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ENGINEERING EVALUATION / FACT SHEET

BACKGROUND INFORMATION

Application No.: R13-3046
Plant ID No.: 017-00048
Applicant: EQT Production Company
Facility Name: OXF-127
Location: Doddridge County
NAICS Code: 211111
Application Type: Construction
Received Date: February 6, 2013
Engineer Assigned: Steven R. Pursley, PE
Fee Amount: \$2,000
Date Received: March 5, 2013
Complete Date: March 8, 2013
Due Date: June 6, 2013
Applicant Ad Date: February 12, 2013
Newspaper: *The Herald Record*
UTM's: Easting: 518.1 km Northing: 4,338.9 km Zone: 17
Description: Permit for construction and operation of a natural gas production facility at the OXF-127 well-pad.

DESCRIPTION OF PROCESS

EQT Production Company (EQT) has submitted a permit application for the after-the-fact construction and operation of a natural gas production facility primarily consisting of three (3) 1.15 mmBtu/hr natural gas-fired line heaters (S022 - S024), twenty one (21) 8,820-gallon condensate/produced-water storage tanks (S001 through S021), an 11.66 mmBtu/hr enclosed vapor combustor (C001), and two (2) 0.013 mmBtu/hr natural gas-fired thermoelectric generators (S025 and S026). Truck loading of condensate/produced-water will also take place at the site. The facility is began operation in October 2010. The well pad consists of seven wells.

When in production, raw gas from the wells pass through a separator where the condensate/produced-water is removed from the gas and sent to one of the storage tanks. Gas passing through the separator will be sent to pipeline for transportation. Working, breathing, and flashing losses from the storage tanks shall be captured and sent to an

enclosed vapor combustor for control. The combustor will have a minimum hydrocarbon destruction efficiency of 95.0%. The line heaters shall be used to keep the lines at the facility from freezing and to promote gas/liquids flow.

From the storage tanks, condensate/produced-water is loaded into trucks for removal from the site. Emissions from the truck loading are uncontrolled but mitigated by using pipe racks and submerged fill methods. The thermoelectric generator is used to provide small amounts of electricity for switching/monitoring purposes when the facility is unable to generate sufficient solar power.

SITE INSPECTION

A site inspection of the facility was performed by the writer on March 20, 2013. To get to the well pad from Charleston take I-77 north to exit 176. Go east on US Route 50 approximately 36.3 miles. Take a right on Sunnyside Road (Co. Rt. 50/30). Go approximately 3.1 miles and turn right on Oxford Road (Co. Rt. 21). Then go approximately 4.5 miles and turn left on Hughes River Rd (Co. Rt. 19/11). Travel approximately 3.2 miles and turn left on the access road. Take the access road approximately 0.5 miles and the road splits. At the split, stay left and go approximately 0.25 miles to the site. GPS coordinate taken at the site indicate 39° 11.908' North and 80° 47.437' West. There are no residences close to the well pad (none within 1 mile driving distance).

The following are pictures of the OXF-127 well-pad taken on the day of the inspection:



R13-3046
EQT Production Company
OXF-127



R13-3046
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OXF-127

AIR EMISSIONS AND CALCULATION METHODOLOGIES

EQT included in Attachment N of the permit application air emissions calculations for the equipment and processes at the OXF-127 natural gas production facility. The following will summarize the calculation methodologies used by EQT to calculate the potential-to-emit (PTE) of the proposed facility.

Gas-Fired Line Heaters/Thermoelectric Generator

Criteria Pollutant emissions from the natural gas-fired line heaters (E022 - E024) and the thermoelectric generators (E025 and E026) were based on the emission factors provided for natural gas combustion as given in AP-42 (AP-42 is a database of emission factors maintained by USEPA) Section 1.4. Emissions of Greenhouse Gases (GHGs) were based on Tables C-1 and C-2 of 40 CFR 98 - Federal GHG Reporting Rule.

Hourly emissions were based on the maximum design heat input (MDHI) of each unit and annual emissions were based on an annual operation of 8,760 hours. A heat content of the gas of 1,050 Btu/scf was used in the calculations.

Storage Tanks

Working and breathing emissions from the twenty one (21) condensate/produced-water storage tanks were based on the TANKS 4.09d program as provided under AP-42, Section 7. Emissions from flashing in the tanks were calculated using CHEMCAD - a chemical process simulation software. Input and summary sheets for both programs were included in the permit application. As all uncontrolled emissions from the storage tanks are routed to the vapor combustor for control, the controlled emissions from the tanks are based on the vapor combustor's minimum 95% control efficiency. An annual throughput of 3,070,830 gallons of condensate/produced-water was used in the calculations for each storage tank.

Truck Loading

Air emissions from condensate truck loading operations occur as fugitive emissions generated by displacement of vapors when loading trucks. The emission factor used to generate the VOC emissions is based on Equation (1) of AP-42 Section 5.2-1. In this equation, EQT used variables specific to the liquids loaded and to the method of loading - in this case "submerged filling - dedicated normal service." Additionally, worst-case annual emissions were based on a maximum loading rate of 3,070,830 gallons per year of condensate/produced-water. As no maximum hourly pumping rate was provided, hourly emissions were based on 1,000 hours of loading per year.

Fugitives

EQT based their fugitive equipment leak calculations on emission factors taken from the document EPA-453/R-95-017 - "Protocol for Equipment Leak Emission Estimates." Emission factors were taken from Table 2-4 and no control efficiency, as based on a Leak Detection and Repair (LDAR) protocol, was applied. Emissions of Greenhouse Gases (GHGs) were based on Subpart W of 40 CFR 98 - Federal GHG Reporting Rule.

Vapor Combustor

The vapor combustor will receive captured vapors from the storage tanks. The amount of emissions received is determined by the calculation methodologies described above. A 95% control was applied to the uncontrolled VOC/HAP/methane emissions received by the vapor combustor to determine the amount of pass-through emissions of the combustor. The emissions of NO_x, CO, particulate matter, SO₂, and GHGs from the combustion of the vapors were based on emission factors taken from AP-42 Section 1.4 and the MDHI of the unit.

Emissions Summary

Based on the above estimation methodology, which is determined to be appropriate, the PTE of the OXF-127 natural gas production facility is given in the following tables:

Table 1: Facility-Wide Aggregate Hourly (lb/hr) Criteria Pollutant PTE Summary.

Source	CO	NO_x	PM⁽¹⁾	SO₂	VOCs	HAPs
Process Heaters/Generator ⁽²⁾	0.19	0.22	0.02	0.01	0.02	0.01
Vapor Combustor ⁽³⁾	0.94	1.11	0.09	0.01	2.45	0.10
Fugitive Emissions	--	--	--	--	1.38	0.07
Truck Loading ⁽⁴⁾	--	--	--	--	3.42	0.10
Facility-Wide Totals →	1.13	1.33	0.11	0.02	7.27	0.28

- (1) Conservatively, all particulate matter emissions are assumed to be less than 2.5 microns. Includes condensables.
- (2) Aggregate emission rate of all such units.
- (3) Includes both pass-through emissions generated by storage tanks and products of combustion.
- (4) As a maximum hourly pump rate was not provided, hourly emissions based on 1,000 hours/year.

Table 2: Facility-Wide Aggregate Annual (ton/yr) Criteria Pollutant/GHG PTE Summary.

Source	CO	NO _x	PM ⁽¹⁾	SO ₂	VOCs	HAPs	CO ₂ e ⁽²⁾
Process Heaters/Generator ⁽³⁾	0.81	0.97	0.08	0.01	0.06	0.02	1,182.84
Vapor Combustor ⁽⁴⁾	4.09	4.86	0.37	0.03	10.73	0.53	5,970.64
Fugitive Emissions	--	--	--	--	6.03	0.28	660.91
Truck Loading	--	--	--	--	1.71	0.05	--
Facility-Wide Totals →	4.90	5.83	0.45	0.04	18.53	0.88	7,814.39

- (1) Conservatively, all particulate matter emissions are assumed to be less than 2.5 microns. Includes condensables.
- (2) Based on multiplying the mass amount of emissions for each of the six greenhouse gases by the gas's associated global warming potential published at Table A-1 to Subpart A of 40 CFR Part 98 - Global Warming Potentials. Used to determine major source status of facilities under 45CSR14.
- (3) Aggregate emission rate of all such units.
- (4) Includes both pass-through emissions generated by storage tanks and products of combustion.

Table 3: Facility-Wide Aggregate Annual (ton/yr) Speciated HAP PTE Summary.

Pollutant	ton/yr
Formaldehyde	~0.00
Hexane	0.60
Benzene	0.02
Toluene	0.03
Xylene	0.11
Trimethylpentane	0.15
Total HAPs	0.91

REGULATORY APPLICABILITY

The proposed EQT natural gas production facility is subject to substantive requirements in the following state and federal air quality rules and regulations: 45CSR2, 45CSR6, and 45CSR13 Each applicable rule (and ones that have reasoned non-applicability), and EQT's compliance therewith, will be discussed in detail below.

45CSR2: To Prevent and Control Particulate Air Pollution from Combustion of Fuel in Indirect Heat Exchangers

The Line Heaters (S022-S024) have been determined to meet the definition of a "fuel burning unit"s under 45CSR2 and are, therefore, subject to the applicable requirements

therein. However, pursuant to the exemption given under §45-2-11, as the MDHI of the units are less than 10 mmBtu/hr, they are not subject to sections 4, 5, 6, 8 and 9 of 45CSR2. The only remaining substantive requirement is under Section 3.1 - Visible Emissions Standards.

Pursuant to 45CSR2, Section 3.1, the line heaters are subject to an opacity limit of 10%. Proper maintenance and operation of the units (and the use of natural gas as fuel) should keep the opacity of the units well below 10% during normal operations.

45CSR6: To Prevent and Control Particulate Air Pollution from Combustion of Refuse

EQT has proposed an enclosed combustor for controlling the working/breathing/flashing emissions produced from the condensate/produced-water storage tanks. The vapor combustor meets the definition of an “incinerator” under 45CSR6 and is, therefore, subject to the requirements therein. The substantive requirements applicable to the vapor combustor are discussed below.

45CSR6 Emission Standards for Incinerators - Section 4.1

Section 4.1 limits PM emissions from incinerators to a value determined by the following formula:

$$\text{Emissions (lb/hr)} = F \times \text{Incinerator Capacity (tons/hr)}$$

Where, the factor, F, is as indicated in Table I below:

Table I: Factor, F, for Determining Maximum Allowable Particulate Emissions

<u>Incinerator Capacity</u>	<u>Factor F</u>
A. Less than 15,000 lbs/hr	5.43
B. 15,000 lbs/hr or greater	2.72

While particulate matter emissions from the combustor are expected to be nominal, for a conservative estimate, EQT calculated potential particulate matter emissions from the unit based on an emission factor taken from AP-42, Section 1.4. Using this emission factor, the hourly particulate matter emission rate from the combustor is 0.09 lbs/hr. Based on information included in the application, the maximum vapor mass sent to the combustor will be 500 lb/hr (0.25 tons/hour). Based on the above, the aggregate particulate matter limit of the combustor is 1.36 lbs/hr. As the hourly particulate matter emission rate from the combustor is 0.09 lbs/hr, the unit is in compliance with this emission limit.

45CSR6 Opacity Limits for - Section 4.3, 4.4

Pursuant to Section 4.3, and subject to the exemptions under 4.4, the combustor has a 20% limit on opacity during operation. As the primary constituent in the vapors

combusted in the unit shall be clean burning methane/ethane, particulate matter emissions from the combustor are expected to be nominal. Therefore, the vapor combustor should easily meet this requirement.

45CSR10: To Prevent and Control Air Pollution from the Emission of Sulfur Oxides (non-applicability)

45CSR10 has requirements limiting SO₂ emissions from “fuel burning units,” limiting in-stack SO₂ concentrations of “manufacturing processes,” and limiting H₂S concentrations in process gas streams. The only potential applicability of 45CSR10 to the OXF-127 natural gas production facility is the limitations on fuel burning units. Pursuant to the exemption given under §45-10-10.1, as the MDHI of the Line Heaters (S022 - S024) - which have been determined to meet the definition of a “fuel burning unit”s under 45CSR10 - are less than 10 mmBtu/hr, the units are not subject to the limitations on fuel burning units under 45CSR10.

45CSR13: Permits for Construction, Modification, Relocation and Operation of Stationary Sources of Air Pollutants, Notification Requirements, Administrative Updates, Temporary Permits, General Permits, and Procedures for Evaluation

The construction of the OSF-127 natural gas production facility has a potential to emit a regulated pollutant in excess of six (6) lbs/hour and ten (10) TPY and, therefore, pursuant to §45-13-2.24, the facility is defined as a “stationary source” under 45CSR13. Pursuant to §45-13-5.1, “[n]o person shall cause, suffer, allow or permit the construction . . . and operation of any stationary source to be commenced without . . . obtaining a permit to construct.” Therefore, EQT is required to obtain a permit under 45CSR13 for the construction and operation of the natural gas production facility.

As required under §45-13-8.3 (“Notice Level A”), EQT placed a Class I legal advertisement in a “newspaper of general circulation in the area where the source is . . . located.” The ad ran on February 12, 2013 in the *Herald Record* and the affidavit of publication for this legal advertisement was submitted on March 1, 2013.

45CSR14 (NON APPLICABILITY)

The facility-wide potential-to-emit of the OXF-127 natural gas production facility (see Table 2 above) is below the levels that would define the source as “major” under 45CSR14 and, therefore, the construction evaluated herein is not subject to the provisions of 45CSR14.

Potential Source Aggregation

Classifying multiple facilities as one “stationary source” under 45CSR13, 45CSR14, and 45CSR19 is based on the definition of “Building, structure, facility, or installation” as given in §45-14-2.13 and §45-19-2.12. The definition states:

“Building, Structure, Facility, or Installation” means all of the pollutant-emitting activities which belong to the same industrial grouping, are located on one or more contiguous or adjacent properties, and are under the control of the same person (or persons under common control). Pollutant-emitting activities are a part of the same industrial grouping if they belong to the same “Major Group” (i.e., which have the same two (2)-digit code) as described in the Standard Industrial Classification Manual, 1987 (United States Government Printing Office stock number GPO 1987 0-185-718:QL 3).

The proposed OSF-127 natural gas production facility will be located approximately 0.54 miles from the known nearest other EQT facility (OSF-138 well-pad and production facility). OXF-138 shares the same SIC code as OXF-127 and is owned by EQT. Therefore, the potential classification of the OXF-127 facility as one stationary source with OSF-138 depends on the determination if these stations are considered “contiguous or adjacent properties.”

"Contiguous or Adjacent" determinations are made on a case by case basis. These determinations are proximity-based, and it is important to focus on this and whether or not it meets the common sense notion of one stationary source. The terms "contiguous" or "adjacent" are not defined by USEPA. Contiguous has a dictionary definition of being in actual contact; *touching along a boundary or at a point*. Adjacent has a dictionary definition of not distant; nearby; *having a common endpoint or border*.

The OXF-127 natural gas production facility is not located contiguous with, or *directly* adjacent to the OXF-138 facility. As noted above, the facilities are 0.54 miles apart. Facilities separated by this distance do not meet the common sense notion of a single plant. Therefore, the OXF-127 and OXF-138 facilities are not considered to be on contiguous or adjacent property.

45CSR30: Requirements for Operating Permits - (NON APPLICABILITY)

45CSR30 provides for the establishment of a comprehensive air quality permitting system consistent with the requirements of Title V of the Clean Air Act. The proposed facility does not meet the definition of a "major source under § 112 of the Clean Air Act" as outlined under §45-30-2.26 and clarified (fugitive policy) under 45CSR30b. Therefore, the OXF-127 natural gas production facility is not subject to 45CSR30.

Subpart Kb—Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) for Which Construction, Reconstruction, or Modification Commenced After July 23, 1984 - (NON APPLICABILITY)

Pursuant to §60.110b, 40 CFR 60, Subpart Kb applies to “each storage vessel with a capacity greater than or equal to 75 cubic meters (m³) that is used to store volatile organic liquids (VOL) for which construction, reconstruction, or modification is commenced after July 23, 1984.” The storage tanks located at the OXF-127 facility are each 8,820 gallons, or 34 m³. Therefore, Subpart Kb does not apply to the storage tanks.

40 CFR 60, Subpart OOOO: Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution

Subpart OOOO applies to facilities that commence construction, reconstruction, or modification after August 23, 2011 (October 15, 2012 for well completions). Since the OXF-127 pad began operation in October of 2010 it is not subject to the requirements of Subpart OOOO.

TOXICITY ANALYSIS OF NON-CRITERIA REGULATED POLLUTANTS

This section provides an analysis for those regulated pollutants that may be emitted from the OXF-127 natural gas production facility and that are not classified as “criteria pollutants.” Criteria pollutants are defined as Carbon Monoxide (CO), Lead (Pb), Oxides of Nitrogen (NO_x), Ozone, Particulate Matter (PM), Particulate Matter less than 10 microns (PM₁₀), Particulate Matter less than 2.5 microns (PM_{2.5}), and Sulfur Dioxide (SO₂). These pollutants have National Ambient Air Quality Standards (NAAQS) set for each that are designed to protect the public health and welfare. Other pollutants of concern, although designated as non-criteria and without national concentration standards, are regulated through various federal programs designed to limit their emissions and public exposure. These programs include federal source-specific Hazardous Air Pollutants (HAPs) standards promulgated under 40 CFR 61 (NESHAPS) and 40 CFR 63 (MACT). Any potential applicability to these programs were discussed above under REGULATORY APPLICABILITY.

The majority of non-criteria regulated pollutants fall under the definition of HAPs which, with some revision since, were 188 compounds identified under Section 112(b) of the Clean Air Act (CAA) as pollutants or groups of pollutants that EPA knows or suspects may cause cancer or other serious human health effects. EQT included the following HAPs as emitted in substantive amounts in their emissions estimate: Benzene, n-Hexane, Toluene, Trimethylpentane and Xylenes. The following table lists each HAP’s carcinogenic risk (as based on analysis provided in the Integrated Risk Information System (IRIS)):

Table 4: Potential HAPs - Carcinogenic Risk

HAPs	Type	Known/Suspected Carcinogen	Classification
n-Hexane	VOC	No	Inadequate Data
Benzene	VOC	Yes	Category A - Known Human Carcinogen
Toluene	VOC	No	Inadequate Data
Trimethylpentane	VOC	No	Inadequate Data
Xylenes	VOC	No	Inadequate Data

All HAPs have other non-carcinogenic chronic and acute effects. These adverse health effects may be associated with a wide range of ambient concentrations and exposure times and are influenced by source-specific characteristics such as emission rates and local meteorological conditions. Health impacts are also dependent on multiple factors that affect variability in humans such as genetics, age, health status (e.g., the presence of pre-existing disease) and lifestyle. As stated previously, *there are no federal or state ambient air quality standards for these specific chemicals*. For a complete discussion of the known health effects of each compound refer to the IRIS database located at www.epa.gov/iris.

AIR QUALITY IMPACT ANALYSIS

The estimated maximum emissions from the proposed OXF-127 natural gas production facility are less than applicability thresholds that would define the proposed facility as a “major stationary source” under 45CSR14 and, therefore, no air quality impacts modeling analysis was required. Additionally, based on the nature of the proposed construction, modeling was not required under 45CSR13, Section 7.

MONITORING, COMPLIANCE DEMONSTRATIONS, REPORTING, AND RECORDING OF OPERATIONS

The following substantive monitoring, compliance demonstration, and record-keeping requirements (MRR) shall be required:

- For the purposes of demonstrating compliance with maximum limit for the aggregate production of condensate/liquids from the wells set forth in 4.1.3 of the draft permit, EQT shall be required to monitor and record the monthly and rolling twelve month total of condensate/produced-water (in gallons) produced in the wells. Monitoring and recording the monthly and rolling twelve month total of condensate/liquids (in gallons) unloaded from the storage tanks can be used to show compliance with this requirement.

- For the purposes of demonstrating compliance with visible emissions limitations set forth in 4.1.2(d) of the draft permit, EQT shall be required to:
 - (1) Conduct an initial Method 22 visual emission observation on the line heaters to determine the compliance with the visible emission provisions. EQT shall be required to take a minimum of two (2) hours of visual emissions observations on the line heaters.
 - (2) Conduct monthly Method 22 visible emission observations of the line heaters stack to ensure proper operation for a minimum of ten (10) minutes each month the line heaters are in operation.
 - (3) In the event visible emissions are observed in excess of the limitations given under 4.1.2(d) of the draft permit, EQT shall be required to take immediate corrective action.
- EQT shall be required to maintain records of all startups, shutdowns, and/or malfunctions of the vapor combustor. These records shall include the date, time, and duration of each event.
- EQT shall be required to maintain records of the date, time, and duration each time the permittee does not detect the presence of a pilot flame in the vapor combustor.
- For the purposes of demonstrating compliance with visible emissions limitations set forth in 4.1.6(e) of the draft permit, EQT shall be required to:
 - (1) Conduct an initial Method 22 visual emission observation on the vapor combustor to determine the compliance with the visible emission provisions. EQT shall be required to take a minimum of two (2) hours of visual emissions observations on the vapor combustor.
 - (2) Conduct monthly Method 22 visible emission observations of the vapor combustor stack to ensure proper operation for a minimum of ten (10) minutes each month the vapor combustor is in operation.
 - (3) In the event visible emissions are observed in excess of the limitations given under 4.1.6(f) of the draft permit, EQT shall be required to take immediate corrective action.
- EQT shall be required to maintain records of all visual emission observations pursuant to the monitoring required under 4.2.2 and 4.2.3(c) of the draft permit including any corrective action taken.

- EQT shall be required to report any deviation(s) from the allowable visible emission requirement for any emission source discovered during observations using 40CFR Part 60, Appendix A, Method 9 or 22 to the Director of the Division of Air Quality as soon as practicable, but in any case within ten (10) calendar days of the occurrence and shall include at least the following information: the results of the visible determination of opacity of emissions, the cause or suspected cause of the violation(s), and any corrective measures taken or planned.

PERFORMANCE TESTING OF OPERATIONS

The following substantive performance testing requirements shall be required:

- Within sixty (60) days of the issuance date of this permit, EQT shall be required to perform, or have performed, a site-specific analysis to determine the constituent properties of the condensate/produced-water. The analysis shall, at a minimum, include the same components as the analysis used to calculate storage tank emissions in Permit Application R13-3046. The sample shall be taken from the pressurized liquid stream, aqueous and organic, coming from the last separator that feeds the storage tanks. Where applicable, if the analysis shows average constituent properties that, when used to calculate emissions in the same manner as submitted in Permit Application R13-3046, result in emissions greater than the limits in 4.1.4. of the draft permit, EQT shall be required to, within thirty (30) days of receiving the results of the analysis, submit to the Director an appropriate permit application.

RECOMMENDATION TO DIRECTOR

The information provided in permit application R13-3046 indicates that compliance with all applicable regulations will be achieved. Therefore, I recommend to the Director the issuance of Permit Number R13-3046 to EQT Production Company for the after-the-fact construction and operation of the OXF-127 natural gas production facility located near West Union, Doddridge County, WV.

Steven R. Pursley, PE
Engineer

Date

R13-3046
EQT Production Company
OXF-127