E The PSD permit authorizes construction and operation of the permitted facility "until the Title V Permit to Operate is issued." The relevant Title V Operating Permit for the Ignacio facility was issued by EPA Region 8 on November 19, 2003.

EPA Response:

The introduction to the permit has been modified to identify each requirement listed by the commenter and an explanation that these requirements have already been met.

2. Due to the unique circumstances in which this PSD permit has been issued, Williams seeks written clarification from the EPA that the terms and conditions set forth in the existing Title V permit will remain in effect after issuance of the final PSD permit in lieu of this permit action.

EPA Response:

First, this PSD permitting action did not create any new obligations on Williams with regard to the Ignacio Gas Plant that weren't already requirements of the consent decrees or the superseded 1984 PSD permit. This action converts the "consent decree requirements" to title V "applicable requirements." The "consent decree requirements" currently reside in the compliance schedule of the existing title V permit. Since these requirements are now "applicable requirements," they will be moved at renewal of the title V permit from the compliance schedule of the permit to the main body of the permit under authority of the PSD permit.

In addition, title V permits have a limited life span and must be renewed every five years. As such, applicable requirements that may pertain to this facility will be re-evaluated upon renewal. Therefore, it can not be stated with certainty that the conditions set forth in the existing Title V permit will continue to apply or that new requirements that have promulgated since the initial Title V permit was issued may apply.