

STATEMENT OF BASIS

To: Reviewers

Through: Lori Bocchino, Operating Permit Program Manager

From: Despina Nikolova, Air Quality Engineer

Subject: Draft Operating Permit 3-2-163-1 for Merit Energy Company
Halfmoon Battery

Date: December 3, 2013 *Addendum February 14, 2014*

Attached for your review is the draft modification of Wyoming Air Quality Standards and Regulations (WAQSR) Chapter 6, Section 3 operating permit 3-2-163-1 for the Halfmoon Battery. Permit 3-2-163 was issued March 19, 2013 and is being modified to incorporate new requirements which have become applicable to the Halfmoon Battery since the issuance of permit 3-2-163.

In August 2012, the Environmental Protection Agency promulgated 40 CFR 60, Subpart OOOO - *Standards of Performance for Crude Oil and Natural Gas Production, Transmission, and Distribution*, which were effective on October 15, 2012. These regulations establish emission standards and compliance schedules for the control of volatile organic compound (VOC) and sulfur dioxide (SO₂) emissions from affected facilities that commence construction, modification or reconstruction after August 23, 2011. The regulations cover several types of emission units, including compressors and pneumatic controllers, which may become subject to Subpart OOOO when installed, replaced, or modified. Affected emission units at the Halfmoon Battery may be, or become, subject to Subpart OOOO during the term of this operating permit.

WAQSR Chapter 6, Section 3(d)(vii) requires the Division of Air Quality to reopen the operating permit if additional requirements under the Act become applicable to a major source with a remaining permit term of 3 or more years. On October 15, 2013, Merit Energy Company was notified that the Division intended to reopen operating permit 3-2-163 to add applicable requirements from 40 CFR 60, Subpart OOOO.

The permit revisions include the following:

- The Table of Contents has been revised to denote that 40 CFR 60, Subpart OOOO is added to the permit.
- 40 CFR 60, Subpart OOOO requirements are added to the permit.
- Condition C1 is revised to include compliance certification requirements for 40 CFR 60, Subpart OOOO and re-numeration of sub-conditions, as appropriate.

Addendum

Condition S1 is updated to include language used in current permits issued by the Division.