

**Alaska Department of Environmental Conservation  
Air Permits Program**

**Hilcorp Alaska, LLC  
Milne Point L-Pad**

**STATEMENT OF BASIS  
for  
Permit No. AQ1527TVP01  
PUBLIC COMMENT - July 10, 2024**

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## INTRODUCTION

This document sets forth the statement of basis for the terms and conditions of Operating Permit No. AQ1527TVP01.

## STATIONARY SOURCE IDENTIFICATION

Section 1 of Operating Permit No. AQ1527TVP01 contains information on the stationary source as provided in the Title V permit application.

The stationary source, Milne Point L-Pad, is owned and operated by, Hilcorp Alaska, LLC and Hilcorp Alaska, LLC is the Permittee for the stationary source's operating permit. The standard industrial classification (SIC) code for this stationary source is 1311 Crude Petroleum and Natural Gas.

The stationary source supplies power to both the facility and the Milne Point Unit (MPU) grid intertying with the Central Facilities Pad (CFP).

## EMISSIONS UNIT INVENTORY AND DESCRIPTION

Under 18 AAC 50.326(a), the Department requires operating permit applications to include identification of all emissions-related information, as described under 40 CFR 71.5(c)(3).

The emissions units at the stationary source that have specific monitoring, recordkeeping, and reporting requirements are listed in Table A of the operating permit. Table A contains information on the emissions units regulated by the operating permit as provided in the application. The table is provided for informational and identification purposes only. Specifically, the emissions unit rating/size provided in the table is not intended to create an enforceable limit.

## EMISSIONS

A summary of the potential to emit (PTE)<sup>1</sup> and assessable PTE for the stationary source is shown in the table below.

**Table F - Emissions Summary, in Tons Per Year (tpy)**

Emissions	NOx	CO	PM <sub>10</sub>	SO <sub>2</sub>	VOC	CO <sub>2</sub> e <sup>1</sup>	HAPs	Total <sup>2</sup>
PTE	232.90	241.00	23.30	33.12	98.97	312,997	2.3	629.29
Assessable PTE	232.90	241.00	23.30	33.12	98.97	0	0	629.29

Table Notes:

<sup>1</sup> CO<sub>2</sub>e emissions are defined as the sum of the mass emissions of each individual GHG adjusted for its global warming potential.

<sup>2</sup> Total PTE and total assessable PTE shown in the table do not include CO<sub>2</sub>e and HAPs.

<sup>1</sup> *Potential to Emit* or *PTE* means the maximum capacity of a stationary source to emit a pollutant under its physical or operational design. Any physical or operational limitation on the capacity of the source to emit a pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design if the limitation or the effect it would have on emissions is federally enforceable. Secondary emissions do not count in determining the potential to emit of a stationary source, as defined in AS 46.14.990(22).

The assessable PTE listed under Condition 43.1 is the sum of the PTE of each individual air pollutant, other than greenhouse gases (GHGs). The emissions listed in Table F are estimates that are for informational use only. The listing of the emissions does not create an enforceable limit for the stationary source.

For HAP and GHG PTE, emissions are as provided in the operating permit application. NO<sub>x</sub>, CO, VOC, and SO<sub>2</sub> PTE is from the technical analysis report for Minor Permit AQ1527MSS03. PM PTE is calculated using the methods described in the technical analysis report for Minor Permit AQ1527MSS03.

### **BASIS FOR REQUIRING AN OPERATING PERMIT**

In accordance with AS 46.14.130(b), an owner or operator of a Title V source<sup>2</sup> must obtain a Title V permit consistent with 40 CFR Part 71, as adopted by reference in 18 AAC 50.040.

Except for sources exempted or deferred by AS 46.14.120(e) or (f), AS 46.14.130(b) lists the following categories of sources that require an operating permit:

- A major source;
- A stationary source, including an area source, subject to federal New Source Performance Standards (NSPS) under Section 111 of the Clean Air Act or National Emission Standards for Hazardous Air Pollutants (NESHAP) under Section 112 of the Clean Air Act;
- Another stationary source designated by the Federal Administrator by regulation.

The Permittee is required to obtain an operating permit for the stationary source as specified under 18 AAC 50.326(a) and 40 CFR 71.3(a), because the stationary source is a major source. This stationary source is a major source because, as defined in Section 302 of the Clean Air Act, it directly emits, or has the potential to emit, 100 tpy or more of any air pollutant subject to regulation.

### **AIR QUALITY PERMITS**

#### **Permits to Operate**

The Department did not issue any air quality control permits to operate for this stationary source.

#### **Title I (Construction and Minor) Permits**

The Department has not issued any construction permits for this stationary source after January 17, 1997 (the effective date of the divided operating and construction-permitting program).

Minor Permit No. AQ1527MSS01. The Department issued this permit on August 3, 2018 to authorize installation of three 15 MW Titan 130 dual-fuel turbines (EU IDs 1 through 3) on L-Pad and installation of a 560 kW emergency generator (EU ID 4) for blackstart purposes. The

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<sup>2</sup> *Title V source* means a stationary source classified as needing a permit under AS 46.14.130(b) [ref. 18 AAC 50.990(111)].

permit also provided authorization for the operation of a Portable Oil and Gas Operation (POGO) at L-Pad for future drilling needs.

Minor Permit No. AQ1527MSS02. The Department issued this permit on January 4, 2019 to remove all POGO conditions in Minor Permit AQ1527MSS01. Hilcorp intends to utilize the Department's recently issued Minor General Permit 2 (MG2) for all future North Slope drilling needs.

Minor Permit No. AQ1527MSS03. The Department issued this permit on December 30, 2020 to revise Conditions 14.2 and 14.3 of Minor Permit AQ1527MSS01. This permit rescinds Minor Permits AQ1527MSS01 and AQ1527MSS02. All stationary source-specific requirements established in this permit are included in Operating Permit No. AQ1527TVP01 as described in Table G.

### **Title V Operating Permits**

The Department received the application for Operating Permit AQ1527TVP01 on April 3, 2019. The Permittee submitted amended application forms on March 11, 2020. The Department originally issued this permit on December 15, 2023. After issuance of the final decision for Operating Permit AQ1527TVP01, the Permittee submitted an informal review request on January 3, 2024 contesting Conditions 28.5, 28.8, 28.11, and 29.14.c of the final permit. On June 24, 2024, the Department remanded the issued permit under 18 AAC 15.185(d)(2) for further consideration. The Department is reissuing the operating permit to address the issues raised in the informal review request. Conditions 28.5, 28.8, 28.11, and 29.14.c and the statement of basis are updated, and the details of the contested issues and the Department's responses are contained in APPENDIX A to the statement of basis.

### **COMPLIANCE HISTORY**

The Permittee entered a compliance order by consent (COBC) in order to construct the foundation for the stationary source prior to issuance of Minor Permit AQ1527MSS01. The COBC requires the use of ultra-low sulfur diesel (ULSD) in all diesel-fired equipment in the Greater Milne Point area.

### **APPLICABLE REQUIREMENTS FROM PRECONSTRUCTION PERMITS**

Incorporated by reference at 18 AAC 50.326(j), 40 CFR Part 71.2 defines "applicable requirement" to include the terms and conditions of any preconstruction permit issued under rules approved in Alaska's State Implementation Plan (SIP).

Alaska's SIP includes the following types of preconstruction permits:

- Permits to operate issued on or before January 17, 1997 (these permits cover both construction and operations);
- Construction permits issued on or after January 18, 1997; and
- Minor permits issued on or after October 1, 2004.

Preconstruction permit terms and conditions include both source-specific conditions and conditions derived from regulatory applicable requirements such as standard conditions, generally applicable conditions, and conditions that quote or paraphrase requirements in regulation.

These requirements include, but are not limited to, each emissions unit- or source-specific requirement established in these permits issued under 18 AAC 50 that are still in effect at the time of issuance of Operating Permit No. AQ1527TVP01. Table G below lists the requirements carried into Operating Permit No. AQ1527TVP01 to ensure compliance with the preconstruction permit requirements.

**Table G - Comparison of Minor Permit No. AQ1527MSS03 Conditions to Operating Permit No. AQ1527TVP01 Conditions<sup>1</sup>**

AQ1527MSS03 Condition No.	Description of Requirement	AQ1527TVP01 Condition No.	How Condition was Revised
9	Ambient air quality protection requirements for NO <sub>2</sub> , SO <sub>2</sub> , PM <sub>2.5</sub> , & PM <sub>10</sub>	14	Not revised.
10	Ambient air quality protection requirements for SO <sub>2</sub>	15	Not revised.
11	Ambient air quality protection requirements for NO <sub>2</sub>	16	Not revised.
12	PSD avoidance for NO <sub>x</sub> and CO	17	Not revised.
13	PSD avoidance for SO <sub>2</sub>	18	Not revised.

Table Note:

<sup>1</sup> This table does not include all standard and general conditions.

**NON-APPLICABLE REQUIREMENTS**

This section discusses standard conditions and other requirements that are not included in the operating permit for specific reasons.

- **40 CFR 64 Compliance Assurance Monitoring (CAM):** None of the emissions units at the stationary source use a control device to achieve compliance with emission limits or standards. Therefore, CAM requirements are not applicable.

## STATEMENT OF BASIS FOR THE PERMIT CONDITIONS

The Department adopted regulations from 40 CFR 71, as specified in 18 AAC 50.040(j), in addition to creating state regulations, to establish an operating permit program. The EPA fully approved the Alaska Operating Permit Program on November 30, 2001, as noted in Appendix A to 40 CFR 70. This Statement of Basis, required under 40 CFR 71.11(b), provides the legal and factual basis for each condition of Operating Permit No. AQ1527TVP01. Additionally and as required by 40 CFR 71.6(a)(1)(i), the state and federal regulations for each permit condition are cited in the permit.

### Conditions 1 through 4 and 9, Visible Emissions Standard and MR&R

**Legal Basis:** These conditions require compliance with the visible emissions standards in 18 AAC 50.055(a).

- 18 AAC 50.055(a) applies to the operation of fuel-burning equipment and industrial processes. EU IDs 1 through 4 are fuel-burning equipment or industrial processes.

U.S. EPA approved the addition of these standards to the SIP, as noted in 40 CFR 52.70. The Department included permit conditions for MR&R as required by 40 CFR 71.6(a)(3) and 71.6(c)(1).

**Factual Basis:** Condition 1 prohibits the Permittee from causing or allowing visible emissions in excess of the applicable standard in 18 AAC 50.055(a)(1). MR&R requirements are listed in Conditions 2 through 4 of the permit. These conditions have been adopted into regulation as Standard Permit Condition (SPC) IX. The Department has modified these conditions, as follows:

- Removed the conditions for the Smoke/No Smoke Plan because the Permittee does not use this option.
- Removed the language to allow continued use of a visible emissions monitoring schedule from a previous permit since this is the initial operating permit.

The Permittee must establish by visual observations, which may be supplemented by other means, such as a defined Stationary Source Operation and Maintenance Program, that the stationary source is in continuous compliance with the state standards for visible emissions.

These conditions detail a stepwise monitoring program to determine compliance with the state visible emissions standards. Equipment types covered by these conditions are internal combustion engines, turbines, heaters, boilers, and flares. Initial monitoring frequency schedules are established along with subsequent reductions or increases in frequency depending on the results of the self-monitoring program.

Reasonable action thresholds are established in these conditions that require the Permittee to progressively address potential visible emission problems from emissions units through maintenance programs and/or more rigorous tests that will quantify whether a specific emission standard has been exceeded.

### **Liquid Fuel-Fired Equipment:**

Monitoring – The emissions units must be observed using the Method 9 Plan as detailed in Condition 2. Corrective actions such as maintenance procedures or more frequent observations may be required depending on the results of the observations.

EU ID 4 does not qualify as insignificant under 18 AAC 50.326(d)(1) because it is subject to standards established under NSPS Subpart III. The engine will likely have actual emissions that are otherwise insignificant since the engine is an emergency unit. Therefore, the Department has waived visible emissions monitoring for EU ID 4 if actual emissions remain below the thresholds in 18 AAC 50.326(e), but the unit is subject to compliance certification requirements, in accordance with Department Policy and Procedure No. 04.02.103, Topic #3. Additionally, visible emissions observations will be required if actual emissions exceed any threshold in 18 AAC 50.326(e).

Recordkeeping - The Permittee is required to record the results of all observations and record any actions taken to reduce visible emissions.

Reporting - The Permittee is required to report emissions in excess of the state visible emissions standard and report deviations from permit conditions. The Permittee is also required to include copies of the results of all visible emission observations in the operating report.

### **Dual Fuel-Fired Units:**

As long as dual fuel-burning emissions units operate only on gas, monitoring consists of a statement in each operating report indicating only gaseous fuels were used in the equipment during the reporting period. When any of these emissions units operates on a backup liquid fuel for more than 400 hours in a calendar year, monitoring in accordance with Department Policy and Procedure No. 04.02.103, Topic # 2 is required. When any of these units operates on a backup liquid fuel for less than 400 hours in a calendar year, monitoring for that unit consists of an annual certification of compliance with the opacity standard. The 400-hour trigger for additional monitoring applies to each individual unit and not as a combined total for all units.

## **Conditions 5 through 9, Particulate Matter Standard and MR&R**

**Legal Basis:** These conditions require compliance with the applicable requirement in 18 AAC 50.055(b).

- 18 AAC 50.055(b)(1) applies to the operation of fuel-burning equipment and industrial processes. EU IDs 1 through 4 are fuel-burning equipment or industrial processes.

This particulate matter standard applies because it is contained in the federally-approved SIP. The Department included permit conditions for MR&R as required by 40 CFR 71.6(a)(3) and 71.6(c)(1).

**Factual Basis:** Condition 5 prohibits emissions in excess of the applicable state particulate matter standard. MR&R requirements are listed in Conditions 6 through 9 of the permit. These conditions have been adopted into regulation as Standard Permit Condition IX.

**Liquid Fuel-Fired Equipment:**

Monitoring – The Permittee is required to either take corrective action, or conduct PM source testing, if opacity threshold values are exceeded. For liquid fuel-burning engines and turbines, the Department set opacity threshold values of 15 percent for stack diameters less than 18 inches and 20 percent for stack diameters equal to or greater than 18 inches. These opacity thresholds are based on a study conducted by the Department in an effort to establish a correlation between opacity and PM. The data was collected from diesel engines of various stack sizes and the results are as follows:

- For stacks normalized to 21 inches – 0.05 gr/dscf corresponds to 27% opacity
- For stacks normalized to 18 inches – 0.05 gr/dscf corresponds to 23% opacity
- For stacks normalized to 12 inches – 0.05 gr/dscf corresponds to 16.8% opacity
- For stacks normalized to 10 inches – 0.05 gr/dscf corresponds to 14.3% opacity

This means that the trend line for the complete data set predicts that 20% opacity corresponds to a little less than the PM limit for an 18-inch stack. There may be engines that exceed the thresholds but the intent of the standard condition is not to guarantee that each engine that might exceed the PM standard will be tested. The Department expects few, if any, engines to actually be tested under this condition. What the Department does expect is that with the adopted condition in place, operators that find an opacity above or near the testing threshold will take corrective action necessary to reduce PM emissions. This would achieve the desired environmental outcome without the added cost of testing. The Department expects this to be the case with both thresholds.

The method is premised on the fact that a five percent difference in opacity is distinguishable. The conditions mean that if opacity readings as measured using Method 9 – with all of its limitations – exceed the threshold, the Permittee must either take corrective action or conduct a PM source test. The compliance conditions for PM do not draw a legal conclusion about whether the method shows compliance with the visible emissions standard.

Recordkeeping - The Permittee is required to record the results of particulate matter source tests and visible emissions observations conducted during the source test.

Reporting - The Permittee is required to report incidents when emissions in excess of the opacity threshold are observed and results of particulate matter source tests. The Permittee is also required to include copies of the results of all visible emission observations taken during particulate matter source testing in the operating report.



### **Dual Fuel-Fired Units:**

As long as dual fuel-fired emissions units operate only on gas, monitoring consists of a statement in the operating report indicating whether only gaseous fuels were used in the equipment during the period covered by the report. When any of these emissions units operates on a backup liquid fuel for more than 400 hours in a calendar year, monitoring for that emissions unit in accordance with Department Policy and Procedure No. 04.02.103, Topic # 2 is required. When any of these emissions units operates on a backup liquid fuel for 400 hours or less in a calendar year, monitoring for that unit consists of an annual certification of compliance with the particulate matter standard. The 400-hour trigger for additional monitoring applies to each individual unit and not as a combined total for all units.

### **Conditions 10 through 13, Sulfur Compound Emissions Standard and MR&R**

**Legal Basis:** This condition requires compliance with the sulfur compound emission standards under 18 AAC 50.055(c).

- 18 AAC 50.055(c) applies to the operation of fuel-burning equipment and industrial processes. EU IDs 1 through 4 are fuel-burning equipment or industrial processes.

These sulfur compound standards apply because they are contained in the federally-approved SIP. The Department included permit conditions for MR&R as required by 40 CFR 71.6(a)(3) and 71.6(c)(1).

**Factual Basis:** The Permittee may not cause or allow the affected equipment to violate the applicable sulfur compound standard. Sulfur dioxide comes from the sulfur in the fuel (e.g. coal, natural gas, fuel oils).

### **Liquid Fuels:**

For oil fired fuel burning equipment, the MR&R conditions are Standard Permit Conditions XI and XII, adopted into regulation pursuant to AS 46.14.010(e).

### **Gaseous Fuels:**

The Permittee is required to monitor, record and report as required by the requirements for the fuel gas H<sub>2</sub>S limit for ambient air quality and report excess emissions whenever the fuel combusted causes sulfur compound emissions to exceed the state sulfur compound standard.

### **Conditions 14 through 18, Preconstruction Permit Requirements**

**Legal Basis:** The Permittee is required to comply with all stationary source-specific requirements that were carried forward from previous SIP-approved Permits to Operate issued on or before January 17, 1997 and operating permits issued between January 18, 1997 and September 30, 2004, and with all stationary source-specific requirements in EPA PSD permits, SIP-approved construction permits, SIP-approved minor permits, and owner requested limits established under 18 AAC 50.225. These requirements include Best Available Control Technology (BACT) limits, limits to ensure compliance with the attainment or maintenance of ambient air quality standards or maximum allowable ambient

concentrations, and owner requested limits. Requirements from the permits listed above apply because they were originally developed through case-by-case action under a federally-approved SIP or approved operating permit program.

**Factual Basis:** The requirements of Minor Permit AQ1527MSS03 are included in the operating permit as described in Table G.

### **Condition 19, Insignificant Emissions Units**

**Legal Basis:** The Permittee is required to meet the state emission standards in 18 AAC 50.050(a) for all incinerators regardless of size and 18 AAC 50.055 for all industrial processes and fuel-burning equipment regardless of size. As previously noted, 18 AAC 50.050(a) and 50.055 are contained in the federally-approved SIP.

**Factual Basis:** The condition requires insignificant emissions units to comply with the state emission standards for visible emissions, particulate matter emissions, and sulfur-compound emissions. Insignificant emissions units are not generally listed in operating permits unless specific monitoring, recordkeeping and reporting are necessary to ensure compliance. However, the Permittee may not cause or allow insignificant emission units at the stationary source to violate these standards whether or not they are listed in the operating permit.

The Department finds that the insignificant units at this stationary source do not require specific monitoring, recordkeeping and reporting to ensure compliance under these conditions. The conditions require certification that the units did not exceed state emission standards during the previous year and did not emit any prohibited air pollution. The Department used the language in Standard Permit Condition V for the permit condition.

### **Conditions 20 through 27, 40 CFR 60 Subpart A Requirements**

**Legal Basis:** The Permittee must comply with applicable New Source Performance Standard (NSPS) provisions<sup>3</sup>. NSPS requirements are included in the applicable requirement definition under 40 CFR 71.2, which has been adopted by the Department under 18 AAC 50.040(j)(1).

The Permittee must comply with 40 CFR 60 Subpart A if the stationary source is subject to the requirements of another subpart under 40 CFR 60.

Condition 20 - The Permittee must notify the Administrator of startup of each of EU IDs 1 through 3.

Condition 21 - The requirements in 40 CFR 60.7(b) to maintain start-up, shutdown, or malfunction records are applicable to most NSPS affected facilities.

Conditions 22 and 23 - NSPS excess emission reporting requirements and summary report form in 40 CFR 60.7(c) & (d) are applicable if the Permittee elects to periodically determine

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<sup>3</sup> EPA has not delegated to the Department the authority to administer the NSPS program as of the issue date of this permit

fuel sulfur content under NSPS Subpart KKKK. The Department has included a copy of the federal EEMSP summary report form as Attachment 1 to the operating permit.

Recordkeeping requirements in 40 CFR 60.7(f) are applicable to all NSPS affected facilities. (Satisfied by Condition 61).

Condition 24 - The Permittee must comply with the initial performance test requirements in 40 CFR 60.8. The Permittee is also subject to these requirements in the event of a new NSPS affected facility and at such other times as may be required by EPA.

Condition 25 - Good air pollution control practices in 40 CFR 60.11 are applicable to most NSPS affected facilities.

Condition 26 - states that any credible evidence may be used to demonstrate compliance or to establish violations of relevant NSPS standards.

Condition 27 - Concealment of emissions prohibitions in 40 CFR 60.12 are applicable to most NSPS affected facilities.

**Factual Basis:** Subpart A contains general requirements applicable to all affected facilities (emissions units) subject to NSPS. In general, the intent of NSPS is to provide technology-based emission control standards for new, modified and reconstructed affected facilities.

### **Condition 28, 40 CFR 60 Subpart IIII Requirements**

**Legal Basis:** The Department has incorporated by reference the NSPS requirements for specific industrial activities, as listed in 18 AAC 50.040(a). NSPS Subpart IIII applies to stationary compression ignition internal combustion engines (CI ICE) that commence construction, modification, or reconstruction after July 11, 2005 where the stationary CI ICE are manufactured after April 1, 2006 for non-fire pump engines and after July 1, 2006 for certified fire pump engines. EU ID 4 is subject to the requirements of Subpart IIII because it was initially constructed in 2008.

**Factual Basis:** These conditions incorporate the Subpart IIII emissions standards applicable to EU ID 4. These conditions also specify the MR&R requirements contained in the subpart. The Permittee is required to operate and maintain the stationary CI ICE according to the manufacturer's written instructions. Because EU ID 4 is an emergency engine, the hours of operation requirements apply.

### **Condition 29, 40 CFR 60 Subpart KKKK Requirements**

**Legal Basis:** The Department has incorporated by reference the NSPS requirements for specific industrial activities, as listed in 18 AAC 50.040(a). NSPS Subpart KKKK applies to stationary combustion turbines that commenced construction, modification or reconstruction after February 18, 2005. EU IDs 1 through 3 are subject to the requirements of Subpart KKKK because they were initially constructed in 2018.

**Factual Basis:** These conditions incorporate the Subpart KKKK emissions standards applicable to EU IDs 1 through 3. Because these turbines are located north of the Arctic Circle and are rated at less than 30 MW, the 150 ppm NOx limit applies. These conditions also specify the MR&R requirements contained in the subpart.

### **Condition 30, 40 CFR 60 Subpart OOOOa Requirements**

**Legal Basis:** The Department has incorporated by reference the NSPS requirements for specific industrial activities, as listed in 18 AAC 50.040(a). NSPS Subpart OOOOa applies to crude oil and natural gas facilities for which construction, modification or reconstruction commenced after September 18, 2015. The Permittee is subject to the requirements for fugitive emissions from components at well sites.

**Factual Basis:** These conditions incorporate the NSPS Subpart OOOOa requirements applicable to the components at well sites. The Permittee must monitor fugitive emissions from the components and make repairs as necessary. The Permittee must also keep records and report in accordance with the requirements of the subpart.

### **Condition 31, 40 CFR 61 Subpart A & M Requirements**

**Legal Basis:** The requirements of 40 CFR 61 are applicable requirements for Title V permitting purposes, as stated in item 4 of the “applicable requirement” definition under 40 CFR 71.2. The condition requires the Permittee to comply with asbestos demolition or renovation requirements in 40 CFR 61, Subpart M, as adopted by reference under 18 AAC 50.040(b)(2)(F). The asbestos demolition and renovation requirements apply if the Permittee engages in asbestos demolition or renovation.

**Factual Basis:** Because these regulations include adequate monitoring and reporting requirements and because the Permittee is not currently engaged in such activity, simply citing the regulatory requirements is sufficient to ensure compliance with these federal regulations.

### **Condition 32, 40 CFR 63 Subpart ZZZZ Requirements**

**Legal Basis:** The Department has incorporated by reference the NESHAP requirements for specific industrial activities, as listed in 18 AAC 50.040(c). NESHAP Subpart ZZZZ applies to owners and operators of any existing, new, or reconstructed stationary reciprocating internal combustion engines (RICE) located at major and area sources of HAP emissions. Milne Point L-Pad is an area source that contains a RICE unit.

**Factual Basis:** EU ID 4 is a new engine under Subpart ZZZZ. Therefore, the engine must meet the requirements of 40 CFR 63 by meeting the requirements of 40 CFR 60 Subpart IIII, as specified in 40 CFR 63.6590(c). No other requirements under 40 CFR 63 are applicable.

### **Conditions 33 through 35, 40 CFR 82 Subpart F, G, & H Requirements**

**Legal Basis:** The requirements of 40 CFR 82 are applicable requirements for Title V permitting purposes, as stated in item 12 of the “applicable requirement” definition under

40 CFR 71.2. Condition 33 requires compliance with the applicable requirements in 40 CFR 82, as adopted by reference under 18 AAC 50.040(d). The requirements apply if the Permittee engages in the recycling or disposal of certain refrigerants. The condition requires the Permittee to comply with the standards for recycling and emission reduction of refrigerants in 40 CFR 82, Subpart F.

Conditions 34 and 35 also require compliance with the applicable requirement adopted under 18 AAC 50.040(d). Condition 34 prohibitions apply to all stationary sources that use substitutes for ozone-depleting compounds. Condition 35 prohibitions apply to all stationary sources that use halon for extinguishing fires and inert gas to reduce explosion risk. These conditions prohibit the Permittee from causing or allowing violations of these requirements.

**Factual Basis:** Because these regulations include adequate monitoring and reporting requirements and because the Permittee is not currently engaged in such activity, simply citing the regulatory requirements is sufficient to ensure compliance with this federal regulation. These conditions also incorporate applicable 40 CFR 82 requirements.

### **Conditions 36 through 38, NESHAP Applicability Determination Requirements**

**Legal Basis:** These conditions require the Permittee to determine NESHAP rule applicability and require recordkeeping for those determinations and notifications as applicable.

**Factual Basis:** The Permittee has conducted an analysis of the stationary source and determined that it is not a major HAPs stationary source based on emissions. This condition requires the Permittee to notify the Administrator if the stationary source becomes an affected source subject to a standard promulgated by EPA under 40 CFR part 63 and to keep records of applicability determinations and make those records available to the Department. Notifications of construction are also required as applicable.

### **Conditions 39 through 41, Standard Terms and Conditions**

**Legal Basis:** These are standard conditions required for all operating permits under 18 AAC 50.345(a) and (e) through (g). As stated in 18 AAC 50.326(j)(3), the standard permit conditions of 18 AAC 50.345 replace the provisions of 40 CFR 71.6(a)(5) through (7).

**Factual Basis:** These are standard conditions that are included in all operating permits.

### **Condition 42, Administration Fees**

**Legal Basis:** This condition requires compliance with the applicable fee requirements in 18 AAC 50.400 through 403. Paying administration fees is required as part of obtaining and holding a permit with the Department or as a fee for a Department action. As stated in 18 AAC 50.326(j)(1), the provisions of 18 AAC 50.400 through 50.430 are applicable and 40 CFR 71.9 is not applicable.

**Factual Basis:** The regulations in 18 AAC 50.400 through 403 specify the amount, payment period, and the frequency of fees applicable to a permit action.

### **Conditions 43 and 44, Emission Fees**

**Legal Basis:** These conditions require compliance with the applicable fee requirements in 18 AAC 50.410 through 50.420. The regulations specify the time period for the assessable emissions and the methods the Permittee may use to calculate assessable emissions. As stated in 18 AAC 50.326(j)(1), the provisions of 18 AAC 50.400 through 50.430 are applicable and 40 CFR 71.9 is not applicable.

**Factual Basis:** The Department used the language in Standard Permit Condition I, adopted by reference under 18 AAC 50.346(b), for the permit.

These conditions require the Permittee to pay fees in accordance with the Department's billing regulations. The billing regulations set the due dates for payment of fees based on the billing date.

The assessable emissions are the lesser of the stationary source's potential or projected emissions of each air pollutant (AS 46.14.250(h)(1)).

The conditions allow the Permittee to calculate assessable emissions based on previous actual annual emissions. According to AS 46.14.250(h)(1), assessable emissions are based on each air pollutant. Therefore, fees shall be paid on any pollutant emitted whether or not the permit contains any limitation for that pollutant.

This standard condition specifies that, unless otherwise approved by the Department, calculations of assessable emissions based on actual emissions must be for the previous calendar year. Since each current year's assessable emissions are based on the previous year, the Department will not give refunds or make additional billings at the end of the current year if the estimated emissions and current year actual emissions do not match.

### **Condition 45, Dilution**

**Legal Basis:** 18 AAC 50.045 is included in the SIP approved by EPA. It is therefore an applicable requirement, per 40 CFR 71.2. This condition reiterates 18 AAC 50.045(a), which prohibits the Permittee from using dilution as an emission control strategy.

**Factual Basis:** The condition prohibits the Permittee from diluting emissions as a means of compliance with any standard in 18 AAC 50.

### **Condition 46, Reasonable Precautions to Prevent Fugitive Dust**

**Legal Basis:** This condition reiterates 18 AAC 50.045(d), which requires a person to use reasonable precautions when handling, storing or transporting bulk materials or engaging in an industrial activity. This requirement applies because the Permittee has an emission unit or activity listed under Table 7 of 18 AAC 50.346(c). 18 AAC 50.045 is included in the SIP approved by EPA. The listed emission units and activities in Table 7 are:

coal-fired boilers; coal handling facilities; construction of gravel pads or roads that are part of a permitted stationary source or other construction that has the potential to generate fugitive dust that reaches ambient air; commercial/industrial/municipal solid waste, air curtain, and medical waste incinerators; sewage sludge incinerators not using wet methods to handle that ash; mines; urea manufacturing; soil remediation units; or dirt roads under the control of the operator with frequent vehicle traffic; and other emission units the Department finds are likely to generate fugitive dust.

**Factual Basis:** The Department used the language in Standard Permit Condition X for the permit. The condition requires the Permittee to take reasonable action to prevent particulate matter from being emitted into the ambient air in accordance with 18 AAC 50.045(d).

### **Condition 47, Stack Injection**

**Legal Basis:** 18 AAC 50.055 is included in the SIP approved by EPA. It is therefore an applicable requirement per 40 CFR 71.2.

This condition requires compliance with the applicable requirement in 18 AAC 50.055(g). It prohibits the Permittee from releasing materials other than process emissions, products of combustion, or materials introduced to control pollutant emissions from a stack (i.e. disposing of material by injecting it into a stack). Stack injection requirements apply to stacks of emissions units at a stationary source constructed or modified after November 1, 1982.

**Factual Basis:** No specific monitoring for this condition is practical. Compliance is ensured by inspections, because the unit or stack would need to be modified to accommodate stack injection.

### **Condition 48, Air Pollution Prohibited**

**Legal Basis:** 18 AAC 50.110 is included in the SIP approved by EPA. It is therefore an applicable requirement per 40 CFR 71.2.

This condition requires compliance with 18 AAC 50.110. The condition prohibits the Permittee from causing any emission which is injurious to human health or welfare, animal or plant life, or property, or which would unreasonably interfere with the enjoyment of life or property. The Department also included permit conditions for MR&R as required by 40 CFR 71.6(a)(3) and 71.6(c)(1).

**Factual Basis:** The Department used the language in Standard Permit Condition II for the permit. This condition spells out how to monitor, record, and report prohibited air pollution. While the other permit conditions and emissions limitations should ensure compliance with this condition, unforeseen emission impacts can cause violations of this standard. These violations would go undetected except for complaints from affected persons. Therefore, to monitor compliance, the Permittee must monitor and respond to complaints.

The Permittee is required to report any complaints and injurious emissions. The Permittee must keep records of the date, time, and nature of all complaints received and summary of

the investigation and corrective actions undertaken for these complaints, and must submit copies of these records upon request of the Department.

#### **Condition 49, Technology-Based Emission Standard**

**Legal Basis:** The Permittee is required to take reasonable steps to minimize emissions if certain activities cause an exceedance of any technology-based emission standard in this permit. This condition requires compliance with the requirement in 18 AAC 50.235. Technology-Based Emission Standard requirements apply because the stationary source contains equipment subject to a technology-based emission standard, such as BACT, MACT, LAER, NSPS or any other similar standard for which the stringency of the standard is based on determinations of what is technologically feasible, considering relevant factors.

**Factual Basis:** The conditions of this permit list applicable technology-based emission standards and require excess emission reporting for each standard in accordance with Condition 65. Excess emission reporting under Condition 65 requires information on the steps taken to minimize emissions.

#### **Condition 50, Open Burning**

**Legal Basis:** 18 AAC 50.065 is included in the SIP approved by EPA. The condition requires the Permittee to comply with the regulatory requirements in 18 AAC 50.065 when conducting open burning at the stationary source. The state open burning regulation in 18 AAC 50.065 applies to the Permittee if the Permittee conducts open burning at the stationary source.

**Factual Basis:** The Permittee may conduct open burning by following the provisions of 18 AAC 50.065 and by following the Department guidelines posted at the website <http://dec.alaska.gov/air/air-permit/open-burn-application/>. The condition requires the Permittee to keep records to demonstrate compliance with the standards for conducting open burning.

More extensive monitoring and recordkeeping is not warranted because the Permittee does not conduct open burning as a routine part of their business. Also, most of the requirements are prohibitions, which are not easily monitored.

#### **Condition 51, Requested Source Tests**

**Legal Basis:** The Permittee is required to conduct source tests as requested by the Department. This requirement is under 18 AAC 50.220(a) and 50.345(k), which are included in the SIP approved by EPA.

**Factual Basis:** This condition applies because this is a standard condition to be included in all operating permits, as specified in 18 AAC 50.345(a).



### **Conditions 52 through 54, Operating Conditions, Reference Test Methods, Excess Air Requirements**

**Legal Basis:** Conditions 52 and 54 require compliance with the applicable requirements in 18 AAC 50.220(b) and (c)(3), which are included in the SIP approved by EPA. Condition 53 specifies source test methods, as required by 40 CFR 71.6(a)(3)(i) and 71.6(c)(1). These requirements apply because the Permittee is required by the permit to conduct source tests, or a source test may be requested by the Department. The Permittee is required to conduct source tests in the manner set out in Conditions 52 through 54.

**Factual Basis:** These conditions supplement the specific monitoring requirements stated elsewhere in this permit.

### **Condition 55, Test Exemption**

**Legal Basis:** This condition incorporates the source test exemption in 18 AAC 50.345(a) regarding visible emissions observations. 18 AAC 50.345(a) is included in the SIP approved by EPA.

**Factual Basis:** As provided in 18 AAC 50.345(a), the requirements for test plans, notifications and reports do not apply to visible emissions observations by smoke readers, except in connection with required particulate matter testing.

### **Conditions 56 through 59, Test Deadline Extension, Test Plans, Notifications and Reports**

**Legal Basis:** These conditions require compliance with the applicable requirements in 18 AAC 50.345(m) through (o), which are included in the SIP approved by EPA. Condition 56 contains the requirement in 18 AAC 50.345(l). The requirements in 18 AAC 50.345(l) through (o) constitute standard conditions that must be included in each operating permit, as specified in 18 AAC 345(a). These requirements apply because the Permittee is required to conduct source tests as set out by this permit or as requested by the Department.

**Factual Basis:** These standard conditions supplement specific monitoring requirements stated elsewhere in this permit.

### **Condition 60, Particulate Matter Calculations**

**Legal Basis:** This condition requires the Permittee to reduce particulate matter data in accordance with 18 AAC 50.220(f), which is included in the SIP approved by EPA. It applies when the Permittee tests for compliance with the particulate matter standards in 18 AAC 50.050 or 50.055.

**Factual Basis:** The condition incorporates a regulatory requirement for particulate matter source tests. This condition supplements specific monitoring requirements stated elsewhere in this permit.

### Condition 61, Recordkeeping Requirements

**Legal Basis:** This condition requires the Permittee to keep records in accordance with 40 CFR 71.6(a)(3)(ii), which the Department adopted by reference under 18 AAC 50.040(j)(4).

**Factual Basis:** The condition restates the regulatory requirements for recordkeeping, and supplements the recordkeeping defined for specific conditions in the permit.

### Condition 62, Certification

**Legal Basis:** All operating permits must contain a requirement to certify any permit application, report, affirmation, or compliance certification, per 18 AAC 50.345(j) and 18 AAC 50.205. Both requirements are part of the SIP approved by EPA.

**Factual Basis:** The requirement in 18 AAC 50.345(j) is a standard condition that must be included in each operating permit, as specified in 18 AAC 50.345(a). This condition requires the Permittee to certify any permit application, report, affirmation, or compliance certification submitted to the Department. To ease the certification burden on the Permittee, the condition allows the excess emission reports to be certified with the operating report, even though it must still be submitted more frequently than the stationary source operating report. This condition supplements the reporting requirements of this permit.

### Condition 63, Submittals

**Legal Basis:** This condition requires the Permittee to comply with the standardized reporting requirements in 18 AAC 50.326(j) and applies because the Permittee is required to send reports to the Department.

**Factual Basis:** The Department used the language in SPC XVII, adopted by reference under 18 AAC 50.346(b)(10), for the permit condition. This condition lists the Department's appropriate address for reports and written notices. The Permittee is required to submit reports, compliance certifications, and other submittals required by this permit, either electronically or by hard copy. This condition supplements the standard reporting and notification requirements of this permit. The condition also directs the Permittee to refer to the submission instructions on the Department's Standard Permit Conditions webpage for additional information regarding document submittals (e.g., the appropriate Department address).

### Condition 64, Information Requests

**Legal Basis:** All operating permits must include a condition that requires the Permittee to furnish certain information upon request, per 18 AAC 50.345(i). The requirement is part of the SIP approved by EPA.

**Factual Basis:** The requirement in 18 AAC 50.345(i) is a standard condition that must be included in each operating permit, as specified in 18 AAC 345(a). This condition requires the Permittee to submit information requested by the Department.

### **Condition 65, Excess Emission and Permit Deviation Reports**

**Legal Basis:** This condition requires the Permittee to comply with the requirements in 18 AAC 50.235(a)(2) and 18 AAC 50.240(c). The condition specifies reporting requirements as required by 40 CFR 71.6(a)(3)(iii) and 71.6(c)(1). Also, the Permittee is required to notify the Department when emissions or operations deviate from the requirements of the permit.

**Factual Basis:** This condition satisfies two state regulations related to excess emissions - the technology-based emission standard regulation and the excess emission regulation. Although there are some differences between the regulations, the condition satisfies the requirements of each regulation.

The Department used the language in Standard Permit Condition III for the permit condition. The Department used the notification form in Standard Permit Condition IV for the notification requirements.

### **Condition 66, Operating Reports**

**Legal Basis:** This condition requires compliance with the applicable requirement in 18 AAC 50.346(b)(6). The condition specifies reporting requirements as required by 40 CFR 71.6(a)(3)(iii)(A) and 71.6(c)(1).

**Factual Basis:** The Department used the language in Standard Permit Condition VII for the permit condition. The condition restates the requirements for reports listed in regulation. The condition supplements the specific reporting requirements elsewhere in the permit.

### **Condition 67, Annual Compliance Certification**

**Legal Basis:** This condition requires compliance with the requirements in 40 CFR 71.6(c)(5), which the Department adopted by reference under 18 AAC 50.040(j).

**Factual Basis:** This condition specifies the periodic compliance certification requirements, and specifies a due date for the annual compliance certification.

The Permittee is required to submit to the Department an annual compliance certification report. The Permittee may submit the required report electronically at their discretion.

### **Condition 68, Emission Inventory Reporting**

**Legal Basis:** This condition requires the Permittee to submit emissions data to the state so the state is able to satisfy the federal requirement to submit emission inventory data from point sources as required under 40 CFR 51.321. The emission inventory requirement applies to sources defined as point sources in 40 CFR 51.20. The state must report all data elements in Table 2A of Appendix A to Subpart A of 40 CFR 51 to EPA.

**Factual Basis:**

The Department used the language in SPC XV, as adopted by reference under 18 AAC 50.346(b)(8), for the permit condition. The emission inventory data is due to EPA 12 months after the end of the reporting year (40 CFR 51.30(a)(1) and (b)(1)). Permittees have until April 30th to compile and submit the data to the Department. To expedite the Department's process of transferring data into EPA's electronic reporting system, the Department encourages Permittees to submit the emission inventory through the Department's electronic emission inventory submission system in the Permittee Portal on the Department's Air Online Services webpage. A myAlaska account and profile are needed to gain access to the Permittee Portal. Other options are to submit the emission inventory via mail, email, or fax. Detailed instructions on completing and submitting the emission inventory and the report form are available at the Point Source Emission Inventory webpage by clicking the Emission Inventory Instructions button. The emission inventory instructions and report form may also be obtained by contacting the Department.

To ensure that the Department's electronic system reports complete information to the National Emissions Inventory, Title V stationary sources are required to submit with each report emissions data described in 40 CFR 51.15 and the data elements in Tables 2a and 2b to Appendix A of 40 CFR 51 Subpart A, as applicable. Title V stationary sources with potential annual emissions greater than or equal to any of the emission thresholds for Type A (large) sources, as listed in Table 1 to Appendix A of 40 CFR 51 Subpart A, are required to report emission inventory data every year for the previous calendar year (also known as the inventory year). For triennial inventory years, Type A sources only need to submit one report, not both an annual report and a separate triennial report.

Title V stationary sources with potential annual emissions greater than or equal to any of the emission thresholds for Type B (small) sources, as listed in Table 1 to Appendix A of 40 CFR 51 Subpart A, are required to report emission inventory data every third year (i.e., triennially) for the previous inventory year. The emission thresholds for nonattainment areas vary depending on the nonattainment status of the area. As of June 9, 2017, Fairbanks and North Pole urban area have been designated by the federal administrator as "serious nonattainment" for PM<sub>2.5</sub>.

As of the issue date of this permit, the stationary source is a Type B stationary source.

### **Condition 69, NSPS and NESHAP Reports and Waivers**

**Legal Basis:** The Permittee is required to provide the Federal Administrator and Department a copy of each emissions unit report for units subject to NSPS or NESHAP federal regulations under 18 AAC 50.326(j)(4). 40 CFR 70 Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

**Factual Basis:** The condition supplements the specific reporting requirements in 40 CFR 60, 40 CFR 61, and 40 CFR 63.

### **Condition 70, Permit Applications and Submittals**

**Legal Basis:** 40 CFR 71.10(d)(1), adopted by the Department under 18 AAC 50.040(j)(7), requires submission of a copy of each permit application to EPA.

**Factual Basis:** The Department used the language in SPC XIV for the permit condition. The condition directs the applicant to send copies of all application materials required to be submitted to the Department directly to the EPA, in electronic format, if practicable. This condition shifts the burden of compliance with 40 CFR 71.10(d)(1) from the Department to the Permittee as allowed under 40 CFR 71.10(d)(1).

### Conditions 71 through 73, Permit Changes and Revisions Requirements

**Legal Basis:** 40 CFR 71.6(a)(8), (12), and (13) incorporated by reference under 18 AAC 50.040(j) require that these provisions be included in operating permits.

**Factual Basis:** 40 CFR 71.6(a)(12) and (13) specify changes that may be made without a permit revision, and 40 CFR 71.6(a)(8) states permit revisions are not required for some emissions trading and similar programs.

The Permittee did not request trading of emission increases and decreases as described in 40 CFR 71.6(a)(13)(iii).

### Condition 74, Permit Renewal

**Legal Basis:** The Permittee must submit a timely and complete operating permit renewal application if the Permittee intends to continue source operations in accordance with the operating permit program. The obligations for a timely and complete operating permit application are in 40 CFR 71.5(a) through (c), adopted by reference in 18 AAC 50.040(j)(3), and 18 AAC 50.326(c).

**Factual Basis:** In accordance with AS 46.14.230(a), this operating permit is issued for a fixed term of five years after the date of issuance, unless a shorter term is requested by the permit applicant. The Permittee is required to submit an application for permit renewal by the specific dates applicable to the stationary source as listed in this condition. As stated in 40 CFR 71.5(a)(1)(iii), submission for a permit renewal application is considered timely if it is submitted at least six months but no more than eighteen months prior to expiration of the operating permit. According to 40 CFR 71.5(a)(2), a complete renewal application is one that provides all information required pursuant to 40 CFR 71.5(c) and remits payment of fees owed under the fee schedule established pursuant to 18 AAC 50.400. 40 CFR 71.7(b) states that if a source submits a timely and complete application for permit issuance (including renewal), the source's failure to have a permit is not a violation until the permitting authority takes final action on the permit application.

Therefore, as long as an application has been submitted within the timeframe specified under 40 CFR 71.5(a)(1)(iii), and is complete before the expiration date of the existing permit, then the expiration of the existing permit is extended and the Permittee has the right to operate under that permit until the effective date of the new permit. However, this protection shall cease to apply if, subsequent to the completeness determination, the applicant fails to submit by the deadline specified in writing by the Department any additional information needed to process the application.

**Conditions 75 through 80, General Compliance Requirements**

**Legal Basis:** These conditions require compliance with the applicable requirements in 18 AAC 50.345(b) through (d) and (h) and 40 CFR 71.6(c)(3). As stated in 18 AAC 50.345(a), the requirements in 18 AAC 50.345(b) through (d) and (h) are standard conditions that must be included in all operating permits issued by the Department.

**Factual Basis:** These are standard conditions for compliance required for all operating permits.

**Conditions 81 and 82, Permit Shield**

**Legal Basis:** These conditions require compliance with the requirements in 40 CFR 71.6(f), which the Department has adopted by reference under 18 AAC 50.040(j)(4). These requirements apply because the Permittee has requested that the Department shield the stationary source from specific non-applicable requirements listed under this condition.

**Factual Basis:** Table E of Operating Permit No. AQ1527TVP01 shows the permit shield that the Department granted to the Permittee. The following table shows the requests that were denied and the reasons that they were denied. The Department based the determinations on the permit application, past operating permit, likelihood for the source to become subject during the life of the permit, Title I permits and inspection reports.

**Table H - Permit Shields Denied**

Shield Requested for:	Reason for Shield Request:	Reason for Denial
40 CFR 60 Subpart E, Ea, Eb, Ec, F, G, Ga, H, I, L, M, N, Na, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AAa, BB, CC, DD, EE, HH, KK, LL, MM, NN, PP, QQ, RR, SS, TT, UU, VV, VVa, WW XX, AAA, BBB, DDD, FFF, HHH, III, JJJ, NNN, OOO, PPP, RRR, SSS, TTT, UUU, VVV, WWW, AAAA, CCCC, DDDD, EEEE, LLLL	No affected facility.	The reason provided for the shield requests does not clearly explain why each requirement does not apply. Additionally, a shield is not necessary for requirements that are clearly not applicable.
40 CFR 61 Subpart B, C, D, E, F, H, I, K, L, N, O, P, Q, R, T, W	No affected facility.	The reason provided for the shield requests does not clearly explain why each requirement does not apply. Additionally, a shield is not necessary for requirements that are clearly not applicable.
40 CFR 61 Subpart M: §61.142	Stationary source is not an asbestos mill.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 61 Subpart M: §61.143	Stationary source roadways not exposed to asbestos tailings or asbestos containing waste.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 61 Subpart M: §61.144	Stationary source does not engage in any manufacturing operations using commercial asbestos.	A shield is not necessary for regulations that are clearly not applicable.

Shield Requested for:	Reason for Shield Request:	Reason for Denial
40 CFR 61 Subpart M: §61.146	Stationary source does not spray apply asbestos containing materials.	Requirement could be applicable during certain construction activities.
40 CFR 61 Subpart M: §61.147	Stationary source does not engage in any fabricating operations using commercial asbestos.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 61 Subpart M: §61.148	Stationary source does not install or reinstall, on any stationary source component, insulation material containing commercial asbestos.	Requirement is applicable if insulation is installed. This could occur at the facility.
40 CFR 61 Subpart M: §61.149	Applies only to facilities subject to 61.142.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 61 Subpart M: §61.151	Applies only to facilities subject to 61.142, 61.144, or 61.147.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 61 Subpart M: §61.152	Stationary source does not use air cleaning equipment.	Requirement could be applicable during certain construction or demolition activities.
40 CFR 61 Subpart M: §61.153	No reporting requirements apply for sources subject to 61.145.	Reporting requirements may apply due to other sections of the subpart.
40 CFR 61 Subpart M: §61.154	Stationary source is not an active waste disposal site and does not receive asbestos containing waste material.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 61 Subpart M: §61.155	Stationary source does not process regulated asbestos containing material (RACM).	A shield is not necessary for regulations that are clearly not applicable.

Shield Requested for:	Reason for Shield Request:	Reason for Denial
<p>40 CFR 63 Subpart B, F, G, H, I, J, L, M, N, O, Q, R, S, U, W, X, Y, AA, BB, DD, EE, GG, II, JJ, KK, LL, MM, OO, PP, QQ, RR, SS, TT, UU, WW, XX, YY, CCC, DDD, EEE, GGG, III, JJJ, LLL, MMM, NNN, OOO, PPP, QQQ, RRR, TTT, UUU, VVV, XXX, AAAA, CCCC, DDDD, FFFF, GGGG, HHHH, IIII, JJJJ, KKKK, MMMM, NNNN, OOOO, PPPP, QQQQ, RRRR, SSSS, TTTT, UUUU, VVVV, WWWW, XXXX, AAAAA, BBBBB, CCCCC, EEEEE, FFFFF, GGGGG, HHHHH, IIIII, JJJJJ, KKKKK, LLLLL, MMMMM, NNNNN, PPPPP, QQQQQ, RRRRR, SSSSS, TTTTT, UUUUU, WWWW, YYYYY, ZZZZ, BBBBBB, DDDDDD, EEEEE, FFFFFFF, GGGGGG, HHHHHH, LLLLLL, MMMMMM, NNNNNN, OOOOOO, PPPPPP, QQQQQQ, RRRRRR, SSSSSS, TTTTTT, VVVVVV, WWWW, XXXXX, YYYYYY, ZZZZZ, AAAAAA, BBBBBB, CCCCCC, DDDDDD, EEEEE, HHHHHH</p>	<p>No affected facility.</p>	<p>The reason provided for the shield requests does not clearly explain why each requirement does not apply. Additionally, a shield is not necessary for requirements that are clearly not applicable.</p>
<p>40 CFR 63 Subpart ZZZZ</p>	<p>According to 40 CFR 63.6590(c)(1), EU ID 4, a new CI RICE, is not subject to any of the requirements of Subpart ZZZZ.</p>	<p>40 CFR 63.6590(c)(1) states the requirements of 40 CFR 63 must be met by meeting the NSPS requirements, and no further requirements apply under 40 CFR 63.</p>
<p>40 CFR 64 – Compliance Assurance Monitoring</p>	<p>No pollutant-specific emission unit uses a control device to achieve compliance with any emission limitation or standard that was proposed by the Administrator before November 15, 1990. The stationary source is exempted from CAM associated with any rule that was proposed under CAA 111 and 112 by the Administrator after November 15, 1990, as specified in 40 CFR 64.2(b)(1)(i).</p>	<p>CAM requirements apply to limits established after November 15, 1990 other than those proposed by the Administrator pursuant to section 111 or 112 of the Act.</p>



Shield Requested for:	Reason for Shield Request:	Reason for Denial
40 CFR 68 – Risk Management Programs	Naturally occurring hydrocarbon mixtures: (crude oil, condensate, natural gas and produced water) prior to entry into a petroleum refining process unit (NAICS code 32411) or a natural gas processing plant (NAICS code 211112) are exempt from the threshold determination. (see final Rule exempting from threshold determination regulated flammable substances in naturally occurring hydrocarbons mixtures prior to initial processing, 63 FR 640 [January 6, 1998]). Less than 10,000 lb of other mixtures containing regulated flammable substances that meet the criteria for an NFPA rating of 4 for flammability are stored at the stationary source. Therefore, MPU L-Pad, a crude petroleum and natural gas production stationary source, (NAICS code 211111) does not process or store regulated flammable or toxic substances in excess of threshold quantities.	40 CFR 68 applies to more substances than just mixtures containing regulated flammable substances that meet the criteria for an NFPA rating of 4 for flammability. Also, several substances have thresholds less than 10,000 lb.
40 CFR 82 Subpart A: §82.1	Stationary source does not produce, transform, destroy, import, or export Class I or Group I or II substances or products.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart B: §82.30	Stationary source does not service motor vehicle air conditioners.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart C: §82.60	Stationary source is not the ultimate consumer and not a manufacturer or distributor of Class I or II products or substances.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart D: §82.80	Subpart applies only to Federal departments, agencies, and instrumentalities.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart E: §82.100	Stationary source is not the ultimate consumer and not a manufacturer or distributor of Class I or II products or substances.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart F: §82.158	Stationary source does not manufacture or import recovery and recycling equipment.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart F: §82.160	Stationary source does not contract equipment testing organizations to certify recovery and recycling equipment.	A shield is not necessary for regulations that are clearly not applicable.

Shield Requested for:	Reason for Shield Request:	Reason for Denial
40 CFR 82 Subpart F: §82.164	Stationary source does not sell reclaimed refrigerant.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart F: Appendix C	Stationary source is not a third party entity that certifies recovery equipment.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart F: Appendix D	Stationary source does not have technician certification programs.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart F: 82.174(a)	Stationary source does not manufacture substitute chemicals or products for ozone-depleting substances.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart F: §82.270(a)	Stationary source does not manufacture halon.	A shield is not necessary for regulations that are clearly not applicable.
40 CFR 82 Subpart I: §82.304	Stationary source does not sell or distribute any identified banned products.	A shield is not necessary for regulations that are clearly not applicable.
18 AAC 50.055(a)(2), (3), (7), and (8)	No affected emission units within the permitted stationary source.	Regulation was repealed 8/20/2016.
18 AAC 50.055(a)(4), (5), (6), and (9)	No affected emission units within the permitted stationary source.	A shield is not necessary for requirements that are clearly not applicable.
18 AAC 50.055(b)(2), (3), and (5)	No affected emission units within the permitted stationary source.	A shield is not necessary for requirements that are clearly not applicable.
18 AAC 50.055(b)(4) and (6)	No affected emission units within the permitted stationary source.	Regulation was repealed 8/20/2016.
18 AAC 50.060 and 50.070	Not an affected emission unit, operation, or industry.	A shield is not necessary for requirements that are clearly not applicable.
18 AAC 50.075	No affected emission units within the permitted stationary source.	A shield is not necessary for requirements that are clearly not applicable.
18 AAC 50.085 and 50.090	Regulations only apply to facilities within the Port of Anchorage.	A shield is not necessary for requirements that are clearly not applicable.

## **APPENDIX A: CONTESTED ISSUES AND DEPARTMENT'S RESPONSES**

## Appendix A - Contested Issues and Department's Responses

On January 3, 2024 the Permittee submitted an informal review request contesting Conditions 28.5, 28.8, 28.11, and 29.14.c of the Title V Operating Permit AQ1527TVP01 issued on December 15, 2024. The Department granted the Informal Review and, on June 24, 2024, remanded the issued permit under 18 AAC 15.185(d)(2) for further consideration. Following are details of the relevant permitting actions associated with Operating Permit AQ1527TVP01 issued December 15, 2023, issues raised by Hilcorp, and the Department's responses.

### A. Permit Background

Hilcorp applied for an initial Title V Operating Permit on April 3, 2019 as required by Alaska Statute AS 46.14.130(b). The Department issued a draft public notice version of the permit as Draft Permit AQ1527TVP01 on September 17, 2019, with a 30-day public comment period ending October 17, 2019; subsequent revisions to the permit required a second 30-day public notice beginning June 8, 2023 and ending July 10, 2023. Hilcorp submitted public comments during these respective public comment periods on October 22, 2019 and July 10, 2023 in regard to various issues, which were carried into the Department's corresponding Response to Comments (RTC) documents. The proposed permit, statement of basis (SOB), and RTC were submitted to EPA for 45-day review on October 18, 2023 and received no comment. The final permit, SOB, and RTC were issued December 15, 2023.

### B. Description of Issues Raised

Hilcorp's informal review submission reiterated comments received during the public comment periods for Conditions 28.5, 28.8, 28.11, and 29.14.c. The Department declined the revisions requested in the comments with reasons for denial provided in the RTC. Hilcorp provided additional information in its informal review submission, including attachments with a Certificate of Conformity for EU ID 4; the October 30, 2015 letter from Steffan M. Johnson (EPA) approving use of an alternative test method for Alyeska Pipeline Service Company; and relevant passages from the Federal Register. The Department's review of Hilcorp's submittal, and the Department's responses, follow below.

### C. Regarding Conditions 28.5, 28.8, and 28.11:

*Hilcorp Alaska, LLC (Hilcorp) requested the removal of Conditions 28.5, 28.8, and 28.11 in Comment Nos. 15, 19, and 20 of the second public notice. These conditions include emergency engine requirements from 40 CFR 60 Subpart IIII for EU ID 4. Although EU ID 4 is permitted as an emergency engine, it is certified as a non-emergency engine (2008 model year, kW > 560, Tier 2 certified). In accordance with 40 CFR 60.4209(a), "If you are an owner or operator of an emergency stationary CI internal combustion engine that does not meet the standards applicable to nonemergency engines, you must install a non-resettable hour meter prior to startup of the engine." EPA clarified this decision in the rule amendment dated June 28, 2011. EPA stated, "The EPA is making several minor revisions in this rule to correct mistakes in the initial rule or to clarify the rule. The revisions are listed below... Revising the requirement for emergency engines to*

*install non-resettable hour meters such that emergency engines that meet the requirements for nonemergency engines do not have to install the hour meters.”*

*DEC’s denied this request and their response was: “Hilcorp addresses the standards in 40 CFR 1039 Appendix I, which are the same for both emergency and non-emergency engines with the horsepower and model year of EU ID 4. However, Hilcorp does not address the other standards, such as 40 CFR 1039.115, which is a requirement for nonemergency engines with the horsepower and model year of EU ID 4 but not required for emergency engines. Therefore, the condition remains as written in the draft operating permit.”*

*According to the rule, manufacturers are responsible for certifying engines to the applicable requirements of 40 CFR 60 Subpart III, including 40 CFR 1039.115 if required. Owners and operators are responsible for purchasing certified engines. As indicated in the public comments, EU ID 4 is certified as a non-emergency engine (2008 model year, kW > 560, Tier 2). The Certificate of Conformity is attached.*

#### 1. Review of the requirements of Condition 28.5

Condition 28.5 requires Hilcorp to install a non-resettable hour meter on EU ID 4, prior to startup of the EU, to fulfill the requirements of 40 CFR 60.4209(a). Hilcorp asserts that the requirement to install a non-resettable hour meter prior to the startup of EU ID 4 is not applicable under 40 CFR 60.4209(a), because EU ID 4 is an emergency engine which *is* certified to the standards applicable to nonemergency engines. EPA’s July 28, 2011 rule amendment clarifies that the requirement to install an hour meter under 40 CFR 60.4209(a) applies to emergency engines which *are not* certified to nonemergency standards. Therefore, the Department agrees to remove this condition from the Operating Permit.

#### 2. Review of the requirements of Conditions 28.8 and 28.11

Condition 28.8 requires Hilcorp to continue operating EU ID 4 in accordance with the requirements for emergency stationary ICE under NSPS Subpart III, in order to continue to be classified as an emergency engine. It also includes requirements for maintaining this status. Condition 28.11 includes annual reporting requirements imposed to verify compliance with Condition 28.8.

Hilcorp asserts that because EU ID 4 is permitted as an emergency engine, but is *certified* as a non-emergency engine, and because the onus for meeting certification requirements falls upon the manufacturer, that these conditions are not applicable. The Department disagrees. Regardless of the certification status of a particular engine, the Department understands the requirements of 40 CFR 60.4211 to refer to the manner in which the EU is *operated*, not to the manner in which it is certified, with respect to emergency or nonemergency status (in contrast to 40 CFR 60.4209(a) discussed above, in which the Subpart specifies requirements for emergency *certified* engines and distinguishes certification from operation). Therefore, the emergency/nonemergency status of an engine is potentially subject to change, and it is incumbent upon Hilcorp to either continue operating EU ID 4 in accordance with the emergency engine requirements, or to

designate the engine as nonemergency and comply with the applicable requirements for nonemergency engines.

The Department also notes that the requirements of 40 CFR 60.4211 specifically state that they are applicable to the *owner or operator* of the engine (not the manufacturer). Therefore, the Department continues to view the requirements of 40 CFR 60.4211(f) (and, thereby, 40 CFR 4214(d)) as an applicable operating requirement for Hilcorp with respect to EU ID 4.

However, the Department acknowledges that it is its practice when writing permits to include as conditions the requirements from such Federal Subparts that are required at the time that the permit is written, rather than what may potentially become required under future circumstances. Conditions 28.8 and 28.11, therefore, are beyond the scope of what is necessary for the Title V Operating Permit, and the Department agrees to remove these conditions.

**D. Regarding Condition 29.14.c:**

*Hilcorp requested that this condition be revised in Comment No. 26 of the first public notice. The condition includes the 40 CFR 60 Subpart KKKK testing requirements and states that the ambient temperature must be greater than 0 °F during the turbine performance test. Hilcorp requested the words “ambient temperature” be changed to “turbine inlet air temperature” in accordance with an EPA approved alternative test method.*

*DEC’s denied this request and their response was “An alternative test method for Alyeska Pipeline Service Company does not apply to Hilcorp. The condition language is from 40 CFR 60.4400(b)(6). ADEC uses the exact language of NSPS and NESHAP subparts whenever possible when including the requirements in the operating permit to prevent inadvertently changing the requirements of a subpart and to more efficiently draft operating permit conditions. The condition remains as written in the draft operating permit.”*

*As stated in the EPA approved alternative test method issued to Alyeska Pipeline Service Company on December 30, 2015, “Since this alternative method could be applicable to other similar facilities subject to the requirement found in 40 CFR 60.4400(b)(6), we will be posting this letter on our website at <http://www.epa.gov/ttr/emc/aproalt.html> so that after the date of this letter other interested parties may make use of this alternative method. A copy of the letter and formal rulemaking for this alternative test method (i.e., Alt-113) are attached.*

1. Review of the requirements of Condition 29.14.c

Condition 29.14 contains requirements for NO<sub>x</sub> performance tests required to demonstrate compliance with 40 CFR 60.4415, Subpart KKKK. 29.14.c requires the test to be performed when ambient temperatures are greater than 0 °F. Hilcorp asserts that the alternative test method (ATM) ALT-113 is applicable to their stationary source, and thus, the language of the condition should be changed to allow testing when the turbine inlet air temperature (rather than the ambient air temperature) is greater than 0 °F.

As stated in the RTC, the Department generally transcribes Federal requirements into Operating Permit conditions as close as practicable to verbatim; and in most cases, does not presume that

an ATM approved by EPA for use at one stationary source would necessarily be approved for use at another. However, in this case, EPA has explicitly stated that “other interested parties may make use of” ALT-113 – which Hilcorp pointed out in their informal review request. The Department agrees that ALT-113 would be appropriate for the Milne Point L-Pad stationary source, given its location on Alaska’s north slope; and in light of EPA’s consent to apply this test method to other similar sources, the Department agrees to revise Condition 29.14.c.

**E. Summary of Findings and Decision**

Based on reviews of the contested decision, the information provided in the informal review request, as well as the relevant background information, permit records, and the rationale provided above, the Department has made the revisions below:

1. For Conditions 28.5, 28.8, and 28.11, the Department agrees to Hilcorp’s request to remove these Conditions.
2. For Condition 29.14.c, the Department agrees to Hilcorp’s request to revise these Conditions; changing “ambient temperature” to “turbine inlet air temperature”.