PERMITTEE

Quantum Resources Management, LLC
5415 Oil Plant Road
Jay, Florida, 32565

PERMITTING AUTHORITY

Florida Department of Environmental Protection
Air Resource Management Program
Northwest District
160 W Government Street, Suite 308
Pensacola, Florida 32502-5740

PROJECT

Air Permit No. 1130005-015-AC
Title V Source Air Construction Permit
St. Regis Gas Treatment Facility and Jay Gas Plant

This project is for the installation of a skid-mounted fractionation unit with a molecular sieve and an off-spec pressurized vessel. The Jay Plant Hot Oil Heater (EU 042) will again be placed into operation to supply heat to the new skid-mounted fractionation unit. Natural gasoline produced from the fractionation unit will increase throughput to two existing 630,000 gallon (15,000 barrel) crude oil storage tanks.

NOTICE AND PUBLICATION

The Department distributed a draft Title V source air construction permit package on April 1, 2013. The applicant published the Public Notice in the Pensacola News Journal on April 4, 2013. The Department received the proof of publication on April 11, 2013. No requests for administrative hearings or requests for extensions of time to file a petition for administrative hearing were received.

COMMENTS

Public

No comments on the Draft Permit were received from the public.

EPA Region 4 Office

No comments on the Draft Permit were received from the EPA Region 4 Office.

Applicant

On April 17, 2013, the Department received comments from the Applicant. The following summarizes the comments and the Department's response.

1. The Applicant commented on the formatting of the Specific Conditions numbering in the draft permit.

   Response: The Applicant had requested a WORD version of the draft permit to allow using the WORD review markup and tracking comments mode. The applicant used WORD 2010, while the Department uses WORD 2007 (compatibility mode WORD 97-2003). It became apparent when comparing the original draft document to the applicant's comments version that WORD 2010 had somehow generated a number of formatting comments when it was used in the markup and tracking comments mode. This was the discrepancy in formatting and no correction is required.

2. The Applicant commented on the inclusion of 40 CFR 60 Subpart OOOO in its entirety for the Fractionation Unit (EU 052) in the draft permit.

   Response: After a joint review of the draft permit by the Applicant and the Department, it was agreed to make the following changes to remove portions of 40 CFR 60 Subpart OOOO that were not applicable to this project in order to make the permit shorter and easier to read for facility personnel and Department inspectors:

   The following Specific Conditions for the Fractionation Unit (EU 052) were entirely removed from the permit. They were not applicable portions of 40 CFR 60 OOOO because this project does not contain gas wells, centrifugal compressors, reciprocating compressors, pneumatic controllers, storage vessels, or sweetening units as affected facilities.

   <u>40 CFR 60 Subpart OOOO - Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution</u>
   40 CFR 60.5375 - What standards apply to gas well affected facilities?
   40 CFR 60.5380 - What standards apply to centrifugal compressor affected facilities?
   40 CFR 60.5385 - What standards apply to reciprocating compressor affected facilities?
   40 CFR 60.5390 - What standards apply to pneumatic controller affected facilities?
   40 CFR 60.5395 - What standards apply to storage vessel affected facilities?
   40 CFR 60.5405 - What standards apply to sweetening units at onshore natural gas processing plants?
   Table 1 to Subpart OOOO of 40 CFR 60 - Required Minimum Initial SO_2 Emission Reduction Efficiency (Z_i)
   Table 2 to Subpart OOOO of 40 CFR 60 - Required Minimum SO_2 Emission Reduction Efficiency (Z_c)
   40 CFR 60.5406 - What test methods and procedures must I use for my sweetening units affected facilities at onshore natural gas processing plants?
   40 CFR 60.5407 - What are the requirements for monitoring of emissions and operations from my sweetening unit affected facilities at onshore natural gas processing plants?
   40 CFR 60.5408 - What is an optional procedure for measuring hydrogen sulfide in acid gas - Tutwiler Procedure?
   40 CFR 60.5411 - What additional requirements must I meet to determine initial compliance for my closed vent systems routing materials from storage vessels and centrifugal compressor wet seal degassing systems?
   40 CFR 60.5412 - What additional requirements must I meet for determining initial compliance with control devices used to comply with the emission standards for my storage vessel or centrifugal compressor affected facility?
   40 CFR 60.5413 - What are the performance testing procedures for control devices used to demonstrate compliance at my storage vessel or centrifugal compressor affected facility?
   40 CFR 60.5416 - What are the initial and continuous cover and closed vent system inspection and monitoring requirements for my storage vessel and centrifugal compressor affected facility?
   40 CFR 60.5417 - What are the continuous control device monitoring requirements for my storage vessel or centrifugal compressor affected facility?
   40 CFR 60.5423 - What additional recordkeeping and reporting requirements apply to my sweetening unit affected facilities at onshore natural gas processing plants?

   The following Specific Conditions were applicable to the project but have inapplicable portions removed and/or changed in the permit:

   <u>40 CFR 60 Subpart OOOO - Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution</u>
   40 CFR 60 5410 - removed 60.5410(a) through (e), and (g)
   40 CFR 60.5415 - removed 60.5415 (a) through (e), and (g). In the second sentence in 60.5415(h), removed "60.5375, 60.5380, 60.5385 60.5390, 60.5395, and 60.5405".

40 CFR 60.5420 - In the first sentence of 5420(a), removed "and according to paragraphs (a)(1) and (2) of this section". Removed 60.5420(a)(1) and (2). In the first sentence of 60.5420(b), removed "through (6)" and "performance test reports as specified in paragraph (b)(7) of this section". In the fourth sentence removed "through (6)". Removed 60.5420(b)(2) through (6) and (7)(i). In the first sentence of 60.5420(c) removed "and in paragraphs (c)(1) through (10) of this section". Removed 670.5420(c)(1) through (11).

3. The Applicant commented on portions of Specific Conditions with 40 CFR 60 Subpart VVa requirements in the draft permit.

   Response: After a joint review of the draft permit with the Applicant and the Department, it was agreed to make the following changes:

   40 CFR 60 Subpart VVa - Standards of Performance for Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry for Which Construction, Reconstruction, or Modification Commenced After November 7, 2006
   40 CFR 60.485a - In 60.485a(d)(1) was added "Not Applicable. However, compliance must be demonstrated with 40 CFR 60.5400(f)".
   40 CFR 60.486a - Removed 60.486a(d). Added at the end of 60.486a "Compliance must also be demonstrated with 40 CR 60.5421(b)".
   40 CFR 60.487a - Added at the end of 60.487a, "Compliance must also be demonstrated with 40 CFR 60.5422(b) and (c)".

4. The Applicant commented on Specific Conditions for the Jay Plant Hot Oil Heater (EU 042) in the draft permit.

   Response: After a joint review of the draft permit with the Applicant and the Department, it was agreed to make the following changes:

   Specific Conditions 4 and 5 for the Jay Plant Hot Oil Heater (EU 042) in Section 3 Subsection B of the permit were added by the Applicant. These Specific Conditions are addressed elsewhere in the permit and are not needed. It was agreed to not add Specific Conditions 4 and 5.

   In the description for the Jay Plant Hot Oil Heater (EU 042) in Section 3 Subsection B, it was stated "The heater has a maximum heat input rate of 55.65 MMBtu per hour and burns 465 MMscf per year of pipeline natural gas with a sulfur content less than 0.1% S by weight".

   The "465" MMscf number was for the process gas previously used. The corrected number for pipeline natural gas is 481. It was agreed to replace "465' with "481" and insert the word "approximately' before "481".

   An additional explanation was added to retain the operating history of the hot oil heater and the reason for this change: "The heater used to burn approximately 465 MMscf per year of process gas. The difference is due to the pipeline natural gas heating value being less than that of process gas because process gas coming directly from a well still contains many natural gas liquids (NGLs) that are commonly removed by NGL Fractionating Units, including ethane, propane, butane, iso-butane, and natural gasoline. These NGL fractions have higher heating values than methane".

   In Section 3 Subsection B of the permit, Specific Condition 3 for the Jay Plant Hot Oil Heater (EU 042) the Applicant inserted the word "indirectly" before "to the fractionation unit". It was agreed to remove the word "indirectly" and change the wording to "connect the Jay Gas Plant Hot Oil Heater to the reboilers of the fractionation unit".

5. The Applicant commented on the emissions unit description in Section 3 Subsection C of the permit for the two 630,000 gallon fixed roof processed crude oil storage tanks (EU 047).

   Response: After a joint review of the draft permit with the Applicant and the Department, it was agreed to make the following changes:

   The second sentence of the emissions unit description in Section 3 Subsection C of the permit is changed from:

   "Operation of the skid-mounted fractionation unit increases the throughput of each storage tank to approximately 69,300,000 gallons per year."

   To:

   "Operation of the skid-mounted fractionation unit increases the throughput to the storage tanks to approximately 69,300,000 gallons per year combined."

6. The Applicant commented on the inclusion of the entire subparts 40 CFR 60 Subpart VVa - Standards of Performance for Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry for Which Construction, Reconstruction, or Modification Commenced After November 7, 2006, and 40 CFR 60 Subpart OOOO – Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution, as attachments in Section IV Appendices of the permit.

   Response: After a joint review of the draft permit with the Applicant and the Department, it was agreed attaching the subparts in their entirety was not necessary and to make the following changes:

   The subparts 40 CFR 60 Subpart VVa and 40 CFR 60 Subpart OOOO are removed from the attached Appendices to the permit and removed from the listing in Section 2 Administrative Requirements condition 3 Appendices of the permit, because the specific applicable requirements from these subparts are included in the Specific Conditions of the permit.

CONCLUSION

The final action is to issue the permit with the changes, corrections and clarifications as described above. Another Public Notice is not required because the specific conditions removed or modified were not applicable to the project and would have not been used in the field, and the other changes were editorial changes.