

(4) Postponement of Hearing: No request for postponement of a hearing shall be granted except upon consent of all parties or for good cause shown.

(5) Location of the Hearing: Unless otherwise ordered by the Secretary, the hearing shall be in Santa Fe.

D. Motions:

(1) General: All motions, except those made orally during a hearing, shall be in writing, specify the grounds for the motion, state the relief sought and state whether it is opposed or unopposed. Each motion may be accompanied by an affidavit, certificate, or other evidence relied upon and shall be served as provided by Section 115 [Subsection I. of 20.1.5.100 NMAC].

(2) Unopposed Motions: An unopposed motion shall state that concurrence of all other parties was obtained. The moving party shall submit a proposed order approved by all parties for the Hearing Officer's review.

(3) Opposed Motions: Any opposed motion shall state either that concurrence was sought and denied, or why concurrence was not sought. A memorandum brief in support of such motion may be filed with the motion.

(4) Response to Motions: Any party upon whom an opposed motion is served shall have fifteen (15) days after service of the motion to file a response. A non-moving party failing to file a timely response shall be deemed to have waived any objection to the granting of the motion.

(5) Reply to Response: The moving party may, but is not required to, submit a reply to any response within ten (10) days after service of the response.

(6) Decision: All motions shall be decided by the Hearing Officer without a hearing, unless otherwise ordered by the Hearing Officer sua sponte or upon written request of any party. [11/15/90, 11/30/95; 20.1.5.200 NMAC – Rn, 20 NMAC 1.5.II 200 through 203, Recompiled 11/27/01]

20.1.5.201 to 20.1.5.299 [RESERVED]

20.1.5.300 DISCOVERY:

A. Scope of Discovery:

(1) Grounds: For a ULA Hearing, discovery shall be governed by the provisions of the ULA. Discovery of information not privileged may be permitted if it meets the following:

- (a) the discovery will not unreasonably delay the proceeding;
- (b) the information to be obtained is not unreasonably cumulative or duplicative, or not otherwise reasonably obtainable;
- (c) the discovery is not unreasonably burdensome; and
- (d) there is a substantial reason to believe that the information sought will be admissible at the hearing or will be likely to lead to the discovery of admissible evidence.

(2) Request: Unless otherwise directed by the Hearing Officer, a party requesting discovery shall serve the discovery request directly upon the party from whom discovery is sought and shall file a notice with the Hearing Clerk, indicating the date of service of the discovery request, the type of discovery sought and the party from whom discovery is sought.

(3) Response to Discovery Request: A party responding to a discovery request shall serve the response, including any objections, upon the party making the discovery request and shall file a notice with the Hearing Clerk, indicating the date of service of the response, the type of discovery request being responded to, and the party upon whom the response was served.

(4) Continuing Obligation to Supplement Responses: Any party from whom discovery is sought has a continuing obligation, subject to any objections interposed and not overruled by the Hearing Officer, to supplement responses with relevant information obtained after serving of the initial response and any previous supplemental responses. Unless otherwise ordered by the Hearing Officer, supplemental responses shall be served as soon as practicable, but no later than five (5) days from when the information became available. If the information becomes available less than five days before the hearing or during the hearing, it shall be brought to the attention of the Hearing Officer for direction and ruling on use of the information.

(5) Privilege: A list of privileged documents, identified by titles, author, date, and privilege or protection claimed shall be provided in response to discovery.

(6) Protective Order: The Hearing Officer may, upon motion and for good cause shown, protect the discovery from disclosure. If such motion is granted, the moving party may not present the protected discovery at the hearing.

(7) Motion to Compel, Sanctions: A party may move for an order compelling discovery where the party from whom discovery was requested has failed to adequately or timely respond. The Hearing Officer may order the response and may impose such sanctions as may be appropriate, including but not limited to the following:

- (a) refusal to allow the testimony of a witness not identified as required by Section 301 [Subsection B. of this Section];
- (b) denial of admission of a document not disclosed as required by Section 302; [Subsection C. of this Section]
- (c) drawing of adverse inferences against the non-responsive party; and
- (d) in an extreme case, dismissal or default judgment against the non-responding party.

B. Identity of Witness: Except as provided in Subsection B of this Section [Paragraph (2) of Subsection A. of this Section] or allowed by the Hearing Officer, each party shall, within fifteen (15) days after receipt of notice of the scheduling of the hearing or within forty-five (45) days before the hearing, whichever is closer to the hearing date, provide the name and address of each person expected to be called as a witness and a description of the general subject matter of the anticipated testimony of each witness.

C. Production of Documents:

(1) Definition: As used in this Subpart, "document" includes writings, memos, correspondence, financial information, drawings, graphs, charts, photographs, video tapes and other data compilations from which information can be obtained, and if necessary, translated by the party through detection devices into reasonably usable form. In addition, each copy of a document that is not identical in all respects to every other copy shall be considered a separate document.

(2) Request: Provided the grounds in Section 300.A [Paragraph (1) of Subsection A. of this Section] are met, any party, upon written request to another party, may inspect and make copies of any designated documents in the possession or control of the other party. The request shall set forth the items to be inspected either by individual item or by category and describe each item and category with reasonable particularity. The request shall specify a reasonable time, place and manner of making the inspection and copies. Reasonable time means not less than twenty (20) days after service of the request in the case of a Compliance Order and not less than ten (10) days after service of the request in the case of a Compliance Determination.

D. Subpoenas: As allowed by the Act, the Hearing Clerk shall, upon written request by any party, issue a subpoena requiring the attendance and testimony of any witness and the production of any evidence in the possession or under the control of the witness at the hearing or at deposition authorized by the Hearing Officer under Section 304 [Subsection E. of this Section]. A subpoena may be issued with the name and address of the witness blank, to be completed by the requesting party.

E. Request for Admissions: Provided the grounds in Section 300.A [Paragraph (1) of Subsection A. of this Section] are met, any party may serve upon any other party a written request for the admission of any statement or opinion of fact or the application of law to fact, including the genuineness of any document. If the request includes a request for admission of the genuineness of a document, the document shall be attached to the request unless it has been or is otherwise furnished or made available for inspection and copying. Each statement shall be deemed admitted unless, within twenty (20) days after service of the Request, or such longer or shorter period as the Hearing Officer may prescribe, the party to whom the request is directed serves upon the requesting party a sworn written response specifically denying such matter.

F. Depositions and Interrogatories:

(1) Motion: Requests for Depositions and Interrogatories must be made by motion to the Hearing Officer and may be permitted only upon determination by the Hearing Officer that the Grounds listed in Section 300.A [Paragraph (1) of Subsection A. of this Section] are met.

(2) Order: Upon determining that a motion for depositions or interrogatories should be granted, the Hearing Officer shall issue an order for the taking of such discovery together with any conditions and terms of the discovery.

[11/15/90, 11/30/95; 20.1.5.300 NMAC – Rn, 20 NMAC 1.5.III.300 through 305, Recompiled 11/27/01]

20.1.5.301 to 20.1.5.399 [RESERVED]

20.1.5.400 HEARING PROCEDURES:

A. Evidence:

(1) General: The Hearing Officer shall admit all relevant evidence, unless the Hearing Officer determines that the evidence is irrelevant, immaterial, unduly repetitious or otherwise unreliable or of little probative value. Evidence relating to settlement that would be excluded in the courts under SCRA 1986, 11-408 is not admissible.

(2) Examination of Witnesses: Witnesses shall be examined orally, under oath or affirmation, except as otherwise provided in this Part or by the Hearing Officer. Parties shall have the right to cross-examine a witness. The Hearing Officer may limit cross-examination that is unduly repetitious, harassing or beyond the scope of the witness' direct testimony.

(3) Exhibits: All exhibits offered in evidence shall be marked with a designation identifying the person by whom the exhibit is offered, and numbered serially in the sequence in which offered. Large charts and diagrams, models, and other bulky exhibits are discouraged. Exhibits should be limited to 8 1/2 by 11 inches or be capable of being folded to that size, unless otherwise necessary for adequate presentation of evidence.

(4) Official Notice: Official notice may be taken of any matter that may be judicially noticed in the New Mexico courts. In a ULA Hearing, parties shall be given adequate opportunity to show that such facts are erroneously noticed.

B. Objections and Offers of Proof:

(1) Objection: Any objection concerning the conduct of the hearing may be stated orally or in writing during the hearing. The party raising the objection must supply a short statement of its grounds. The ruling by the Hearing Officer on any objection and the reasons given for it shall be part of the record.

(2) Offer of Proof: Whenever evidence is excluded from the record, the party offering the evidence may make an offer of proof, which shall be included in the record. The offer of proof for excluded oral testimony shall consist of a brief statement describing the nature of the evidence excluded and what such evidence would have proved. The offer of proof for excluded documents or exhibits shall consist of the insertion in the record of the documents or exhibits excluded. Where the Secretary decides that the ruling of the Hearing Officer in excluding the evidence was both erroneous and prejudicial, the hearing may be reopened to permit the taking of such evidence.

C. Burden of Persuasion:

(1) Compliance Order: The Complainant has the burden of going forward with the evidence and of proving by a preponderance of the evidence the facts relied upon to show the violation occurred and that the proposed civil penalty is appropriate. Following the establishment of a prima facie case, the Respondent shall have the burden of going forward with any adverse evidence or defense to the allegations.

(2) Compliance Determination: The Complainant has the burden of proving cost eligibility and substantial compliance with the Act and Corrective Action Fund Payment and Reimbursement Regulations.

(3) Preponderance of Evidence: Each matter of controversy shall be determined by the Hearing Officer upon a preponderance of the evidence.

[11/15/90, 11/30/95; 20.1.5.400 NMAC – Rn, 20 NMAC 1.5.IV.400 through 402, Recompiled 11/27/01]

20.1.5.401 to 20.1.5.499 [RESERVED]

20.1.5.500 POST-HEARING PROCEDURES:

A. Filing the Transcript: Unless otherwise ordered by the Secretary or Hearing Officer, The hearing shall be transcribed verbatim. The Hearing Clerk shall promptly notify all parties and interested participants of the availability of the transcript. Any person desiring a copy of the transcript must order a copy from the reporter.

B. Proposed Findings and Conclusions: Unless otherwise ordered by the Hearing Officer, within thirty (30) days after the filing of the transcript, or within such time as may be fixed by the Hearing Officer, any party may submit proposed findings of fact and conclusions of law and closing argument. All such submissions shall be in writing, served on all parties and contain adequate references to the record and authorities relied on. No new evidence shall be presented unless specifically allowed by the Hearing Officer.

C. Recommended Decision:

(1) Content: Unless otherwise ordered by the Secretary, the Hearing Officer shall issue a recommended decision within thirty (30) days after the period for filing of proposed findings and conclusions under Section 501 [Subsection B. of this Section] has expired. The recommended decision shall contain the following:

(a) the Hearing Officer's findings of fact; conclusions regarding all material issues of law or discretion, as well as reasons therefor;

(b) if applicable, a review of the penalty amount to determine if the agency acted within its discretion in setting the penalty amount. If the Hearing Officer decides to recommend a civil penalty different in amount or nature from the penalty recommended to be assessed in the Compliance Order, the Hearing Officer shall set forth in the recommended decision the specific reasons for the change; and

(c) a proposed final order.

(2) Comment on Recommended Decision: Any party may file, within fifteen (15) days after service of the recommended decision, comments regarding the recommended decision, including argument for, against or modification of the recommended decision.

(3) Argument Before the Secretary: The Secretary may, upon request of a party or sua sponte, allow oral argument on the recommended decision. If oral argument is allowed, the Secretary shall specify the time and place for such oral argument, after giving due consideration to the convenience of the parties and the need for expeditious resolution of the proceeding.

D. Final Order by Secretary: As soon as practicable, but not later than thirty (30) days, after expiration of the time for filing of comments on the recommended decision or conclusion of oral argument, if allowed, the Secretary shall issue a final written order in the matter.

(1) Decision: The Secretary may adopt, modify, or set aside the Hearing Officer's recommended decision, and shall set forth in the final order the reasons for the action taken. In a ULA Hearing, if the Secretary takes any action specified in the ULA against the licensee, the final order shall specify that the licensee shall bear all costs of the proceeding.

(2) Penalty: The Secretary may change the amount and nature of the civil penalty, if any, assessed from the amount recommended by the Hearing Officer and shall set forth reasons for the change. The final order shall also specify the fund to which any civil penalty assessed shall be paid.

E. Payment of Civil Penalty: The Respondent shall pay the full amount of the civil penalty, if any, assessed in the final order within ninety (90) days after receipt of the final order unless otherwise ordered by the Secretary. Payment shall be made by forwarding to the Hearing Clerk a cashier's check or certified check in the amount of the penalty assessed in the final order, payable to the fund specified in the final order.

F. Judicial Review: Judicial review of the Secretary's final order shall be as provided by law. The filing of an appeal does not stay any action, compliance, corrective action or payment of penalty required by the final order, unless otherwise ordered by the Secretary or the Court.

G. Preparation of Record Proper: The preparation of the Record Proper for an appeal or for any other reason shall be the responsibility of the Hearing Clerk. Appellant shall make satisfactory arrangements, including copying or transcript costs, with the Hearing Clerk.

[11/15/90, 11/30/95; 20.1.5.500 NMAC – Rn, 20 NMAC 1.5.V.500 through 506, Recompiled 11/27/01]

20.1.5.501 to 20.1.5.599 [RESERVED]

20.1.5.600 ALTERNATE RESOLUTION:

A. Summary Procedures:

(1) Use of Summary Procedures: Under the following limited circumstances, the Secretary may dispose of a Request for Hearing after an expedited hearing for:

(a) a motion by a party to dismiss the Request for Hearing for jurisdictional defects (i.e. an untimely Request, lack of final action); or

(b) a request by a party to decide the merits of the Request for Hearing on legal arguments presented in writing and oral argument.

(2) Expedited Hearing: If the Hearing Officer determines that a request for an expedited hearing has a likelihood of success and could fairly expedite the resolution of the proceeding, then notice for a hearing shall be given as set forth in this Part. The Hearing Officer shall then submit a recommended decision to the

Secretary. The Secretary shall either follow Section 503 [Subsection D. of 20.1.5.500 NMAC] for final orders or remand to the Hearing Officer to proceed with a full hearing under this Part.

B. Settlement:

(1) Settlement Policy: The Secretary encourages settlement of a proceeding at any time if the settlement is consistent with the provisions and objectives of the Act and Regulations. Settlement conferences shall not affect any party's obligation to timely respond to any matter governed by this Part, including the Respondent's obligation to file a timely Request for Hearing under Section 200 [20.1.5.200 NMAC].

(2) Stipulated Final Order: The Secretary may approve a Stipulated Final Order signed by all the parties. The Stipulated Final Order shall include all the terms and conditions agreed to by the parties, and shall state that, for the purpose of this proceeding, the parties admit the jurisdictional allegations of the Compliance Order/Determination and consent to the relief specified, including the assessment of the stated civil penalty, if any. If the Secretary disapproves the Stipulated Final Order, the matter shall proceed as if there had been no Stipulated Final Order or settlement.

(3) Withdrawal: The Respondent/Complainant may withdraw the Request for Hearing or the Compliance Order at any time prior to a decision by the Secretary. A Notice of Withdrawal shall be filed with the Hearing Clerk and served on all other parties. The parties may file written objections to the Notice within ten (10) days after receipt. If any objection is filed, the Secretary shall rule on the Notice.

[11/15/90, 11/30/95; 20.1.5.600 NMAC – Rn, 20 NMAC 1.5.VI.601, Recompiled 11/27/01]

20.1.5.601 to 20.1.5.699 [RESERVED]

HISTORY OF 20.1.5 NMAC: [RESERVED]

History of Repealed Material: [RESERVED]

**AMEN CORNER CTB
JAN. 1, 2020 RECORDS REQUEST**

No.	Title of Document Group	Start Date (mm/dd/yy)	End Date (mm/dd/yy)	Company Response
1	Facility Plot Survey and Process Flow Diagram	12/30/2017	12/30/2019	See AC-1 files
2	Provide a current equipment list.	12/30/2017	12/30/2019	See AC-2 file
3	Monthly rolling 12-month facility VOC emissions in tpy. A103.A	12/30/2017	12/30/2019	See AC CALCS file
4	Records of the monthly rolling 12-month total VOC malfunction emissions. A104.A	12/30/2017	12/30/2019	See AC CALCS file
5	Records of the date of installation for each Storage Vessel and its method(s) of reducing VOC emissions. A105.A	12/30/2017	12/30/2019	See AC-5 files; please note that the "Magnolia" CTB as noted in some records is now called the "Amen Corner"
6	Records of monthly rolling 12-month total hydrocarbon throughput to the units, the monthly rolling 12-month average separator pressure and the monthly rolling 12-month total VOC emissions for each unit. A105.C	12/30/2017	12/30/2019	See AC CALCS file
7	Records of calculated maintenance emissions each month including cumulative total of VOC maintenance emissions and representative hydrocarbon analysis. A105.D	12/30/2017	12/30/2019	No responsive records; non-routine emissions have been emergency in nature and were previously reported to
8	Records for each maintenance check. A106.A	12/30/2017	12/30/2019	Not applicable to this site
9	Records of truck loading when the pipeline is unavailable for the LACT unit to pipe liquid hydrocarbons off-site. A106.B	12/30/2017	12/30/2019	See AC CTB Production Data
10	VRU inspection log including the name of the person conducting the inspection and the results of all monthly equipment inspections, noting any maintenance or repairs needed to bring the storage vessel and/or VRU and compressor into compliance with the permit. A107.A	12/30/2017	12/30/2019	No responsive records
11	Records of Manufacturer's documentation for the VRUs on site. A107.B	12/30/2017	12/30/2019	See AC-11 files; manufacture's diagram and compressor parts manual included, no additional responsive records
12	Log of any downtime for the VRUs including date, start time and end time of any downtime or maintenance of the VRUs and whether the associated emissions are counted toward the SSM or the malfunction emission limit, A107.	12/30/2017	12/30/2019	No responsive records
13	Observation Records of Method 22 and flare operation records. A108.A	12/30/2017	12/30/2019	No responsive records
14	Records of flare maintenance activities and downtime. A108.B	12/30/2017	12/30/2019	No responsive records; no flare downtime due to malfunction
17	Fuel Sulfur records including natural gas limit, valid fuel gas analysis, purchase contract, tariff sheet, or transportation contract, specifying the allowable limit or less. A112.A	12/30/2017	12/30/2019	Not applicable
18	Records of opacity measures and readings. A113.A	12/30/2017	12/30/2019	No responsive records
19	Make, model and serial number of each VRU on site. B109.A.(1)	12/30/2017	12/30/2019	See AC-2 file
20	Startup, shutdown and maintenance emissions log and Malfunction log including the date, the start time, the end time and a description of the event. These logs are monthly 12-month rolling total of VOC emissions. B109.C	12/30/2017	12/30/2019	No responsive records; non-routine emissions have been emergency in nature due to gas processor's inability to take dedicated gas.
21	LDAR Inspection Reports. 40 CFR 60.5416a	12/30/2017	12/30/2019	No responsive records. Trinity Consultants is assessing NSPS compliance as part of the ongoing environmental
22	OVA Reports. 40 CFR 60.5416	12/30/2017	12/30/2019	Not applicable
23	Visual Emission Records (Method 22)	12/30/2017	12/30/2019	No responsive records
24	Manufacturer Specifications for Pneumatic Controllers ensuring bleed rate	12/30/2017	12/30/2019	Not applicable
25	Certification of closed vent system design as required by 40 CFR 60.5411a(d)	12/30/2017	12/30/2019	No responsive records. Trinity Consultants is assessing NSPS compliance as part of the ongoing environmental

**AMEN CORNER CTB
JAN. 1, 2020 RECORDS REQUEST**

No.	Title of Document Group	Start Date (mm/dd/yy)	End Date (mm/dd/yy)	Company Response
26	Records demonstrating compliance with fugitive emissions components required by 40 CFR 60 Subpart OOOOa (i.e. Fugitive emission monitoring plan, results of conducted surveys, repairs and maintenance records, and reports) as required by 40 CFR 60.5397a and 60.5415a(h)	12/30/2017	12/30/2019	No responsive records. LDAR inspection is scheduled for week of January 12. Trinity Consultants is assessing NSPS compliance as part of the ongoing environmental audit.
27	Optical Gas Imaging Records. 40 CFR 60.5397a	12/30/2017	12/30/2019	No responsive records. LDAR inspection is scheduled for week of January 12. Trinity Consultants is assessing NSPS compliance as part of the ongoing environmental audit.
28	Provide a list of dates and times the control equipment was not working, include start date/time and end date/time of each occurrence. 40 CFR 60.5370a	12/30/2017	12/30/2019	No responsive records; VRUs and VRTs were not in-service from November 28, 2019 to January 7, 2020; prior to this date associated vapors from liquids were routed to combusters.
29	Provide a list of wells flowing to the tank batteries and the completion date for each of these wells.	12/30/2017	12/30/2019	Camellia 121H (fracturing completed 8/19/19; flowback completed 11/28/19) Magnolia State Com 125H (fracturing completed 7/18/19; flowback completed 11/28/19)



New Mexico Environment Department
Air Quality Bureau
Compliance and Enforcement Section



ON-SITE FULL COMPLIANCE EVALUATION INSPECTION REPORT

AMEREDEV II, LLC

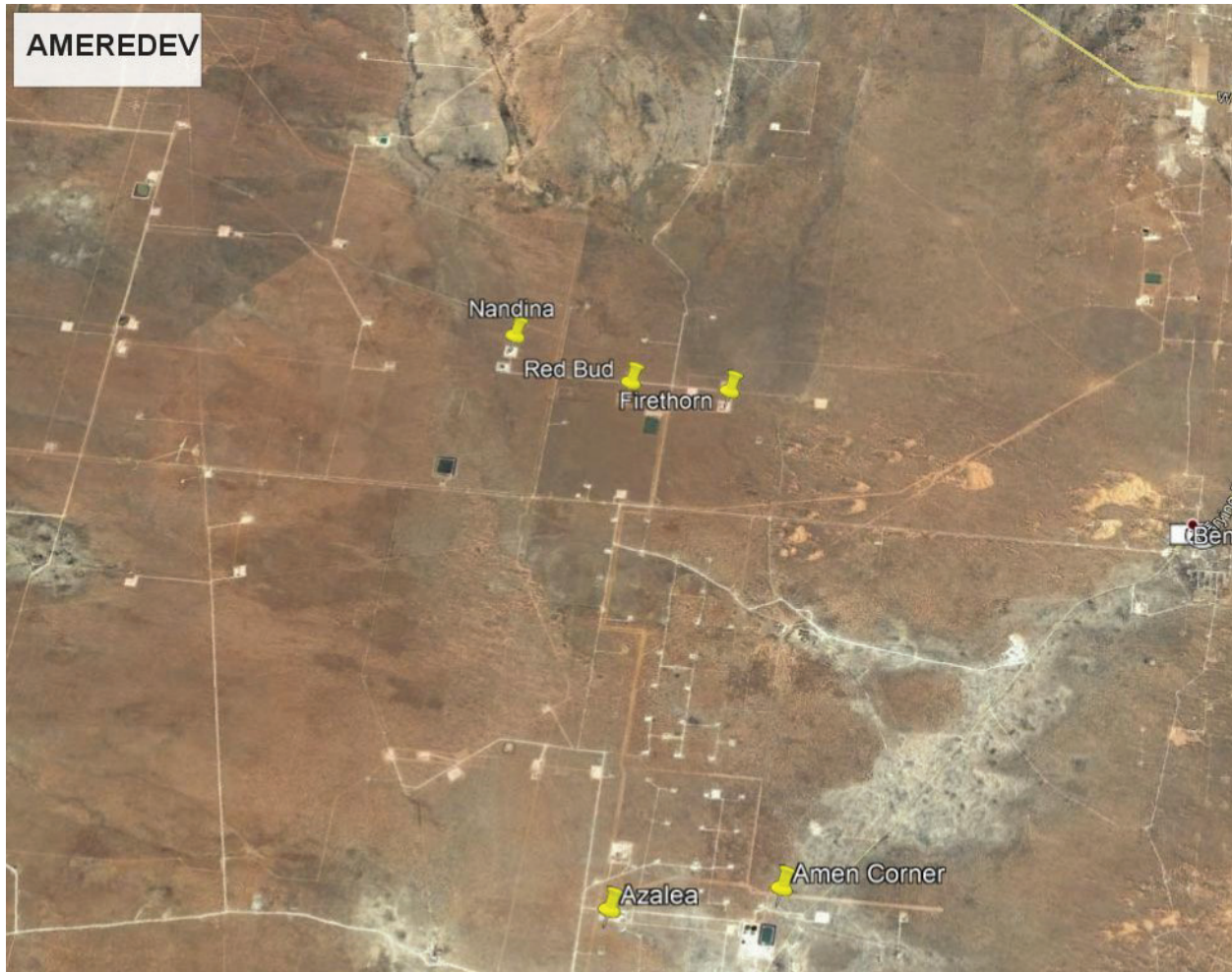
Facility Name	AI #	AIRS #	Permit	Inspection Date
Amen Corner	38439	35-025-1423	GCP 6-7835	12/30/2019
Nandina CTB	38838	35-025-1603	O&G 8189	12/31/2019
Red Bud CTB	38438	35-025-1427	O&G 7839M1	12/31/2019
Firethorn CTB	38441	35-025-1424	O&G 7836M1	12/31/2019
Azalea CTB	38183	35-025-1328	O&G 7601M1	12/30/2019

Report Date: April 16, 2020

Inspector: Sherri Paul

Supervisor: Cindy Hollenberg Cindy Hollenberg Digitally signed by Cindy Hollenberg
Date: 2020.04.23 11:08:03 -06'00'

SUMMARY OF FINDINGS AND AREAS OF CONCERN (AOC)				
Are there any Areas of Concern (AOC) at this time?			Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If yes, are any of these AOCs potential FRV's?		N/A <input type="checkbox"/>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Was the facility notified of any AOC's?	PIN <input checked="" type="checkbox"/>	Letter <input type="checkbox"/>	Report Copy <input type="checkbox"/>	No <input type="checkbox"/>
MANAGER'S REVIEW				
Report Reviewed and Complete		Supervisor Initial, Date		cah 04.23.2020
Refer to Enforcement?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supervisor Initial, Date	cah 04.23.2020
Potential FRVs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supervisor Initial, Date	cah 04.23.2020



AMEREDEV – 5 Facilities

Section I – Summary

1. Introduction

This report is a Full Compliance Evaluation (FCE) of the Ameredev II, LLC Nandina, Red Bud, Firethorn, Azalea and Amen Corner CTBs in Lea County, New Mexico by the New Mexico Environment Department – Air Quality Bureau (NMED-AQB). The purpose of the inspections was to respond to a complaint and ensure these facilities are following all permit conditions and applicable Federal and State regulations. A complaint was received by Andrew Ahr (AQB - Environmental Scientist) on 9/9/2019 about excessive flaring from Ameredev facilities (tank batteries). Mr. Ahr contacted the facility and requested they submit excess emission reports. On 11/7/2019, Cindy Hollenberg (AQB-Inspections Manager), Shannon Duran (AQB-Enforcement Manager) & Allan Morris (AQB-C & E section chief) met with Ameredev representatives to

discuss the ongoing concerns. Ameredev stated the Gas Plant would be accepting their gas starting in mid-November and the flaring would decrease. On Dec 20, 2019 the OGC received another complaint about excessive flaring of the 5 Ameredev facilities. This complaint reached the NMED-AQB Compliance & Enforcement Section on 12/22/19. It was then determined that NMED-AQB would inspect the facilities. On 12/30/2019-12/31/2019, Cindy Hollenberg and Sherri Paul (AQB-Inspector) conducted inspections at the five Ameredev facilities and found several areas of concern (AOCs).

2. Description of Operations

A. **Nandina CTB** is a tank battery that receives product from seven production wells and separates the oil, water, and natural gas. Oil and water are stored in tanks and the natural gas is sent to the sales pipeline. This facility includes 2 two-phase high-pressure separators, 7 three phase separators, 2 heater treaters, 2 VRTs, 2 VRUs, 12 oil tanks, 6 water tanks, 2 gun barrel tanks, 1 enclosed combustor, 1 emergency flare and one 250 KW emergency diesel generator. The facility's fugitives are subject to 40 CFR 60 Subpart OOOOa. First date of production was 7/29/2019.

B. **Red Bud Oil CTB** is a tank battery that receives product from two production wells and separates the oil, water, and natural gas. Oil and water are stored in tanks and the natural gas is sent to the sales pipeline. This facility includes 2 two-phase high-pressure separators, 2 three phase separators, 2 heater treaters, 2 VRTs, 2 VRUs, 6 oil tanks, 6 water tanks, 1 gun barrel tank, 1 enclosed combustor and 2 emergency flares. The facility's fugitives are subject to 40 CFR 60 Subpart OOOOa. First date of production was 3/7/2019.

C. **Firethorn CTB** is a tank battery that receives product from two production wells and separates the oil, water, and natural gas. Oil and water are stored in tanks and the natural gas is sent to the sales pipeline. This facility includes 1 two-phase high-pressure separators, 2 three phase separators, 2 heater treaters, 1 VRT, 1 VRU, 6 oil tanks, 6 water tanks, 1 gun barrel tank, 1 enclosed combustor and 1 emergency flare. The facility's fugitives are subject to 40 CFR 60 Subpart OOOOa. First date of production was 3/14/2019.

D. **Azalea CTB** is a tank battery that receives product from two production wells and separates the oil, water, and natural gas. Oil and water are stored in tanks and the natural gas is sent to the sales pipeline. This facility includes 1 two-phase high-pressure separators, 2 three phase separators, 2 heater treaters, 2 VRTs, 1 VRU, 6 oil tanks, 6 water tanks, 1 gun barrel tank, 1 enclosed combustor, 1 emergency flare and one 150 KW emergency diesel generator. The facility's fugitives are subject to 40 CFR 60 Subpart OOOOa. First date of production was 12/26/2018.

E. **Amen Corner CTB** is a tank battery that receives product from two production wells and separates the oil, water, and natural gas. Oil and water are stored in tanks and the natural gas is sent to the sales pipeline. This facility includes 2 two-phase high-pressure separators, 2

three phase separators, 2 heater treaters, 2 VRTs, 2 VRUs, 12 oil tanks, 6 water tanks, 2 gun barrel tanks, 3 enclosed combustors, 1 emergency flare and one 150 KW emergency diesel generator. The facility's fugitives are subject to 40 CFR 60 Subpart OOOOa. First date of production was 11/28/2019.

3. Compliance History

No prior inspections had occurred for any of the 5 Ameredev Tank Battery facilities. The excess emission reporting website AQBCR was reviewed and the following excess emissions were reported:

Red Bud CTB:

1. Start Date: 3/7/2019
End Date: 10/2/2019
Reported: 12/6/2019
2. Start Date: 10/3/2019
End Date: Ongoing
Reported: 10/7/2019

Firethorn CTB:

1. Start Date: 3/14/2019
End Date: 9/27/2019
Reported: 12/6/2019
2. Start Date: 10/12/2019
End Date: 10/15/2019
Reported: 10/15/2019

Azalea CTB:

1. Start Date: 12/27/2018
End Date: 3/19/2019
Reported: 12/6/2019
2. Start Date: 3/23/2019
End Date: 5/25/2019
Reported: 12/6/2019
3. Start Date: 3/23/2019
End Date: 5/25/2019
Reported: 12/6/2019
4. Start Date: 6/6/2019
End Date: 10/02/2019
Reported: 12/6/2019

Nandina CTB:

1. Start Date: 7/7/2019
End Date: Ongoing
Reported: 10/7/2019

Amen Corner CTB:

1. Start Date: 11/28/2019

2. End Date: Ongoing
3. Reported: 12/3/2019

See attachment 4.c for equipment-specific exceedances

4. Observed Operations of Facilities



Amen Corner CTB

I (Sherri Paul) and Cindy Hollenberg arrived at the first Ameredev site, **Amen Corner CTB**, at 2:50PM on December 30, 2019. Upon arrival we both noticed a strong smell of sulfur. We inspected the facility from outside the premises and a worker came out beyond the fence line to meet with us. He told us the gas plant was no longer taking their gas; therefore, they were flaring all of it. He also stated the VRUs are down because they are not hooked up to the pipeline. The emergency flare was in constant operation while we conducted our inspection. Ms. Hollenberg took videos with the FLIR GF-320 camera (see Attachment 5.a) while I took photo documentation (see Attachment 5.b). We observed and took photographs of combustors with visible emissions; at least one was observed to be above 20% opacity. We also observed additional equipment which was not listed in their application.

Equipment	# Represented in Application	# Observed On-site
Oil tanks	6	12
Gun barrel tanks	1	2
3 Phase separator	1	2

2 Phase separator	0	2
Combustor	0	3
*Diesel generator	0	1

*Not observed on site-Received records informing us about additional equipment

We left the location at 3:40PM



Azalea CTB

We next arrived at **Azalea CTB** at 3:58 PM. We conducted our inspection from outside of the premises. The emergency flare was in constant operation while we conducted our inspection. Ms. Hollenberg took videos with the FLIR GF-320 camera (see Attachment 5.a) while I took photo documentation (see Attachment 5.b). We observed additional equipment which was not listed in their application.

Equipment	# Represented in Application	# Observed On-site
3 Phase separator	1	2
2 Phase separator	0	1

Combustor	0	1
*Diesel generator	0	1

*Not observed on site-Received records informing us about additional equipment

We departed at 4:17 PM.



Firethorn CTB

The following morning, December 21, 2019, we met Joe Bob Jones from Ameredev (Drilling Superintendent) in Jal, NM at 8:00 AM. We presented our credentials and the opening conference form was signed. We followed Mr. Jones to **Firethorn CTB**. We arrived at 8:46 AM and Mr. Jones granted us access into the facility. Mr. Jones explained the process flow to the best of his ability and told us the well was shut in and considered inactive. Ms. Hollenberg took

videos with the FLIR GF-320 camera (see Attachment 5.a) while I took photo documentation (see Attachment 5.b). Ms. Hollenberg stated there was no visible IR while using the FLIR camera and the tanks appear to be emptied. We observed additional equipment which was not listed in their application.

Equipment	# Represented in Application	# Observed On-site
3 Phase separator	1	2
2 Phase separator	0	1
Combustor	0	1

We departed at 9:22AM.



Red Bud CTB

We next arrived at **Red Bud CTB** at 9:32AM. Mr. Jones granted us access and explained the process flow. We observed two flares on site; one was operating. Ms. Hollenberg took videos

with the FLIR GF-320 camera (see Attachment 5.a) while I took photo documentation (see Attachment 5.b). We observed additional equipment which was not listed in their application.

Equipment	# Represented in Application	# Observed On-site
3 Phase separator	1	2
2 Phase separator	0	2
Combustor	0	1
Flare (Emergency)	1	2

We departed at 10:20AM



Nandina CTB

We next arrived at **Nandina CTB** at 10:30AM. Upon arrival Ms. Hollenberg & I both noticed a strong smell of sulfur. Mr. Jones granted us access and explained the process flow. Mr. Jones stated that five (5) additional wells were added in December. He stated they now are getting up to 10,000 barrels/day with the new wells. Ms. Hollenberg took videos with the FLIR GF-320

camera (see Attachment 5.a) while I took photo documentation (see Attachment 5.b). We observed additional equipment which was not listed in their application.

Equipment	# Represented in Application	# Observed On-site
Oil tanks	6	12
Gun barrel tanks	1	2
3 Phase separator	1	7
2 Phase separator	0	2
Combustor	0	1
*Diesel generator	0	1

*Not observed on site-Received records informing us about additional equipment

We observed visible emissions from the flare and Ms. Hollenberg conducted a Method 9 Opacity determination (See attachment 7).

We discussed our closing comments and then the closing conference form was signed.

We departed at 11:40AM.

5. Summary of AOCs

A. All five facilities had additional equipment on-site which was not authorized by the permit as mentioned above.

B. Ameredev failed to control emissions from the storage tanks with the Vapor Recovery Unit as represented in the permit application. In the Nandina CTB permit application, Table 1 indicates that 95% of the tank emissions will be controlled by the VRUs/VRTs. While on-site Ms. Hollenberg & I observed the VRUs were not in operation.

C. Ameredev failed to perform Opacity observations. While on-site Ms. Hollenberg & I observed visible emissions at two (2) sites.

D. Ameredev failed to notify the Department of additional equipment (diesel generators) prior to being added to 3 of the facilities.

E. Ameredev failed to report excess emissions within one business day of an excess emission event at four facilities.

F. Ameredev failed to monitor and keep inspection records for the VRUs and associated piping at Azalea Tank Battery.

G. Ameredev failed to conduct initial compliance testing for Diesel Generators >180hp. Floyd Hammond notified AQB via email on 1/20/20 that unpermitted diesel generators were located at the following facilities: Azalea (240-kilowatt), Nandina (240-kilowatt) and Amen Corner (200-kilowatt).

H. Ameredev failed to notify the Department of the anticipated date of initial startup at least 30 days prior to start date. Records received from Floyd Hammond (CFO) via email on 1/17/2020 indicated start up dates for the facilities as follows:

Amen Corner: 11/28/2019

Red Bud: 3/7/2019

Nandina: 7/29/2019

Azalea: 11/28/2019

Firethorn: 3/14/2019

No startup notification for any of the facilities was submitted to the Department.

I. Ameredev failed to provide control device inspection records and/or vapor recovery unit inspection records at Azalea Tank Battery. Records were not provided for monitoring the piping from the tanks to the VRU.

J. Ameredev failed to adhere to the hourly and annual emission limits established in the Registration Form, which are the allowable limits for the permit. Records received from Floyd Hammond (CFO) via email on 1/7/2019 have emission limit exceedances for all five facilities.

K. Ameredev failed to apply for and obtain a construction permit prior to construction of certain regulated sources at five Ameredev facilities. The regulated equipment as represented in Ameredev's 5 CTB applications differed from equipment found on-site by Inspectors.

L. Ameredev failed to monitor and keep inspection records for the VRUs at Amen Corner Tank Battery.

M. Ameredev failed to monitor and provide SSM events and maintenance emission records at Amen Corner. In addition, Ameredev failed to provide a representative hydrocarbon analysis of the oil.

N. Ameredev failed to conduct opacity measures and readings at Amen Corner Tank Battery. While on-site, Ms. Hollenberg & I observed visible emissions from the flare exceeding an opacity of 20 percent. In addition, a records request was sent to Floyd Hammond on 1/2/2020 and records received back from Floyd Hammond on 1/7/20 regarding Amen Corner Tank Battery stated "No responsive records" for Opacity measures and readings.

O. Ameredev failed to conduct a fuel gas analysis at Amen Corner Tank Battery. All combustion emission units shall combust only natural gas as defined in this permit. Amen Corner has an unpermitted diesel generator which is combusting a fuel other natural gas.

6. Other Pertinent Information

Facility Records Request – Most Recent Two Years Required				
Date of Request	Requested From	Method of Request Delivery	Date of Receipt	Date of Review
January 2, 2020	Floyd Hammond	Email	January 2, 2020	January 7, 2020
January 7, 2020	Floyd Hammond	Email	January 7, 2020	January 7, 2020
January 16, 2020	Floyd Hammond	Email	January 17, 2020	January 17, 2020
February 21, 2020	Floyd Hammond	Email	February 24, 2020	February 28, 2020

SECTION II

FACILITY STATUS INFORMATION

1. Source Information

Type of Inspection	Source Class	Operating Status	Applicable Rules
<input checked="" type="checkbox"/> CMS <input checked="" type="checkbox"/> FCE <input type="checkbox"/> PCE <input checked="" type="checkbox"/> Complaint <input type="checkbox"/> Investigation <input type="checkbox"/> Other	<input type="checkbox"/> Major <input type="checkbox"/> SM-80 <input checked="" type="checkbox"/> Synthetic Minor <input type="checkbox"/> Minor <input checked="" type="checkbox"/> NOI (registration) <input type="checkbox"/> No permit required	<input checked="" type="checkbox"/> Operating <input type="checkbox"/> Temp. Shutdown <input type="checkbox"/> Perm. Shutdown	<input checked="" type="checkbox"/> SIP <input checked="" type="checkbox"/> NSPS <input type="checkbox"/> NESHAP <input type="checkbox"/> MACT <input type="checkbox"/> PSD <input type="checkbox"/> Other
Comments:			

2. Facility Addresses – Ameredev II, LLC

Physical Address	Mailing Address
5707 Southwest Parkway Building 1, Suite 275 Austin, Texas 78735	5707 Southwest Parkway Building 1, Suite 275 Austin, Texas 78735

3. Facility Location

Physical Location Description	T/R/S, Lat/Long, or UTM
Azalea – 8.4 miles SW of Jal, NM	32°1'10.54" N; 103°16'39.66" W
Amen Corner – 7.6 miles SW of Jal, NM	32°1'24.0" N; 103°15'27.7" W
Nandina – 10.7 miles SW of Jal, NM	32°04'55.46" N; 103°18'9.36" W
Red Bud – 9.6 miles SW of Jal, NM	32°4'39.3" N; 103°17'10.4" W
Firethorn – 9.6 SW of Jal, NM	32°4'39.2" N; 103°16'23.2" W

Driving Directions
Azalea - Head east toward S 3rd Street in Jal, NM, turn right onto S 3rd Street, continue 1.3 miles. Continue onto NM-205 S/Frying Pan Rd and continue 6.8 miles. Turn right onto Beckham Rd. and continue 0.7 miles to site.
Amen Corner - Head east toward S 3rd Street in Jal, NM, turn right onto S 3rd Street, continue 1.3 miles. Continue onto NM-205 S/Frying Pan Rd and continue 6.5 miles. Continue 118 ft to facility on right.
Nandina - From Jal, NM, travel south on 3rd St for 1.3 miles. Continue onto NM-205 S/Frying Pan Rd for 3.9 miles. Turn right on Anthony Rd for 1.7 miles. Take a slight left onto Anthony Rd/J-3 for 1.7 miles. Turn right to stay on Anthony Rd/J-3 for 0.3 miles. Turn left to stay on Anthony Rd/J-3 for 0.7 miles. Turn right on the unmarked service road and travel north for 1.2 miles to facility.
Red Bud - Head east toward S 3rd Street in Jal, NM, turn right onto S 3rd Street, continue 1.3 miles. Continue onto NM-205 S/Frying Pan Rd and continue 3.9 miles. Turn right onto Anthony Rd, continue 1.7 miles and take a slight right onto J-3. Continue 1.0 mile, turn left, continue 0.9 miles, turn right and continue 0.9 miles to facility on the left.
Firethorn - Head east toward S 3rd Street in Jal, NM, turn right onto S 3rd Street, continue 1.3 miles. Continue onto NM-205 S/Frying Pan Rd and continue 3.9 miles. Turn right onto Anthony Rd. and continue 1.7 miles and make a slight right onto J-3. Continue 1.0 mile, turn left and continue 0.9 miles, turn right and continue 0.9 miles to facility on the right.

4. Source Contact Information

Facility Contact	Environmental Contact	Responsible Official

Floyd Hammond CFO fhammond@ameredev.com 737-300-4724	N/A	N/A
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5. Permit History

FACILITY	PERMIT NO.	ISSUE DATE	ACTION TYPE
Azalea	7601	1/10/18	GCP-6 New
	7601 M1	10/2/19	GCP Oil & Gas
Amen Corner	7835	5/31/18	GCP-6
Nandina	8189	2/28/19	GCP Oil & Gas
Red Bud	7839	5/31/18	GCP-6 New
	7839M1	10/3/19	GCP Oil & Gas
Firethorn	7836	5/31/18	GCP-6 New
	7836M1	10/2/19	GCP Oil & Gas

7. Applicable State and Federal Regulations*

Citation	Title
20.2.1 NMAC	General Provisions
20.2.3 NMAC	Ambient Air Quality Standards
20.2.38 NMAC	Hydrocarbon Storage Facilities
20.2.61 NMAC	Smoke and Visible Emissions
20.2.7 NMAC	Excess Emissions
20.2.73	NOI & Emissions Inventory Requirements
20.2.77	New Source Performance (Fugitives)
40 CFR 60, Subpart A	General Provisions
40 CFR 60, Subpart OOOOa	Standards of Performance for Crude Oil and Natural Gas Facilities for which Construction, Modification or Reconstruction Commenced After September 18, 2015

*This table applies to all five Ameredev facilities

8. Inventory of Emissions Units and/or Process Units Authorized by Permit

Azalea Tank Battery

Emission Unit No.	Capacity/Size	Manufacture	Serial Number	Comments (serial number confirmed, plate damaged, numbers don't match, equipment gone, etc.)
Oil Tanks (6)	500 BBL	Fox	4295, 4303, 4312, 4302, 4307, 4304	Capacity, manufacture and serial number obtained on-site 12/31/2019
Gun Barrel (1)	750 BBL	PermianLide	N/A	Capacity, manufacture and serial number obtained on-site 12/30/2019
Water Tanks (6)	500 BBL	PermianLide	G5083-18, G5058-18, G5084-18, G5082-18, G5090-18, G5089-18	Capacity, manufacture and serial number obtained on-site 12/30/2019
3 Phase Seperators (2)	6' X 15' (250 PSI)	Fox	2724K (4x16), 2754K (6x15)	Capacity, manufacture and serial number obtained from records request
2 Phase Seperator (1)	48" X 10'	VESO	00822-105	Capacity, manufacture and serial number obtained on-site 12/30/2019
Heater Treater (2)	6' X 20'	Fox Tank	1806, 1805	Capacity, manufacture and serial number obtained on-site 12/30/2019
VRT (2)	4' X 30 Vert	Dragon	150696, 150653	Capacity, manufacture and serial number obtained on-site 12/30/2019
VRU (1)	30 HP	Richards	2269	Capacity, manufacture and serial number obtained on-site 12/30/2019
Flare (Emergency) (1)	8' X 60' - Flare	Hero	H18247	
*Combuster (Tank) (3)	48" X 25' - MC 200	Divine	19043, 19064, 19063	Capacity, manufacture and serial number obtained from records request
*Generator (1)	150KW	Divine	N/A	Capacity, manufacture and serial number obtained from records request

*Not Authorized on Permit

Amen Corner Tank Battery

Emission Unit No.	Capacity/Size	Manufacture	Serial Number	Comments (serial number confirmed, plate damaged, numbers don't match, equipment gone, etc.)
Oil Tanks (12)	500 BBL	Petrosmith	API-16217- thru API 16228	Capacity, manufacture and serial number obtained on-site 12/30/2019
Gun Barrel (2)	750 BBL	Petrosmith	T-16235, T-16236	Capacity, manufacture and serial number obtained on-site 12/30/2019
Water Tanks (6)	500 BBL	Petrosmith	API-16229, API-16230, API-16231, API-16232, API-16233, API-16234	Capacity, manufacture and serial number obtained on-site 12/30/2019
3 Phase Separators (2)	6' X 15' (250 PSI)	Petrosmith	CV4708, CV4707	Capacity, manufacture and serial number obtained on-site 12/30/2019
2 Phase Separator	48" X 10'	VESO	00822-106 NB 3283, 00822-107 NB 3284	Capacity, manufacture and serial number obtained on-site 12/30/2019
Heater Treater (2)	8' X 30'	Fox Tank	3130K, 3127K	Capacity, manufacture and serial number obtained on-site 12/30/2019
VRT (2)	6' X 30 Vert	Fox Tank	3132K, 3129K	Capacity, manufacture and serial number obtained on-site 12/30/2019
VRU (2)	30 HP	Richards	1st. (4125 SN-UTY452098, 30 HP SN - 18090251870, 2 HP SN-18120359226), 2nd (4125 SNUTY452097, 30 HP SN - 18080224219, 2 HP SN-1811030960)	Capacity, manufacture and serial number obtained on-site 12/30/2019
Flare (Emergency) (1)	8' X 60' - Flare	Hero		N/A
*Combuster (Tank) (3)	48" X 25' - MC 200	Divine	19043, 19064, 19063	Capacity, manufacture and serial number obtained from records request

*Generator (1)	150KW	Divine	N/A	Capacity, manufacture and serial number obtained from records request
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***Not Authorized on Permit**

Nandina

Emission Unit No.	Capacity/Size	Manufacture	Serial Number	Comments (serial number confirmed, plate damaged, numbers don't match, equipment gone, etc.)
*Oil Tanks (12) Permitted for only (6)	500 BBL	Petrosmith	API-15763- thru API 15753	Capacity, manufacture and serial number obtained on-site 12/31/2019
*Gun Barrel (2) Permitted for only (1)	750 BBL	Petrosmith	T-15770, T-15771	Capacity, manufacture and serial number obtained on-site 12/31/2019
Water Tanks (6)	500 BBL	Petrosmith	15764 thru 15769	Capacity, manufacture and serial number obtained on-site 12/31/2019
*3 Phase Separators (4) Permitted for only (1)	6' X 15' (250 PSI)	Fox	2797K, 2757K, 3128K, 3131K	Capacity, manufacture and serial number obtained on-site 12/31/2019
*3 Phase Separators (3)	6' X 15' (250# ASME)	Fox	2019-03-01, 2019-03-02, 2019-03-03	Capacity, manufacture and serial number obtained on-site 12/31/2019
*2 Phase Separator Permitted for (0)	48" X 10'	VESO	00822-101, 00822-104	Capacity, manufacture and serial number obtained on-site 12/31/2019

Heater Treater (2)	8' X 30'	Fox Tank	3018K, 2995K	Capacity, manufacture and serial number obtained on-site 12/31/2019
VRT (2)	6' X 30 Vert	Fox Tank	3022K, 3030K	Capacity, manufacture and serial number obtained on-site 12/31/2019
VRU (2)	30 HP	Richards	2254, 2253	Capacity, manufacture and serial number obtained on-site 12/31/2019
Flare (Emergency) (1)	8' X 60' - Flare	Hero	H18246	Capacity, manufacture and serial number obtained on-site 12/31/2019
*Combuster (Tank) (1)	48" X 25' - MC 200	Cimmaron	ECDSTK0018	Capacity, manufacture and serial number obtained on-site 12/31/2019
*Generator (1)	250 KW	Divine	2400034	Capacity, manufacture and serial number obtained from records request.

***Not Authorized on Permit**

Red Bud

Emission Unit No.	Capacity/Size	Manufacture	Serial Number	Comments (serial number confirmed, plate damaged, numbers don't match, equipment gone, etc.)
Oil Tanks (6)	500 BBL	Fox	4453, 4454, 4459, 4460, 4457, 4458	Capacity, manufacture and serial number obtained on-site 12/31/2019
Gun Barrel (1)	750 BBL	Fox	2211F	Capacity, manufacture and serial number obtained on-site 12/30/2019
Water Tanks (6)	500 BBL	Fox	4461, 4463, 4464, 4465, 4462, 4466	Capacity, manufacture and serial number obtained on-site 12/30/2019
*3 Phase Separators (2) Permitted for (1)	4' X 16' (500 PSI)	Fox	1846, 1852	Capacity, manufacture and serial number obtained from records request
*2 Phase Seperator (1)	48" X 10' (250# ASME)	Vesco	00822-102	Capacity, manufacture and serial number obtained from records request
*2 Phase Seperator (1)	48" X 10' Vert (500# ASME)	Vesco	00822-102	Capacity, manufacture and serial number obtained on-site 12/30/2019
Heater Treater (2)	8' X 30'	Fox Tank	2761K, 2795K	Capacity, manufacture and serial number obtained on-site 12/30/2019

VRT (2)	6' X 30 Vert (75#)	Fox	3025K, 3024K	Capacity, manufacture and serial number obtained on-site 12/30/2019
VRU (2)	30 HP	Richards	2251, 2252	Capacity, manufacture and serial number obtained on-site 12/30/2019
*Flare (Emergency) (2) Permitted for (1)	8' X 60' - Flare	Hero	H18092, H18092	Capacity, manufacture and serial number obtained from records request
*Combuster (Tank) (1)	48" X 25' - MC 200	Cimarron	1118.815	Capacity, manufacture and serial number obtained from records request

***Not Authorized on Permit**

Firethorn

Emission Unit No.	Capacity/Size	Manufacture	Serial Number	Comments (serial number confirmed, plate damaged, numbers don't match, equipment gone, etc.)
Oil Tanks (6)	500 BBL	Fox	4583, 4584, 4573A, 4575, 4576, 4574	Capacity, manufacture and serial number obtained on-site 12/31/2019
Gun Barrel (1)	750 BBL	Fox	2210F	Capacity, manufacture and serial number obtained on-site 12/30/2019
Water Tanks (6)	500 BBL	Fox	4579A, 4582A, 4581A, 4577A, 4580A, 4578A	Capacity, manufacture and serial number obtained on-site 12/30/2019
3 Phase Separators (1)	4' X 16' (500#)	Fox	1858	Capacity, manufacture and serial number obtained from records request
3 Phase Separator (1)	6' X 15' (250#)	Fox	'2019-03-04	Capacity, manufacture and serial number obtained from records request
2 Phase Separator (1)	48" X 10'	Vesco	00822-103	Capacity, manufacture and serial number obtained on-site 12/30/2019
Heater Treater (2)	8' X 30'	Fox	2761K, 2795K	Capacity, manufacture and serial number obtained on-site 12/30/2019

VRT (1) Permitted for (2)	6' X 30 Vert	Patterson Welding Works	5317	Capacity, manufacture and serial number obtained on-site 12/30/2019
VRU (1) Permitted for (2)	30 HP	Richards	2250	Capacity, manufacture and serial number obtained on-site 12/30/2019
*Flare (Emergency) (1)	8' X 60' - Flare	Hero	H18092	Capacity, manufacture and serial number obtained from records request
*Combuster (Tank) (1)	48" X 25' - MC 200	Cimarron	ECDSTK0007	Capacity, manufacture and serial number obtained from records request

***Not Authorized on Permit**

SECTION III
 TABLES OF FINDINGS
 FOR APPLICABLE PERMIT AND REGULATORY REQUIREMENTS

TABLES OF FINDINGS	
Check the Tables that are included below	
40 CFR 60 Subpart OOOOa	<input checked="" type="checkbox"/>
20.2.38 NMAC Hydrocarbon Storage Facilities	<input checked="" type="checkbox"/>
20.2.61 NMAC Smoke and Visible Emissions	<input checked="" type="checkbox"/>
20.2.7 NMAC Excess Emissions	<input checked="" type="checkbox"/>
GCP-6 Checklist	<input checked="" type="checkbox"/>
GCP Oil & Gas Checklist	<input checked="" type="checkbox"/>

20.2.38 NMAC
Short Title: Hydrocarbon Storage Facilities

Regulatory Citation	No AOCs Identified	Not Applicable	Area of Concern	If AOC, Specific Condition(s)
20.2.38.109 – Tank Storage Associated with Petroleum Production or Processing Plant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
20.2.38.110 – Tank Battery or Storage Facility – Within Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
20.2.38.111 – Tank Battery or Storage Facility – Within Five miles of Municipality of Twenty Thousand or more.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
20.2.38.112 – New Tank Battery – More than 65,000 Gallons Capacity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
20.2.38.113 – New Tank Battery and the Pecos-Permian Interstate Air Quality Control Region	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

20.2.61 NMAC				
Short Title: Smoke and Visible Emissions				
Regulatory Citation	No Areas of Concern Identified	Not Applicable	Area of Concern	If AOC, Specific Condition(s)
20.2.61.109 STATIONARY COMBUSTION EQUIPMENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	109
20.2.61.110 DIESEL-POWERED VEHICLE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
20.2.61.112 DIESEL-POWERED LOCOMOTIVES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
20.2.61.113 AIR CURTAIN DESTRUCTORS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
20.2.61.114 OPACITY DETERMINATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	114

20.2.7 NMAC
Short Title: Excess Emissions

Regulatory Citation	No Areas of Concern Identified	Not Applicable	Area of Concern	If AOC, Specific Condition(s)
20.2.7.14 REQUIREMENTS REGARDING ROUTINE OR PREDICTABLE EMISSIONS DURING STARTUP, SHUTDOWN, AND MAINTENANCE.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A, B
20.2.7.109 OPERATION RESULTING IN AN EXCESS EMISSIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
20.2.7.110 NOTIFICATION	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A.(1), (2), (12)

40 CFR 60, Subpart OOOOa				
Title: Standards of Performance for Crude Oil and Natural Gas Facilities for which Construction, Modification or Reconstruction Commenced After September 18, 2015				
Regulatory Citation	Not Applicable	No Areas of Concern Identified	Area of Concern	AOC Specific Section
(\$60.5360a) What is the purpose of this subpart	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(\$60.5365a) Applicability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(\$60.5370a) When must I comply?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(\$60.5395a) Standards for Storage Vessels	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(\$60.5397a) Fugitive emission components at a well site	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	60.5397a(f)(g)
(\$60.5410a) Initial Compliance for Storage Vessels	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(\$60.5411a) Initial Compliance for Covers and Closed Vents	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
(\$60.5411a) Initial Compliance for Control Devices on Storage Vessel	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(\$60.5415a) Storage Vessel Inspection and Monitoring Requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(\$60.5416a) Cover and Closed Vent Inspection and Monitoring Requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(\$60.5420a) Notification, Reporting, and Recordkeeping	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	60.5420a(b)(7), 60.5420a(c)(15)

GCP Oil & Gas Permit					
Permit Condition		No Areas of Concern Identified	Not Applicable	Area of Concern	AOC Specific Section
FACILITY SPECIFIC REQUIREMENTS					
A103	Applicable Regulations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A104	Regulated Equipment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A105	Control Equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A105.A
A106	Allowable Emissions	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A106.C
A107	Allowable Startup, Shutdown, and Maintenance (SSM) Emissions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A108	Allowable Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A109	Reporting Schedules	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A110	Fuel Sulfur Requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A111	Facility: 20.2.61 NMAC Opacity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A.111.A
A200	Oil and Gas Industry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A201	Gas Analysis Requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A202	Engines and Turbines	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A202.B
A203	Heaters/Boilers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A204	Glycol Dehydraters	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A205	Tanks	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A205.B
A206	Truck Loading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A207	Flares	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A207.B
A208	ECD or TO	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A208.B
A209	VRU	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A209.A
A210	Amine Unit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A211	OOOo and Fugitives	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A211.B
A212	Setbacks	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
GENERAL CONDITIONS					
B101	Legal	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B101.A
B102	Authority	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
B103	Fees	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
B104	Appeal Procedures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
B105	Submittal of Reports and Certifications	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B106	NSPS and/or MACT Startup, Shutdown, and Malfunction Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B107	Startup, Shutdown, and Maintenance Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B107.A
B108	General Monitoring Requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B109	General Recordkeeping Requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B110	General Reporting Requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B110.A, C, E
B111	General Testing Requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B111.A
B112	Compliance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B113	Permit Cancellation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B114	Notification to Subsequent Owners	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B115	Asbestos Demolition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

B116	Short Engine Replacement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
C100	Registration Forms	<input checked="" type="checkbox"/>			
C101	Revision Process	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	C101.B

GCP-6 Permit					
Permit Condition		No Areas of Concern Identified	Not Applicable	Area of Concern	AOC Specific Section
FACILITY SPECIFIC REQUIREMENTS					
A102	Allowable Equipment and Allowable VOC Emission Limits for Storage Vessels	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A103	Allowable Annual Facility VOC Emission Limit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A104	Malfunction Emissions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A105	Storage Vessels	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A106	Truck Loading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A107	VRU or ULPS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A.107.A,B
A108	Flares	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A.108.A
A109	Thermal Oxidizer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A110	Carbon Adsorption	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A111	Condenser	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A112	Fuel Sulfur Requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A112.A
A113	E20.2.61 NMAC Opacity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A113.A
GENERAL CONDITIONS					
B101	Legal	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B101.A
B102	Authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B103	Fees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B104	Appeal Procedures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B105	Submittal of Reports and Certifications	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B106	NSPS and/or MACT Startup, Shutdown, and Malfunction Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
B107	SSM Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B107.A
B108	General Monitoring Requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B109	General Recordkeeping Requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B109.A
B110	General Reporting Requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B110.E
B111	Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	B111.A
B112	Permit Cancellation and Revocation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B113	Notification to Subsequent Owners	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B114	Asbestos Demolition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

LIST OF ATTACHMENTS

(Check all that apply)

No.		<i>Description</i>
1.	<input checked="" type="checkbox"/>	AOC Forms
2.		INSPECTION FORMS
2.a	<input checked="" type="checkbox"/>	Records Request Form
2.b	<input checked="" type="checkbox"/>	Inspection Conference Form
2.c	<input type="checkbox"/>	Documents Provided to Facility Representative
2.d	<input type="checkbox"/>	Inspection Notes
2.e	<input checked="" type="checkbox"/>	Post Inspection Notification
2.f	<input checked="" type="checkbox"/>	General Correspondence and Notes to File
3.		AIR QUALITY PERMIT/ENFORCEMENT CHECKLISTS
3.a	<input type="checkbox"/>	Title V Permit
3.b	<input type="checkbox"/>	NSR Permit
3.c	<input type="checkbox"/>	NOV/SFO Checklist
3.d	<input checked="" type="checkbox"/>	GCP checklists (GCP Oil and Gas; GCP 6)
4.		REGULATORY CHECKLIST(S)/QUESTIONNAIRES
4.a	<input checked="" type="checkbox"/>	Federal Regulation: 40 CFR 60, Subpart OOOOa
4.b	<input checked="" type="checkbox"/>	State Regulations: 20.2.38 NMAC, 20.2.61 NMAC and 20.2.7 NMAC
4.c	<input checked="" type="checkbox"/>	Analysis – Spreadsheet, Technical Memorandum or Other
5.a	<input checked="" type="checkbox"/>	FLIR Video Log
5.b	<input checked="" type="checkbox"/>	INSPECTION PHOTOS
6.	<input checked="" type="checkbox"/>	FACILITY RECORDS
7.	<input checked="" type="checkbox"/>	Method 9 Opacity Determination



Affirmative Defense Demonstration Form

SECTION I - GENERAL INFORMATION

AI Number:	<input type="text" value="38439"/>	Emission Unit No.:	<input type="text" value="FL-1"/>
Activity Number:	<input type="text" value="038439-12022019-01"/>	Emission Unit Desc:	<input type="text" value="standard flare"/>
Facility Name:	<input type="text" value="Ameredev II LLC"/>	Release Point No.:	<input type="text" value="FL-1"/>
Company Name:	<input type="text" value="Ameredev - Amen Corner CTB"/>	Release Point Desc.:	<input type="text" value="standard flare"/>
Title V Permit No.:	<input type="text"/>	Discovery Date/Time:	<input type="text" value="12/02/2019 08:00"/>
NSR Permit No.:	<input type="text" value="GCP-6-7835R1"/>	Start Date/Time:	<input type="text" value="11/28/2019 16:18"/>
Event Type:	<input type="checkbox"/> Malfunction <input type="checkbox"/> Startup <input type="checkbox"/> Shutdown <input checked="" type="checkbox"/> Emergency <input type="checkbox"/> Scheduled Maintenance <input type="checkbox"/> Other <input type="checkbox"/> Title V Deviation	End Date/Time:	<input type="text" value="04/09/2020 14:00"/>
		1st Business Day after Discovery:	<input type="text" value="12/03/2019"/>
		Submission Status:	<input type="text" value="Submitting Affirmative Defense"/>
		Initial EER:	<input type="text" value="12/03/2019"/>
		Final EER Submitted:	<input type="text" value="04/19/2020"/>

Firstname / Lastname:	<input type="text" value="Shane"/>	<input type="text" value="McNeely"/>	Office Phone:	<input type="text" value="737-300-4737"/>	Extn.:	<input type="text"/>
E-mail Address:	<input type="text" value="smcneely@ameredev.com"/>		Cell Phone:	<input type="text"/>		

Affirmative Defense Demonstration Form

SECTION II - DETAILED INFORMATION REQUIRED FOR AFFIRMATIVE DEFENSE

A. List the direct cause and all contributing causes of the excess emission in the table below (i.e. identify the reasons why the cause(s) in the preceding step existed working back to the direct cause).

Type of Cause	Description	Reason(s)
Direct	This event was solely caused by a third party, Salt Creek Midstream, not fulfilling contractual obligations to build out gathering infrastructure, despite repeated representations infrastructure would be complete and SCM would accept all dedicated gas	SCM was Ameredev's only gas takeaway option and was contractually obligated to build gathering infrastructure and take all of the gas. SCM not building the gathering infrastructure and not accepting gas from the tank battery required Ameredev to flare gas

Additional Comments (If Required)

B. Could this event have been foreseen and avoided or planned for?

No

If NO, please explain:

This event was beyond Ameredev's control and was "emergency" in nature, as evidenced by the repeated communications from Salt Creek Midstream pledging to gather and process Ameredev's gas. Contrary to its representations, Salt Creek Midstream failed to build the final 300 feet of gathering infrastructure necessary to connect to the tank battery and take Ameredev's dedicated gas from the tank battery. Salt Creek Midstream began accepting some of Ameredev's dedicated gas at other tank batteries beginning in November 2019, leading Ameredev to believe that Salt Creek Midstream would be able to gather and process Ameredev's gas from this tank battery. It wasn't until Ameredev had completed and begun to flowback the wells associated with this tank battery that it became evident that Salt Creek Midstream would be unable to perform its contractual obligations. Thus, this event was sudden, reasonably unforeseeable, and unavoidable because the operation and failure of a third party's equipment, the pace at which a third-party repairs its failed equipment, and a third-party's promises to perform and subsequent failure to perform under a gas gathering and purchase agreement were outside of Ameredev's control.

C. Why were your operation and maintenance practices unable to prevent this event? Attach a copy of the facility maintenance program and the manufacturer's recommended maintenance for each emission unit involved in this event (if applicable).

Because this emissions event was solely caused by a third-party's contractual failures, including the failure to construct gathering infrastructure, failures at its downstream gas plant, and failing to perform under a gas gathering and purchase agreement, Ameredev's operation and maintenance practices were unrelated to and could not have prevented this event.

D. For the duration of the event, explain how the air pollution control equipment or process equipment was maintained and operated in a manner consistent with good air pollution control practices for minimizing emissions.

In response to Salt Creek Midstream's contractual failures and inability to accept Ameredev's gas, Ameredev at all times routed shut-in gas to a flare for proper combustion.

E. Was the owner or operator's actions during this event documented by properly signed, contemporaneous operating logs, or other relevant evidence? Attach documentation.

No

If NO, please explain:

No. Ameredev does not have access to records from Salt Creek Midstream reflecting Salt Creek Midstream's actions that caused this event.

Affirmative Defense Demonstration Form

SECTION III - DETAILED INFORMATION REQUIRED FOR MALFUNCTION, STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section III if you are claiming an affirmative defense for malfunction, startup or shutdown. Do not complete if you are claiming an affirmative defense for emergency.

A. Explain all steps taken to minimize the impact of the excess emission on ambient air quality. Please provide documentation.

B. Were emission monitoring systems (if applicable) kept in operation during this event?

SECTION IV - DETAILED INFORMATION REQUIRED FOR MALFUNCTION OR EMERGENCY

PLEASE NOTE - Complete all fields in Section IV if you are claiming an affirmative defense for malfunction or emergency. Do not complete if you are claiming an affirmative defense for startup or shutdown.

A. Provide a chronology in the table below including when the event was discovered and when the repairs were commenced and completed.

Date/Time	Action Taken	Comments
11/29/2019 08:00	Continue construction of pipeline to connect to DCP Operating Company, LP and ETC Texas Pipeline, Ltd. sales connections	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
12/02/2019 08:00	Discovery date	See A.1, A.2, and A.3 below
01/15/2020 08:00	Executed Interruptible Gas Gathering and Processing Agreement with ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/24/2020 08:00	Completed physical connection to DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/29/2020 08:00	First sales to DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/03/2020 08:00	Completed physical connection to Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/04/2020 08:00	Completed physical connection to ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/06/2020 08:00	First sales to Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/10/2020 08:00	First sales to ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream

Affirmative Defense Demonstration Form

A.1. Explain why the chronology above indicates that the repairs were made as expeditiously as possible.

A third-party's ability to satisfy its contractual obligations, including its pace of constructing gathering infrastructure, the operation and failure of a third party's equipment, the pace at which the third-party repairs failed equipment, and a third party's compliance with contractual requirements are beyond Ameredev's control. Although Ameredev communicated with Salt Creek Midstream about constructing the required gathering infrastructure, and Salt Creek Midstream repeatedly assured Ameredev such infrastructure would be in place in time to gather Ameredev's gas, Ameredev is unaware of whether Salt Creek Midstream proceeded as expeditiously as possible. Despite Salt Creek Midstream's repeated promises to perform and it accepting some Ameredev gas at other locations in August 2019 and again in early November 2019, Ameredev began pursuing alternative purchasers for its gas in October 2019. As a result, Ameredev entered into the three gas gathering and purchase agreements with Lucid Energy Delaware, LLC, DCP Operating Company, LP, and ETC Texas Pipeline, Ltd. In order to take advantage of these contracts, Ameredev expended considerable resources to obtain rights-of-way from the State of New Mexico and private landowners and to construct portions of a gas gathering system and related facilities as expeditiously as possible, all of which were required for Ameredev to physically connect to the alternative third-party gas purchasers.

A.2. Was off-shift labor or overtime used?

If NO, please explain:

A.3. Explain how the quantity and duration of the excess emission (including any bypass) were minimized during this event. Why was this quantity and duration the minimum possible for this event?

Ameredev took all reasonable steps to minimize emissions. First, Ameredev immediately routed gas to a flare for proper combustion. Second, in an effort to eliminate the cause of the excess emission, Ameredev contacted Salt Creek Midstream regarding its contractual failures, refusal to accept Ameredev's gas, and failures to perform under the gas gathering and purchase agreement. Third, to minimize emissions and prevent recurrence of emissions due to Salt Creek Midstream equipment and/or commercial failures, Ameredev pursued and secured commercial alternatives as quickly as practicable. In order to physically connect to the alternative gas purchasers, Ameredev obtained rights-of-way and constructed necessary portions of gas gathering and gas pipelines and related facilities.

B. Identify each excess emission event in the preceding 12 months in the table below that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

C. For each excess emission event described in item B, list those with the same or similar direct or contributing cause for this excess emission event in the table below.

Date	Activity Number
------	-----------------

C.1. Explain why the cause(s) for the events listed above was (were) not resolved (if applicable).

Affirmative Defense Demonstration Form

SECTION V - DETAILED INFORMATION REQUIRED FOR STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section V if you are claiming an affirmative defense for startup or shutdown. Do not complete if you are claiming an affirmative defense for malfunction or for emergency.

A. Was this excess emission caused by an intentional bypass of air pollution control equipment or an intentional bypass of equipment?

If Yes, please explain:

B. Provide a chronology in the table below of all the primary actions taken from when the startup or shutdown procedure commenced until it was successfully completed.

Date / Time	Action Taken	Comments
-------------	--------------	----------

B.1. Explain why the chronology above indicated that the duration of the startup or shutdown procedure was minimized to the maximum extent practicable. Attach a copy of the startup or shutdown procedure for the facility and/or for each emission unit involved in this event.

C. Identify each excess emission event due to non-permitted startup or shutdown in the preceding 12 months (including date and activity number) that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

D. For each excess emission event described in item B, state whether it involved the same or similar direct or contributing cause for this excess emission event, and explain why the cause was not resolved or the excess emission was not permitted.

Date	Activity Number
------	-----------------

D.1. Explain why the cause(s) for the events listed above was (were) not resolved.

E. Have you submitted or do you intend to submit an application to include this excess emission in your permit?

E.1. If yes, indicate the date of actual or intended application submittal (mm/dd/yyyy):

E.2. If no, and you do not intend to submit an application, explain why:

SECTION VI - ATTACHED DOCUMENTS

Affirmative Defense Demonstration Form

Document Title	File Name	Uploaded Date
EER 038439-12022019-01 Initial EER	EER_038439-12022019-01_Initial_EER.pdf	12/03/2019
EER 038439-12022019-01 Final EER	EER_038439-12022019-01_Final_EER.pdf	04/19/2020

SECTION VII - CERTIFICATION

By clicking on the Certify button, I agree to the following:

After reasonable inquiry, I certify this report as true, accurate and complete.

Reporting Official:

Anthony

Seach

Date: 05/13/2020

Title:

General Counsel



Affirmative Defense Demonstration Form

SECTION I - GENERAL INFORMATION

AI Number:	<input type="text" value="38183"/>	Emission Unit No.:	<input type="text" value="FL-1"/>
Activity Number:	<input type="text" value="038183-10072019-01"/>	Emission Unit Desc:	<input type="text" value="2.5 MSCF/h Flare"/>
Facility Name:	<input type="text" value="Ameredev II LLC"/>	Release Point No.:	<input type="text" value="FL-1"/>
Company Name:	<input type="text" value="Ameredev - Azalea Battery"/>	Release Point Desc.:	<input type="text" value="2.5 MSCF/h Flare"/>
Title V Permit No.:	<input type="text"/>	Discovery Date/Time:	<input type="text" value="10/04/2019 00:00"/>
NSR Permit No.:	<input type="text" value="GCP O&G (7601M1)"/>	Start Date/Time:	<input type="text" value="10/03/2019 00:00"/>
Event Type:	<input type="checkbox"/> Malfunction <input type="checkbox"/> Startup <input type="checkbox"/> Shutdown <input checked="" type="checkbox"/> Emergency <input type="checkbox"/> Scheduled Maintenance <input type="checkbox"/> Other <input type="checkbox"/> Title V Deviation	End Date/Time:	<input type="text" value="03/10/2020 20:00"/>
		1st Business Day after Discovery:	<input type="text" value="10/07/2019"/>
		Submission Status:	<input type="text" value="Submitting Affirmative Defense"/>
		Initial EER:	<input type="text" value="10/07/2019"/>
		Final EER Submitted:	<input type="text" value="03/20/2020"/>

Firstname / Lastname:	<input type="text" value="Anthony Seach"/>	Office Phone:	<input type="text" value="737-300-4700"/>	Extn.:	<input type="text"/>
E-mail Address:	<input type="text" value="aseach@ameredev.com"/>	Cell Phone:	<input type="text"/>		

Affirmative Defense Demonstration Form

SECTION II - DETAILED INFORMATION REQUIRED FOR AFFIRMATIVE DEFENSE

A. List the direct cause and all contributing causes of the excess emission in the table below (i.e. identify the reasons why the cause(s) in the preceding step existed working back to the direct cause).

Type of Cause	Description	Reason(s)
Direct	This excess emissions event was solely caused by a third party, Salt Creek Midstream, experiencing failures at its gas processing plant and thereafter refusing to accept all of Ameredev's dedicated gas as it was obligated to do.	Salt Creek Midstream was Ameredev's only gas takeaway option and was contractually obligated to take all of Ameredev's gas. Thus, SCM not accepting any gas from the tank battery required Ameredev to flare gas not gathered and processed by SCM.

Additional Comments (If Required)

B. Could this event have been foreseen and avoided or planned for?

No

If NO, please explain:

No. This event was beyond Ameredev's control and was "emergency" in nature, as evidenced by the September 18, 2019 force majeure notice issued by Salt Creek Midstream. Salt Creek Midstream represented that the force majeure event would be resolved and that its gas plant and associated infrastructure would be functioning and capable of taking and processing dedicated gas. Contrary to its representations, Salt Creek Midstream never completed repairs necessary to take all of Ameredev's dedicated gas from the tank battery. Thus, this event was sudden, reasonably unforeseeable, and unavoidable because the operation and failure of a third party's equipment, the pace at which a third-party repairs its failed equipment, and a third-party's promises to perform and subsequent failure to perform under a gas gathering and purchase agreement were outside of Ameredev's control.

C. Why were your operation and maintenance practices unable to prevent this event? Attach a copy of the facility maintenance program and the manufacturer's recommended maintenance for each emission unit involved in this event (if applicable).

Because this emissions event was solely caused by a third-party's failures at its downstream gas plant and failing to perform under a gas gathering and purchase agreement, Ameredev's operation and maintenance practices were unrelated to and could not have prevented this event.

D. For the duration of the event, explain how the air pollution control equipment or process equipment was maintained and operated in a manner consistent with good air pollution control practices for minimizing emissions.

In response to Salt Creek Midstream's failures and subsequent refusal to accept Ameredev's gas, Ameredev immediately routed shut-in gas to a flare for proper combustion.

E. Was the owner or operator's actions during this event documented by properly signed, contemporaneous operating logs, or other relevant evidence? Attach documentation.

Yes

If NO, please explain:

Affirmative Defense Demonstration Form

SECTION III - DETAILED INFORMATION REQUIRED FOR MALFUNCTION, STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section III if you are claiming an affirmative defense for malfunction, startup or shutdown. Do not complete if you are claiming an affirmative defense for emergency.

A. Explain all steps taken to minimize the impact of the excess emission on ambient air quality. Please provide documentation.

B. Were emission monitoring systems (if applicable) kept in operation during this event?

SECTION IV - DETAILED INFORMATION REQUIRED FOR MALFUNCTION OR EMERGENCY

PLEASE NOTE - Complete all fields in Section IV if you are claiming an affirmative defense for malfunction or emergency. Do not complete if you are claiming an affirmative defense for startup or shutdown.

A. Provide a chronology in the table below including when the event was discovered and when the repairs were commenced and completed.

Date/Time	Action Taken	Comments
10/04/2019 08:00	See A.1, A.2, and A.3 below.	See A.1, A.2, and A.3 below.
10/31/2019 08:00	Executed Gas Gathering, Processing and Purchase Agreement with Lucid Energy Delaware, LLC.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
11/20/2019 08:00	Executed Gas Purchase Contract with DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
11/21/2019 08:00	Begin construction of pipeline to connect to DCP Operating Company, LP and ETC Texas Pipeline, Ltd. sales connections	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/15/2020 08:00	Executed Interruptable Gas Gathering and Processing Agreement with ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/24/2020 08:00	Completed physical connection to DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/29/2020 08:00	First sales to DCP Operating company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/03/2020 08:00	Completed physical connection to Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/04/2020 08:00	Completed physical connection to ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/06/2020 08:00	First sales to Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/10/2020 08:00	First sales to ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream

Affirmative Defense Demonstration Form

A.1. Explain why the chronology above indicates that the repairs were made as expeditiously as possible.

The operation and failure of a third party's equipment, the pace at which the third-party repairs failed equipment, and a third party's compliance with contractual requirements are beyond Ameredev's control. Although Ameredev communicated with Salt Creek Midstream about equipment repairs and its contractual performance, Ameredev is unaware of whether Salt Creek Midstream made repairs as expeditiously as possible. Even though Ameredev had no control over or ability to remedy Salt Creek Midstream's failures, Ameredev began pursuing alternative purchasers for its gas in October 2019. As a result, Ameredev entered into the three gas gathering and purchase agreements discussed above. In order to take advantage of these contracts, Ameredev expended considerable resources to obtain rights-of-way from the State of New Mexico and private landowners and to construct portions of a gas gathering system and related facilities as expeditiously as possible, all of which were required for Ameredev to physically connect to the alternative third-party gas purchasers.

A.2. Was off-shift labor or overtime used? Yes

If NO, please explain:

A.3. Explain how the quantity and duration of the excess emission (including any bypass) were minimized during this event. Why was this quantity and duration the minimum possible for this event?

Ameredev took all reasonable steps to minimize emissions. First, Ameredev immediately routed gas to a flare for proper combustion. Second, in an effort to eliminate the cause of the excess emission, Ameredev contacted Salt Creek Midstream regarding its equipment failures, refusal to accept Ameredev's gas, and failures to perform under the gas gathering and purchase agreement. Third, to minimize emissions and prevent recurrence of emissions due to Salt Creek Midstream equipment and/or commercial failures, Ameredev pursued and secured commercial alternatives as quickly as practicable. In order to physically connect to the alternative gas purchasers, Ameredev obtained rights-of-way and constructed necessary portions of gas gathering and gas pipelines and related facilities.

B. Identify each excess emission event in the preceding 12 months in the table below that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
12/27/2018	038183-12062019-01
03/23/2019	038183-12062019-02
06/06/2019	038183-12062019-03

C. For each excess emission event described in item B, list those with the same or similar direct or contributing cause for this excess emission event in the table below.

Date	Activity Number
12/27/2018	038183-12062019-01
03/23/2019	038183-12062019-02
06/06/2019	038183-12062019-03

C.1. Explain why the cause(s) for the events listed above was (were) not resolved (if applicable).

The events listed above were solely caused by Ameredev's gas processor experiencing various equipment and/or commercial failures and then refusing to gather and process Ameredev's dedicated gas. In each of the above instances, Salt Creek Midstream was eventually able to gather some of Ameredev's gas, leading Ameredev to reasonably believe that the causes would be remedied and Salt Creek Midstream would be able to reliably gather and process Ameredev's dedicated gas. Salt Creek Midstream was ultimately unable to perform its contractual obligations to gather and process all of Ameredev's gas, leading Ameredev to take the actions described above in Section IV, Subpart A.

Affirmative Defense Demonstration Form

SECTION V - DETAILED INFORMATION REQUIRED FOR STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section V if you are claiming an affirmative defense for startup or shutdown. Do not complete if you are claiming an affirmative defense for malfunction or for emergency.

A. Was this excess emission caused by an intentional bypass of air pollution control equipment or an intentional bypass of equipment?

If Yes, please explain:

B. Provide a chronology in the table below of all the primary actions taken from when the startup or shutdown procedure commenced until it was successfully completed.

Date / Time	Action Taken	Comments
-------------	--------------	----------

B.1. Explain why the chronology above indicated that the duration of the startup or shutdown procedure was minimized to the maximum extent practicable. Attach a copy of the startup or shutdown procedure for the facility and/or for each emission unit involved in this event.

C. Identify each excess emission event due to non-permitted startup or shutdown in the preceding 12 months (including date and activity number) that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

D. For each excess emission event described in item B, state whether it involved the same or similar direct or contributing cause for this excess emission event, and explain why the cause was not resolved or the excess emission was not permitted.

Date	Activity Number
------	-----------------

D.1. Explain why the cause(s) for the events listed above was (were) not resolved.

E. Have you submitted or do you intend to submit an application to include this excess emission in your permit?

E.1. If yes, indicate the date of actual or intended application submittal (mm/dd/yyyy):

E.2. If no, and you do not intend to submit an application, explain why:

SECTION VI - ATTACHED DOCUMENTS

Affirmative Defense Demonstration Form

Document Title	File Name	Uploaded Date
EER 038183-10072019-01 Initial EER	EER_038183-10072019-01_Initial_EER.pdf	10/07/2019
EER 038183-10072019-01 Final EER	EER_038183-10072019-01_Final_EER.pdf	03/20/2020
SCM-Ameredev - Notice of FM 9.18.19	SCM-Ameredev - Notice of FM (executed)9.18.19.pdf	04/19/2020

SECTION VII - CERTIFICATION

By clicking on the Certify button, I agree to the following:

After reasonable inquiry, I certify this report as true, accurate and complete.

Reporting Official:

Anthony

Seach

Date: 04/19/2020

Title:

General Counsel

Salt Creek Midstream, LLC
20329 State Highway 249, 4th Floor
Houston, TX 77070

September 18, 2019

Ameredev New Mexico, LLC
5707 Southwest Parkway
Building 1, Suite 275
Attn: Floyd Hammond
E-mail: fhammond@ameredev.com

Re: Event of Force Majeure

Dear Mr. Hammond:


Reference is made to the Gas Purchase Agreement between Salt Creek Midstream, LLC (“we” or “SCM”), and Ameredev New Mexico, LLC (“you” or “Customer”), dated effective as of February 5, 2018 (as amended, the “Agreement”). Capitalized terms used but not defined herein shall have their respective meanings set forth in the Agreement.

In accordance with Section 11.1 of the General Terms and Conditions to the Agreement, we are writing to inform you that we are prevented from carrying out certain obligations under the Agreement due to an event of Force Majeure. Beginning as of September 18, 2019, SCM had to suspend receipt of Customer’s Gas due to the failure of the acid gas treating system operated by a third party. SCM is currently working to assess the expected duration of this event and we will notify you as soon as this event has been resolved.

If you have any questions related to the foregoing, please feel free to contact Paul Williams at 281-655-3234.

Sincerely,

SALT CREEK MIDSTREAM, LLC

By: 
Name: Paul Williams
Title: SVP Midstream



Affirmative Defense Demonstration Form

SECTION I - GENERAL INFORMATION

AI Number:	<input type="text" value="38441"/>	Emission Unit No.:	<input type="text" value="FL-1"/>
Activity Number:	<input type="text" value="038441-10152019-01"/>	Emission Unit Desc:	<input type="text" value="standard flare"/>
Facility Name:	<input type="text" value="Ameredev II LLC"/>	Release Point No.:	<input type="text" value="FL-1"/>
Company Name:	<input type="text" value="Ameredev - Firethorn CTB"/>	Release Point Desc.:	<input type="text" value="standard flare"/>
Title V Permit No.:	<input type="text"/>	Discovery Date/Time:	<input type="text" value="10/13/2019 08:00"/>
NSR Permit No.:	<input type="text" value="GCP O&G 7836M1"/>	Start Date/Time:	<input type="text" value="10/12/2019 12:10"/>
Event Type:	<input type="checkbox"/> Malfunction	End Date/Time:	<input type="text" value="10/15/2019 06:45"/>
	<input type="checkbox"/> Startup	1st Business Day after Discovery:	<input type="text" value="10/15/2019"/>
	<input type="checkbox"/> Shutdown	Submission Status:	<input type="text" value="Submitting Affirmative Defense"/>
	<input checked="" type="checkbox"/> Emergency	Initial EER:	<input type="text" value="10/15/2019"/>
	<input type="checkbox"/> Scheduled Maintenance	Final EER Submitted:	<input type="text" value="10/25/2019"/>
	<input type="checkbox"/> Other		
<input type="checkbox"/> Title V Deviation			

Firstname / Lastname:	<input type="text" value="Shane"/>	<input type="text" value="McNeely"/>	Office Phone:	<input type="text" value="737-300-4729"/>	Extn.:	<input type="text"/>
E-mail Address:	<input type="text" value="smcneely@ameredev.com"/>		Cell Phone:	<input type="text"/>		

Affirmative Defense Demonstration Form

SECTION II - DETAILED INFORMATION REQUIRED FOR AFFIRMATIVE DEFENSE

A. List the direct cause and all contributing causes of the excess emission in the table below (i.e. identify the reasons why the cause(s) in the preceding step existed working back to the direct cause).

Type of Cause	Description	Reason(s)
Direct	This excess emissions event was solely caused by a third party, Salt Creek Midstream, experiencing an equipment failure at its gas processing plant and thereafter refusing to accept Ameredev's gas.	Salt Creek Midstream is Ameredev's only gas takeaway option and is contractually obligated to take all of Ameredev's gas. Thus, SCM not accepting gas from the Firethorn CTB required Ameredev to flare the gas from the tank battery.

Additional Comments (If Required)

B. Could this event have been foreseen and avoided or planned for?

No

If NO, please explain:

This event was beyond Ameredev's control and was "emergency" in nature as evidenced by the force majeure notice issued by Salt Creek Midstream. The oil well connected to the Firethorn CTB was offline and Ameredev brought it back online after Salt Creek Midstream represented that the force majeure event would be resolved, its gas plant and associated infrastructure would be functioning, and capable of taking and processing the well's associated gas. Contrary to its representations to Ameredev, Salt Creek Midstream did not get their plant back in service in time to take gas from the Firethorn CTB. Thus, this event was sudden, reasonably unforeseeable, and unavoidable because the operation and failure of a third party's equipment, the pace at which a third party repairs failed equipment, and a third party's promises to perform and subsequent failure to perform under a gas takeaway contract are outside of Ameredev's control.

C. Why were your operation and maintenance practices unable to prevent this event? Attach a copy of the facility maintenance program and the manufacturer's recommended maintenance for each emission unit involved in this event (if applicable).

At the time of the emissions event, Ameredev was properly operating and maintaining equipment at the Firethorn CTB. However, because this emissions event was solely caused by a third party experiencing an equipment failure at its downstream gas plant, Ameredev's operation and maintenance practices could not have prevented this event.

D. For the duration of the event, explain how the air pollution control equipment or process equipment was maintained and operated in a manner consistent with good air pollution control practices for minimizing emissions.

In response to Salt Creek Midstream's equipment failure and subsequent refusal to accept Ameredev's gas, Ameredev immediately routed shut-in gas to a permitted flare for proper combustion.

E. Was the owner or operator's actions during this event documented by properly signed, contemporaneous operating logs, or other relevant evidence? Attach documentation.

Yes

If NO, please explain:

Affirmative Defense Demonstration Form

SECTION III - DETAILED INFORMATION REQUIRED FOR MALFUNCTION, STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section III if you are claiming an affirmative defense for malfunction, startup or shutdown. Do not complete if you are claiming an affirmative defense for emergency.

A. Explain all steps taken to minimize the impact of the excess emission on ambient air quality. Please provide documentation.

B. Were emission monitoring systems (if applicable) kept in operation during this event?

SECTION IV - DETAILED INFORMATION REQUIRED FOR MALFUNCTION OR EMERGENCY

PLEASE NOTE - Complete all fields in Section IV if you are claiming an affirmative defense for malfunction or emergency. Do not complete if you are claiming an affirmative defense for startup or shutdown.

A. Provide a chronology in the table below including when the event was discovered and when the repairs were commenced and completed.

Date/Time	Action Taken	Comments
10/13/2019 08:00	See A.1 below	See A.1 below

A.1. Explain why the chronology above indicates that the repairs were made as expeditiously as possible.

The operation and failure of a third party's equipment and the pace at which the third party repairs failed equipment are beyond Ameredev's control. Although Ameredev communicated with Salt Creek Midstream about equipment repairs, Ameredev is unaware of whether Salt Creek Midstream made repairs as expeditiously as possible.

A.2. Was off-shift labor or overtime used?

No

If NO, please explain: The operation and failure of a third party's equipment and how the third party deploys resources to repair failed equipment are beyond Ameredev's control. Although Ameredev communicated with Salt Creek Midstream about equipment repairs, Ameredev is unaware of whether Salt Creek Midstream employed off-shift or overtime labor

A.3. Explain how the quantity and duration of the excess emission (including any bypass) were minimized during this event. Why was this quantity and duration the minimum possible for this event?

Ameredev took and is taking all reasonable steps to minimize emissions. First, Ameredev immediately routed gas to a permitted flare to ensure proper combustion. Second, in an effort to eliminate the cause of the excess emission, Ameredev contacted Salt Creek Midstream regarding its equipment failure, refusal to accept Ameredev's gas, and failure to perform under the gas purchase agreement. Third, to minimize emissions and prevent recurrence of emissions due to Salt Creek Midstream equipment and/or commercial failures, Ameredev is pursuing commercial alternatives.

B. Identify each excess emission event in the preceding 12 months in the table below that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

Affirmative Defense Demonstration Form

C. For each excess emission event described in item B, list those with the same or similar direct or contributing cause for this excess emission event in the table below.

Date	Activity Number
------	-----------------

C.1. Explain why the cause(s) for the events listed above was (were) not resolved (if applicable).

SECTION V - DETAILED INFORMATION REQUIRED FOR STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section V if you are claiming an affirmative defense for startup or shutdown. Do not complete if you are claiming an affirmative defense for malfunction or for emergency.

A. Was this excess emission caused by an intentional bypass of air pollution control equipment or an intentional bypass of equipment?

If Yes, please explain:

B. Provide a chronology in the table below of all the primary actions taken from when the startup or shutdown procedure commenced until it was successfully completed.

Date / Time	Action Taken	Comments
-------------	--------------	----------

B.1. Explain why the chronology above indicated that the duration of the startup or shutdown procedure was minimized to the maximum extent practicable. Attach a copy of the startup or shutdown procedure for the facility and/or for each emission unit involved in this event.

C. Identify each excess emission event due to non-permitted startup or shutdown in the preceding 12 months (including date and activity number) that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

D. For each excess emission event described in item B, state whether it involved the same of similar direct or contributing cause for this excess emission event, and explain why the cause was not resolved or the excess emission was not permitted.

Date	Activity Number
------	-----------------

Affirmative Defense Demonstration Form

D.1. Explain why the cause(s) for the events listed above was (were) not resolved.

E. Have you submitted or do you intend to submit an application to include this excess emission in your permit?

E.1. If yes, indicate the date of actual or intended application submittal (mm/dd/yyyy):

E.2. If no, and you do not intend to submit an application, explain why:

SECTION VI - ATTACHED DOCUMENTS

Document Title	File Name	Uploaded Date
EER 038441-10152019-01 Initial EER	EER_038441-10152019-01_Initial_EER.pdf	10/15/2019
EER 038441-10152019-01 Final EER	EER_038441-10152019-01_Final_EER.pdf	10/25/2019
Event of Force Majeure	SCM-Ameredev - Notice of FM (executed)9.18.19.pdf	11/22/2019

SECTION VII - CERTIFICATION

By clicking on the Certify button, I agree to the following:

After reasonable inquiry, I certify this report as true, accurate and complete.

Reporting Official:

Shane

McNeely

Date: 11/22/2019

Title:

Engineer

Salt Creek Midstream, LLC
20329 State Highway 249, 4th Floor
Houston, TX 77070

September 18, 2019

Ameredev New Mexico, LLC
5707 Southwest Parkway
Building 1, Suite 275
Attn: Floyd Hammond
E-mail: fhammond@amerdev.com

Re: Event of Force Majeure

Dear Mr. Hammond:


Reference is made to the Gas Purchase Agreement between Salt Creek Midstream, LLC (“we” or “SCM”), and Ameredev New Mexico, LLC (“you” or “Customer”), dated effective as of February 5, 2018 (as amended, the “Agreement”). Capitalized terms used but not defined herein shall have their respective meanings set forth in the Agreement.

In accordance with Section 11.1 of the General Terms and Conditions to the Agreement, we are writing to inform you that we are prevented from carrying out certain obligations under the Agreement due to an event of Force Majeure. Beginning as of September 18, 2019, SCM had to suspend receipt of Customer’s Gas due to the failure of the acid gas treating system operated by a third party. SCM is currently working to assess the expected duration of this event and we will notify you as soon as this event has been resolved.

If you have any questions related to the foregoing, please feel free to contact Paul Williams at 281-655-3234.

Sincerely,

SALT CREEK MIDSTREAM, LLC

By: 
Name: Paul Williams
Title: SVP Midstream



Affirmative Defense Demonstration Form

SECTION I - GENERAL INFORMATION

AI Number:	<input type="text" value="38838"/>	Emission Unit No.:	<input type="text" value="FL-1"/>
Activity Number:	<input type="text" value="038838-10072019-01"/>	Emission Unit Desc:	<input type="text" value="standard flare"/>
Facility Name:	<input type="text" value="Ameredev II LLC"/>	Release Point No.:	<input type="text" value="FL-1"/>
Company Name:	<input type="text" value="Ameredev - Nandina CTB"/>	Release Point Desc.:	<input type="text" value="standard flare"/>
Title V Permit No.:	<input type="text"/>	Discovery Date/Time:	<input type="text" value="10/04/2019 00:00"/>
NSR Permit No.:	<input type="text" value="GCP OG 8189M1"/>	Start Date/Time:	<input type="text" value="07/29/2019 00:00"/>
Event Type:	<input type="checkbox"/> Malfunction <input type="checkbox"/> Startup <input type="checkbox"/> Shutdown <input checked="" type="checkbox"/> Emergency <input type="checkbox"/> Scheduled Maintenance <input type="checkbox"/> Other <input type="checkbox"/> Title V Deviation	End Date/Time:	<input type="text" value="04/19/2020 18:00"/>
		1st Business Day after Discovery:	<input type="text" value="10/07/2019"/>
		Submission Status:	<input type="text" value="Submitting Affirmative Defense"/>
		Initial EER:	<input type="text" value="10/07/2019"/>
		Final EER Submitted:	<input type="text" value="04/27/2020"/>

Firstname / Lastname:	<input type="text" value="Anthony"/> <input type="text" value="Seach"/>	Office Phone:	<input type="text" value="737-300-4737"/>	Extn.:	<input type="text"/>
E-mail Address:	<input type="text" value="aseach@ameredev.com"/>	Cell Phone:	<input type="text"/>		

Affirmative Defense Demonstration Form

SECTION II - DETAILED INFORMATION REQUIRED FOR AFFIRMATIVE DEFENSE

A. List the direct cause and all contributing causes of the excess emission in the table below (i.e. identify the reasons why the cause (s) in the preceding step existed working back to the direct cause).

Type of Cause	Description	Reason(s)
Direct	This excess emissions event was solely caused by a third party, Salt Creek Midstream, experiencing failures at its gas processing plant and thereafter refusing to accept all of Ameredev's dedicated gas as it was obligated to do.	Salt Creek Midstream was Ameredev's only gas takeaway option and was contractually obligated to take all of Ameredev's gas. Thus, SCM not accepting any gas from the tank battery required Ameredev to flare gas not gathered and processed by SCM.

Additional Comments (If Required)

B. Could this event have been foreseen and avoided or planned for?

No

If NO, please explain:

No. This event was beyond Ameredev's control and was "emergency" in nature, as evidenced by the May 30, 2019 and September 18, 2019 force majeure notices issued by Salt Creek Midstream. Salt Creek Midstream represented that both force majeure events would be resolved and that its gas plant and associated infrastructure would be functioning and capable of taking and processing dedicated gas. Contrary to its representations, Salt Creek Midstream never completed repairs necessary to take all of Ameredev's dedicated gas from the tank battery. Thus, this event was sudden, reasonably unforeseeable, and unavoidable because the operation and failure of a third party's equipment, the pace at which a third-party repairs its failed equipment, and a third-party's promises to perform and subsequent failure to perform under a gas gathering and purchase agreement were outside of Ameredev's control.

C. Why were your operation and maintenance practices unable to prevent this event? Attach a copy of the facility maintenance program and the manufacturer's recommended maintenance for each emission unit involved in this event (if applicable).

Because this emissions event was solely caused by a third-party's failures at its downstream gas plant and failing to perform under a gas gathering and purchase agreement, Ameredev's operation and maintenance practices were unrelated to and could not have prevented this event.

D. For the duration of the event, explain how the air pollution control equipment or process equipment was maintained and operated in a manner consistent with good air pollution control practices for minimizing emissions.

In response to Salt Creek Midstream's failures and subsequent refusal to accept Ameredev's gas, Ameredev immediately routed shut-in gas to a flare for proper combustion.

E. Was the owner or operator's actions during this event documented by properly signed, contemporaneous operating logs, or other relevant evidence? Attach documentation.

Yes

If NO, please explain:

Affirmative Defense Demonstration Form

SECTION III - DETAILED INFORMATION REQUIRED FOR MALFUNCTION, STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section III if you are claiming an affirmative defense for malfunction, startup or shutdown. Do not complete if you are claiming an affirmative defense for emergency.

A. Explain all steps taken to minimize the impact of the excess emission on ambient air quality. Please provide documentation.

B. Were emission monitoring systems (if applicable) kept in operation during this event?

SECTION IV - DETAILED INFORMATION REQUIRED FOR MALFUNCTION OR EMERGENCY

PLEASE NOTE - Complete all fields in Section IV if you are claiming an affirmative defense for malfunction or emergency. Do not complete if you are claiming an affirmative defense for startup or shutdown.

A. Provide a chronology in the table below including when the event was discovered and when the repairs were commenced and completed.

Date/Time	Action Taken	Comments
10/04/2019 08:00	See A.1 and A.3 below	See A.1 and A.3 below
10/31/2019 08:00	Executed Gas Gathering, Processing and Purchase Agreement with Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
11/20/2019 08:00	Executed Gas Purchase Contract with DCP Operating, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
11/21/2019 08:00	Begin construction of pipeline to connect to DCP Operating Company, LP and ETC Texas Pipeline, Ltd. sales connections	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/15/2020 08:00	Executed Interruptible Gas Gathering and Processing Agreement with ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/24/2020 08:00	Completed physical connection to DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/29/2020 08:00	First sales to DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/03/2020 08:00	Completed physical connection to Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/04/2020 08:00	Completed physical connection to ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/06/2020 08:00	First sales to Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/10/2020 08:00	First sales to ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream

Affirmative Defense Demonstration Form

A.1. Explain why the chronology above indicates that the repairs were made as expeditiously as possible.

The operation and failure of a third party's equipment, the pace at which the third-party repairs failed equipment, and a third party's compliance with contractual requirements are beyond Ameredev's control. Although Ameredev communicated with Salt Creek Midstream about equipment repairs and its contractual performance, Ameredev is unaware of whether Salt Creek Midstream made repairs as expeditiously as possible. Even though Ameredev had no control over or ability to remedy Salt Creek Midstream's failures, Ameredev began pursuing alternative purchasers for its gas in October 2019. As a result, Ameredev entered into the three gas gathering and purchase agreements discussed above. In order to take advantage of these contracts, Ameredev expended considerable resources to obtain rights-of-way from the State of New Mexico and private landowners and to construct portions of a gas gathering system and related facilities as expeditiously as possible, all of which were required for Ameredev to physically connect to the alternative third-party gas purchasers.

A.2. Was off-shift labor or overtime used? Yes

If NO, please explain:

A.3. Explain how the quantity and duration of the excess emission (including any bypass) were minimized during this event. Why was this quantity and duration the minimum possible for this event?

Ameredev took all reasonable steps to minimize emissions. First, Ameredev immediately routed gas to a flare for proper combustion. Second, in an effort to eliminate the cause of the excess emission, Ameredev contacted Salt Creek Midstream regarding its equipment failures, refusal to accept Ameredev's gas, and failures to perform under the gas gathering and purchase agreement. Third, to minimize emissions and prevent recurrence of emissions due to Salt Creek Midstream equipment and/or commercial failures, Ameredev pursued and secured commercial alternatives as quickly as practicable. In order to physically connect to the alternative gas purchasers, Ameredev obtained rights-of-way and constructed necessary portions of gas gathering and gas pipelines and related facilities.

B. Identify each excess emission event in the preceding 12 months in the table below that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

C. For each excess emission event described in item B, list those with the same or similar direct or contributing cause for this excess emission event in the table below.

Date	Activity Number
------	-----------------

C.1. Explain why the cause(s) for the events listed above was (were) not resolved (if applicable).

Affirmative Defense Demonstration Form

SECTION V - DETAILED INFORMATION REQUIRED FOR STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section V if you are claiming an affirmative defense for startup or shutdown. Do not complete if you are claiming an affirmative defense for malfunction or for emergency.

A. Was this excess emission caused by an intentional bypass of air pollution control equipment or an intentional bypass of equipment?

If Yes, please explain:

B. Provide a chronology in the table below of all the primary actions taken from when the startup or shutdown procedure commenced until it was successfully completed.

Date / Time	Action Taken	Comments
-------------	--------------	----------

B.1. Explain why the chronology above indicated that the duration of the startup or shutdown procedure was minimized to the maximum extent practicable. Attach a copy of the startup or shutdown procedure for the facility and/or for each emission unit involved in this event.

C. Identify each excess emission event due to non-permitted startup or shutdown in the preceding 12 months (including date and activity number) that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

D. For each excess emission event described in item B, state whether it involved the same or similar direct or contributing cause for this excess emission event, and explain why the cause was not resolved or the excess emission was not permitted.

Date	Activity Number
------	-----------------

D.1. Explain why the cause(s) for the events listed above was (were) not resolved.

E. Have you submitted or do you intend to submit an application to include this excess emission in your permit?

E.1. If yes, indicate the date of actual or intended application submittal (mm/dd/yyyy):

E.2. If no, and you do not intend to submit an application, explain why:

SECTION VI - ATTACHED DOCUMENTS

Affirmative Defense Demonstration Form

Document Title	File Name	Uploaded Date
EER 038838-10072019-01 Initial EER	EER_038838-10072019-01_Initial_EER.pdf	10/07/2019
EER 038838-10072019-01 Final EER	EER_038838-10072019-01_Final_EER.pdf	04/27/2020
SCM-Ameredev - Notice of FM 5.30.19	SCM-Ameredev - Notice of FM (30 May 2019).pdf	04/28/2020
SCM-Ameredev - Notice of FM 9.18.19	SCM-Ameredev - Notice of FM (executed)9.18.19.pdf	04/28/2020

SECTION VII - CERTIFICATION

By clicking on the Certify button, I agree to the following:

After reasonable inquiry, I certify this report as true, accurate and complete.

Reporting Official:

Anthony

Seach

Date: 04/28/2020

Title:

General Counsel

Salt Creek Midstream, LLC
20329 State Highway 249, 4th Floor
Houston, TX 77070

September 18, 2019

Ameredev New Mexico, LLC
5707 Southwest Parkway
Building 1, Suite 275
Attn: Floyd Hammond
E-mail: fhammond@ameredev.com

Re: Event of Force Majeure

Dear Mr. Hammond:


Reference is made to the Gas Purchase Agreement between Salt Creek Midstream, LLC (“we” or “SCM”), and Ameredev New Mexico, LLC (“you” or “Customer”), dated effective as of February 5, 2018 (as amended, the “Agreement”). Capitalized terms used but not defined herein shall have their respective meanings set forth in the Agreement.

In accordance with Section 11.1 of the General Terms and Conditions to the Agreement, we are writing to inform you that we are prevented from carrying out certain obligations under the Agreement due to an event of Force Majeure. Beginning as of September 18, 2019, SCM had to suspend receipt of Customer’s Gas due to the failure of the acid gas treating system operated by a third party. SCM is currently working to assess the expected duration of this event and we will notify you as soon as this event has been resolved.

If you have any questions related to the foregoing, please feel free to contact Paul Williams at 281-655-3234.

Sincerely,

SALT CREEK MIDSTREAM, LLC

By: 
Name: Paul Williams
Title: SVP Midstream

Salt Creek Midstream, LLC
20329 State Highway 249, 4th Floor
Houston, TX 77070

May 31, 2019

Ameredev New Mexico, LLC
5707 Southwest Parkway
Building 1, Suite 275
Attn: Floyd Hammond
E-mail: fhammond@ameredev.com

Re: Event of Force Majeure

Dear Mr. Hammond:

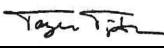
Reference is made to the Gas Purchase Agreement between Salt Creek Midstream, LLC (“we” or “SCM”), and Ameredev New Mexico, LLC (“you” or “Customer”), dated effective as of February 5, 2018 (as amended, the “Agreement”). Capitalized terms used but not defined herein shall have their respective meanings set forth in the Agreement.

In accordance with Section 11.1 of the General Terms and Conditions to the Agreement, we are writing to inform you that we are prevented from carrying out certain obligations under the Agreement due to an event of Force Majeure. Beginning as of May 24, 2019, SCM had to suspend operation of its amine treating unit due to the failure of third-party service provider to provide disposal services for chemicals used to treat Customer’s Gas. SCM is currently working on an alternative arrangement involving a new disposal location and we will notify you as soon as this event has been resolved.

If you have any questions related to the foregoing, please feel free to contact Thornton Tucker at 281-655-3503.

Sincerely,

SALT CREEK MIDSTREAM, LLC

By:  _____

Name: Taylor Tipton

Title: President



Affirmative Defense Demonstration Form

SECTION I - GENERAL INFORMATION

AI Number:	<input type="text" value="38438"/>	Emission Unit No.:	<input type="text" value="FL-1"/>
Activity Number:	<input type="text" value="038438-10072019-01"/>	Emission Unit Desc:	<input type="text" value="standard flare"/>
Facility Name:	<input type="text" value="Ameredev II LLC"/>	Release Point No.:	<input type="text" value="FL-1"/>
Company Name:	<input type="text" value="Ameredev - Red Bud CTB"/>	Release Point Desc.:	<input type="text" value="standard flare"/>
Title V Permit No.:	<input type="text"/>	Discovery Date/Time:	<input type="text" value="10/04/2019 00:00"/>
NSR Permit No.:	<input type="text" value="GCP-O&G (7839M1R1)"/>	Start Date/Time:	<input type="text" value="10/03/2019 00:00"/>
Event Type:	<input type="checkbox"/> Malfunction <input type="checkbox"/> Startup <input type="checkbox"/> Shutdown <input checked="" type="checkbox"/> Emergency <input type="checkbox"/> Scheduled Maintenance <input type="checkbox"/> Other <input type="checkbox"/> Title V Deviation	End Date/Time:	<input type="text" value="03/18/2020 17:40"/>
		1st Business Day after Discovery:	<input type="text" value="10/07/2019"/>
		Submission Status:	<input type="text" value="Submitting Affirmative Defense"/>
		Initial EER:	<input type="text" value="10/07/2019"/>
		Final EER Submitted:	<input type="text" value="03/27/2020"/>

Firstname / Lastname:	<input type="text" value="Anthony Seach"/>	Office Phone:	<input type="text" value="737-300-4700"/>	Extn.:	<input type="text"/>
E-mail Address:	<input type="text" value="aseach@ameredev.com"/>	Cell Phone:	<input type="text" value="281-928-4692"/>		

Affirmative Defense Demonstration Form

SECTION II - DETAILED INFORMATION REQUIRED FOR AFFIRMATIVE DEFENSE

A. List the direct cause and all contributing causes of the excess emission in the table below (i.e. identify the reasons why the cause(s) in the preceding step existed working back to the direct cause).

Type of Cause	Description	Reason(s)
Direct	This excess emissions event was solely caused by a third party, Salt Creek Midstream, experiencing failures at its gas processing plant and thereafter refusing to accept all of Ameredev's dedicated gas as it was obligated to do.	Salt Creek Midstream was Ameredev's only gas takeaway option and was contractually obligated to take all of Ameredev's gas. Thus, SCM not accepting any gas from the tank battery required Ameredev to flare gas not gathered and processed by SCM.

Additional Comments (If Required)

B. Could this event have been foreseen and avoided or planned for?

No

If NO, please explain:

No. This event was beyond Ameredev's control and was "emergency" in nature, as evidenced by the September 18, 2019 force majeure notice issued by Salt Creek Midstream. Salt Creek Midstream represented that the force majeure event would be resolved and that its gas plant and associated infrastructure would be functioning and capable of taking and processing dedicated gas. Contrary to its representations, Salt Creek Midstream never completed repairs necessary to take all of Ameredev's dedicated gas from the tank battery. Thus, this event was sudden, reasonably unforeseeable, and unavoidable because the operation and failure of a third party's equipment, the pace at which a third-party repairs its failed equipment, and a third-party's promises to perform and subsequent failure to perform under a gas gathering and purchase agreement were outside of Ameredev's control.

C. Why were your operation and maintenance practices unable to prevent this event? Attach a copy of the facility maintenance program and the manufacturer's recommended maintenance for each emission unit involved in this event (if applicable).

Because this emissions event was solely caused by a third-party's failures at its downstream gas plant and failing to perform under a gas gathering and purchase agreement, Ameredev's operation and maintenance practices were unrelated to and could not have prevented this event.

D. For the duration of the event, explain how the air pollution control equipment or process equipment was maintained and operated in a manner consistent with good air pollution control practices for minimizing emissions.

In response to Salt Creek Midstream's failures and subsequent refusal to accept Ameredev's gas, Ameredev immediately routed shut-in gas to a flare for proper combustion.

E. Was the owner or operator's actions during this event documented by properly signed, contemporaneous operating logs, or other relevant evidence? Attach documentation.

Yes

If NO, please explain:

Affirmative Defense Demonstration Form

SECTION III - DETAILED INFORMATION REQUIRED FOR MALFUNCTION, STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section III if you are claiming an affirmative defense for malfunction, startup or shutdown. Do not complete if you are claiming an affirmative defense for emergency.

A. Explain all steps taken to minimize the impact of the excess emission on ambient air quality. Please provide documentation.

B. Were emission monitoring systems (if applicable) kept in operation during this event?

SECTION IV - DETAILED INFORMATION REQUIRED FOR MALFUNCTION OR EMERGENCY

PLEASE NOTE - Complete all fields in Section IV if you are claiming an affirmative defense for malfunction or emergency. Do not complete if you are claiming an affirmative defense for startup or shutdown.

A. Provide a chronology in the table below including when the event was discovered and when the repairs were commenced and completed.

Date/Time	Action Taken	Comments
10/04/2019 08:00	See A.1 and A.3 below	See A.1 and A.3 below
10/31/2019 08:00	Executed Gas Gathering, Processing and Purchase Agreement with Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
11/20/2019 08:00	Executed Gas Purchase Contract with DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
11/21/2019 08:00	Begin construction of pipeline to connect to DCP Operating Company, LP and ETC Texas Pipeline, Ltd. sales connections	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/15/2020 08:00	Executed Interruptible Gas Gathering and Processing Agreement with ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/24/2020 08:00	Completed physical connection to DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
01/29/2020 08:00	First sales to DCP Operating Company, LP	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/03/2020 08:00	Completed physical connection to Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/04/2020 08:00	Completed physical connection to ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/06/2020 08:00	First sales to Lucid Energy Delaware, LLC	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream
03/10/2020 08:00	First sales to ETC Texas Pipeline, Ltd.	Ameredev's efforts to pursue commercial alternatives to Salt Creek Midstream

Affirmative Defense Demonstration Form

A.1. Explain why the chronology above indicates that the repairs were made as expeditiously as possible.

The operation and failure of a third party's equipment, the pace at which the third-party repairs failed equipment, and a third party's compliance with contractual requirements are beyond Ameredev's control. Although Ameredev communicated with Salt Creek Midstream about equipment repairs and its contractual performance, Ameredev is unaware of whether Salt Creek Midstream made repairs as expeditiously as possible. Even though Ameredev had no control over or ability to remedy Salt Creek Midstream's failures, Ameredev began pursuing alternative purchasers for its gas in October 2019. As a result, Ameredev entered into the three gas gathering and purchase agreements discussed above. In order to take advantage of these contracts, Ameredev expended considerable resources to obtain rights-of-way from the State of New Mexico and private landowners and to construct portions of a gas gathering system and related facilities as expeditiously as possible, all of which were required for Ameredev to physically connect to the alternative third-party gas purchasers.

A.2. Was off-shift labor or overtime used?

If NO, please explain:

A.3. Explain how the quantity and duration of the excess emission (including any bypass) were minimized during this event. Why was this quantity and duration the minimum possible for this event?

Ameredev took all reasonable steps to minimize emissions. First, Ameredev immediately routed gas to a flare for proper combustion. Second, in an effort to eliminate the cause of the excess emission, Ameredev contacted Salt Creek Midstream regarding its equipment failures, refusal to accept Ameredev's gas, and failures to perform under the gas gathering and purchase agreement. Third, to minimize emissions and prevent recurrence of emissions due to Salt Creek Midstream equipment and/or commercial failures, Ameredev pursued and secured commercial alternatives as quickly as practicable. In order to physically connect to the alternative gas purchasers, Ameredev obtained rights-of-way and constructed necessary portions of gas gathering and gas pipelines and related facilities.

B. Identify each excess emission event in the preceding 12 months in the table below that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
03/07/2019	038438-12062019-01

C. For each excess emission event described in item B, list those with the same or similar direct or contributing cause for this excess emission event in the table below.

Date	Activity Number
03/07/2019	038438-12062019-01

C.1. Explain why the cause(s) for the events listed above was (were) not resolved (if applicable).

The event listed above was solely caused by Ameredev's gas processor experiencing various equipment and/or commercial failures and then refusing to gather and process Ameredev's dedicated gas. In the above instance, Salt Creek Midstream was eventually able to gather some of Ameredev's gas, leading Ameredev to reasonably believe that the causes would be remedied and Salt Creek would be able to reliably gather and process Ameredev's dedicated gas. Salt Creek Midstream was ultimately unable to perform its contractual obligations to gather and process all of Ameredev's gas, leading Ameredev to take the actions described above in Section IV, Subpart A.

Affirmative Defense Demonstration Form

SECTION V - DETAILED INFORMATION REQUIRED FOR STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section V if you are claiming an affirmative defense for startup or shutdown. Do not complete if you are claiming an affirmative defense for malfunction or for emergency.

A. Was this excess emission caused by an intentional bypass of air pollution control equipment or an intentional bypass of equipment?

If Yes, please explain:

B. Provide a chronology in the table below of all the primary actions taken from when the startup or shutdown procedure commenced until it was successfully completed.

Date / Time	Action Taken	Comments
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B.1. Explain why the chronology above indicated that the duration of the startup or shutdown procedure was minimized to the maximum extent practicable. Attach a copy of the startup or shutdown procedure for the facility and/or for each emission unit involved in this event.

C. Identify each excess emission event due to non-permitted startup or shutdown in the preceding 12 months (including date and activity number) that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

D. For each excess emission event described in item B, state whether it involved the same of similar direct or contributing cause for this excess emission event, and explain why the cause was not resolved or the excess emission was not permitted.

Date	Activity Number
------	-----------------

D.1. Explain why the cause(s) for the events listed above was (were) not resolved.

E. Have you submitted or do you intend to submit an application to include this excess emission in your permit?

E.1. If yes, indicate the date of actual or intended application submittal (mm/dd/yyyy):

E.2. If no, and you do not intend to submit an application, explain why:

SECTION VI - ATTACHED DOCUMENTS

Affirmative Defense Demonstration Form

Document Title	File Name	Uploaded Date
EER 038438-10072019-01 Initial EER	EER_038438-10072019-01_Initial_EER.pdf	10/07/2019
EER 038438-10072019-01 Final EER	EER_038438-10072019-01_Final_EER.pdf	03/27/2020
SCM-Ameredev - Notice of FM 9.18.19	SCM-Ameredev - Notice of FM (executed)9.18.19.pdf	04/27/2020

SECTION VII - CERTIFICATION

By clicking on the Certify button, I agree to the following:

After reasonable inquiry, I certify this report as true, accurate and complete.

Reporting Official:

Anthony

Seach

Date: 04/27/2020

Title:

General Counsel

Salt Creek Midstream, LLC
20329 State Highway 249, 4th Floor
Houston, TX 77070

September 18, 2019

Ameredev New Mexico, LLC
5707 Southwest Parkway
Building 1, Suite 275
Attn: Floyd Hammond
E-mail: fhammond@amerdev.com

Re: Event of Force Majeure

Dear Mr. Hammond:


Reference is made to the Gas Purchase Agreement between Salt Creek Midstream, LLC (“we” or “SCM”), and Ameredev New Mexico, LLC (“you” or “Customer”), dated effective as of February 5, 2018 (as amended, the “Agreement”). Capitalized terms used but not defined herein shall have their respective meanings set forth in the Agreement.

In accordance with Section 11.1 of the General Terms and Conditions to the Agreement, we are writing to inform you that we are prevented from carrying out certain obligations under the Agreement due to an event of Force Majeure. Beginning as of September 18, 2019, SCM had to suspend receipt of Customer’s Gas due to the failure of the acid gas treating system operated by a third party. SCM is currently working to assess the expected duration of this event and we will notify you as soon as this event has been resolved.

If you have any questions related to the foregoing, please feel free to contact Paul Williams at 281-655-3234.

Sincerely,

SALT CREEK MIDSTREAM, LLC

By: 
Name: Paul Williams
Title: SVP Midstream



Affirmative Defense Demonstration Form

SECTION I - GENERAL INFORMATION

AI Number:	<input type="text" value="38441"/>	Emission Unit No.:	<input type="text" value="OTK-1"/>
Activity Number:	<input type="text" value="038441-11222021-01"/>	Emission Unit Desc:	<input type="text" value="500 bbl crude oil tank"/>
Facility Name:	<input type="text" value="Ameredev II LLC"/>	Release Point No.:	<input type="text" value="OTK-1"/>
Company Name:	<input type="text" value="Ameredev - Firethorn CTB"/>	Release Point Desc.:	<input type="text" value="500 bbl crude oil tank"/>
Title V Permit No.:	<input type="text"/>	Discovery Date/Time:	<input type="text" value="11/22/2021 02:48"/>
NSR Permit No.:	<input type="text" value="GCP O&G 7836M2"/>	Start Date/Time:	<input type="text" value="11/22/2021 02:48"/>
Event Type:	<input type="checkbox"/> Malfunction <input type="checkbox"/> Startup <input type="checkbox"/> Shutdown <input checked="" type="checkbox"/> Emergency <input type="checkbox"/> Scheduled Maintenance <input type="checkbox"/> Other <input type="checkbox"/> Title V Deviation	End Date/Time:	<input type="text" value="11/23/2021 15:30"/>
		1st Business Day after Discovery:	<input type="text" value="11/23/2021"/>
		Submission Status:	<input type="text" value="Submitting Affirmative Defense"/>
		Initial EER:	<input type="text" value="11/22/2021"/>
		Final EER Submitted:	<input type="text" value="12/03/2021"/>

Firstname / Lastname:	<input type="text" value="Dayeed"/> <input type="text" value="Khan"/>	Office Phone:	<input type="text" value="737-300-4700"/>	Extn.:	<input type="text"/>
E-mail Address:	<input type="text" value="dkhan@ameredev.com"/>	Cell Phone:	<input type="text"/>		

Affirmative Defense Demonstration Form

SECTION II - DETAILED INFORMATION REQUIRED FOR AFFIRMATIVE DEFENSE

A. List the direct cause and all contributing causes of the excess emission in the table below (i.e. identify the reasons why the cause (s) in the preceding step existed working back to the direct cause).

Type of Cause	Description	Reason(s)
Direct	This excess emissions event was caused by a reasonably unforeseeable and unavoidable explosion and fire occurring at or near the water tanks at the Facility, and subsequent combustion of liquids stored in the oil and water tanks	The event was unexpected and reasonably unforeseeable, data confirms the Facility was operating normally prior to the event. The underlying cause has not been identified with certainty; however, the most likely cause is discharge of static electricity

Additional Comments (If Required) This excess emissions event was caused by a reasonably unforeseeable and unavoidable explosion and fire occurring at or near the water tanks at the Facility, and subsequent combustion of liquids stored in the oil and water tanks. The combustion of liquids stored in the oil and water tanks caused the excess emissions. The event was unexpected and reasonably unforeseeable—multiple data points confirm that the Facility and each emission unit were operating normally prior to the event. While Ameredev has investigated the event, the underlying cause has not been identified with 100% certainty; however, the most likely underlying cause is discharge of static electricity from the area of the water tanks causing ignition of hydrocarbon gas.

B. Could this event have been foreseen and avoided or planned for?

If NO, please explain: Multiple data points confirm that the Facility and each emission unit were operating normally prior to the event. In light of that, Ameredev could not reasonably foresee that the generation and discharge of static electricity would cause this event. Thus, this event was reasonably unforeseeable and “emergency” in nature.

C. Why were your operation and maintenance practices unable to prevent this event? Attach a copy of the facility maintenance program and the manufacturer’s recommended maintenance for each emission unit involved in this event (if applicable).

Multiple data points, including remote telemetry, gas sales line pressures, separator pressures, tank levels, and VRU and combustor status, confirm that the Facility and each emission unit were being well-maintained and were operating normally, as expected, and within safe parameters leading up to the event. Because this excess emissions event was reasonably unforeseeable, Ameredev does not believe that different operation and maintenance practices would have materially reduced the risk of this event’s occurrence.

D. For the duration of the event, explain how the air pollution control equipment or process equipment was maintained and operated in a manner consistent with good air pollution control practices for minimizing emissions.

Multiple data points, including remote telemetry, gas sales line pressures, separator pressures, tank levels, and VRU and combustor status, confirm that the Facility, including air pollution control equipment and process equipment, was being maintained and operated in a manner consistent with good air pollution control practices for minimizing emissions. However, the fire damaged or destroyed all equipment in the vicinity of the tanks and ultimately resulted in combustion of liquids stored in the oil and water tanks. As soon as Ameredev personnel became aware of this event, Ameredev personnel implemented Ameredev’s emergency response plan and stopped the flow of all oil and gas to the facility to limit the duration and amount of emissions.

E. Was the owner or operator's actions during this event documented by properly signed, contemporaneous operating logs, or other relevant evidence?

If NO, please explain:

Affirmative Defense Demonstration Form

SECTION III - DETAILED INFORMATION REQUIRED FOR MALFUNCTION, STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section III if you are claiming an affirmative defense for malfunction, startup or shutdown. Do not complete if you are claiming an affirmative defense for emergency.

A. Explain all steps taken to minimize the impact of the excess emission on ambient air quality. Please provide documentation.

B. Were emission monitoring systems (if applicable) kept in operation during this event?

SECTION IV - DETAILED INFORMATION REQUIRED FOR MALFUNCTION OR EMERGENCY

PLEASE NOTE - Complete all fields in Section IV if you are claiming an affirmative defense for malfunction or emergency. Do not complete if you are claiming an affirmative defense for startup or shutdown.

A. Provide a chronology in the table below including when the event was discovered and when the repairs were commenced and completed.

Date/Time	Action Taken	Comments
11/22/2021 02:48	Approximate start time and discovery of event	Approximate start time and discovery of event
11/22/2021 02:48	Ameredev control room becomes aware of fire	Ameredev personnel became aware of event at Facility and implemented Ameredev's emergency response plan
11/22/2021 02:50	Flow of oil and gas to facility stopped	Wells flowing to the facility are automatically shut down to limit the duration and amount of emissions
11/22/2021 03:19	Jal Fire and Rescue arrive on scene	
11/22/2021 03:19	Ameredev personnel arrive on scene	Ameredev personnel confirmed that the facility was shut down, interfaced with emergency responders, and remain on site for duration of event
11/23/2021 15:30	Event ends	Event ends

Affirmative Defense Demonstration Form

A.1. Explain why the chronology above indicates that the repairs were made as expeditiously as possible.

Ameredev monitors all of its sites remotely 24/7, which enabled Ameredev to quickly become aware of this event in the middle of the night (2:48 a.m.). Within several minutes, Ameredev's automated well control equipment shut down the wells flowing to the facility and stopped the flow of oil and gas to the facility. Jal Fire Department and Ameredev personnel were on scene to address the fire within 31 minutes of the approximate start time of this event. In coordination with the Jal Fire Department, the fire was contained and allowed to burn itself out.

A.2. Was off-shift labor or overtime used?

If NO, please explain:

A.3. Explain how the quantity and duration of the excess emission (including any bypass) were minimized during this event. Why was this quantity and duration the minimum possible for this event?

Ameredev immediately put its emergency response plan into action and Ameredev's automated well control equipment shut down the wells flowing into the Firethorn Facility. This limited the flow of additional oil and gas into the Facility, prevented additional products from being combusted, and limited the quantity and duration of excess emissions. Ameredev also coordinated response actions with the Jal Fire Department. All possible steps were taken under the circumstances to minimize the quantity and duration of excess emissions.

B. Identify each excess emission event in the preceding 12 months in the table below that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
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C. For each excess emission event described in item B, list those with the same or similar direct or contributing cause for this excess emission event in the table below.

Date	Activity Number
------	-----------------

C.1. Explain why the cause(s) for the events listed above was (were) not resolved (if applicable).

Not applicable.

SECTION V - DETAILED INFORMATION REQUIRED FOR STARTUP OR SHUTDOWN

PLEASE NOTE - Complete all fields in Section V if you are claiming an affirmative defense for startup or shutdown. Do not complete if you are claiming an affirmative defense for malfunction or for emergency.

A. Was this excess emission caused by an intentional bypass of air pollution control equipment or an intentional bypass of equipment?

If Yes, please explain:

B. Provide a chronology in the table below of all the primary actions taken from when the startup or shutdown procedure commenced until it was successfully completed.

Date / Time	Action Taken	Comments
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Affirmative Defense Demonstration Form

B.1. Explain why the chronology above indicated that the duration of the startup or shutdown procedure was minimized to the maximum extent practicable. Attach a copy of the startup or shutdown procedure for the facility and/or for each emission unit involved in this event.

C. Identify each excess emission event due to non-permitted startup or shutdown in the preceding 12 months (including date and activity number) that involved the same emission unit(s) identified in this excess emission event.

Date	Activity Number
------	-----------------

D. For each excess emission event described in item B, state whether it involved the same of similar direct or contributing cause for this excess emission event, and explain why the cause was not resolved or the excess emission was not permitted.

Date	Activity Number
------	-----------------

D.1. Explain why the cause(s) for the events listed above was (were) not resolved.

E. Have you submitted or do you intend to submit an application to include this excess emission in your permit?

E.1. If yes, indicate the date of actual or intended application submittal (mm/dd/yyyy):

E.2. If no, and you do not intend to submit an application, explain why:

SECTION VI - ATTACHED DOCUMENTS

Document Title	File Name	Uploaded Date
EER 038441-11222021-01 Initial EER	EER_038441-11222021-01_Initial_EER.pdf	11/22/2021
EER 038441-11222021-01 Final EER	EER_038441-11222021-01_Final_EER.zip	12/03/2021
Firethorn Telemetry	Firethorn_CTB_ADD.xlsx	01/04/2022
Jal F&R Incident Report	Incident#112109.pdf	01/04/2022

Affirmative Defense Demonstration Form

SECTION VII - CERTIFICATION

By clicking on the Certify button, I agree to the following:

After reasonable inquiry, I certify this report as true, accurate and complete.

Reporting Official:

Anthony

Seach

Date: 01/04/2022

Title:

General Counsel

NFIRS Incident Field Notes

12421
8

DATE 11/22/21	ALARM TIME 2:57	ARRIVAL TIME 3:19	CONTROL TIME 3:25	LAST UNIT CLEARED 11:00	INCIDENT # 112109	EXPOSURE # 9
LOCATION <input type="checkbox"/> Exact Location <input type="checkbox"/> Intersection <input type="checkbox"/> Front of <input type="checkbox"/> Rear of <input type="checkbox"/> Adjacent to	Number Apt/Room	Street or Highway W SR 128 mp 47 City Jal	State	Zip Code	south	
Cross Streets or Directions						

INCIDENT TYPE (Situation Found) Explosion tank battery	AID GIVEN OR RECEIVED <input checked="" type="checkbox"/> Mutual Aid Received <input type="checkbox"/> Automatic Aid Received <input type="checkbox"/> Mutual Aid Given <input type="checkbox"/> Automatic Aid Given <input type="checkbox"/> Other Aid Given <input type="checkbox"/> None	ACTIONS TAKEN stand by Primary Action Taken Additional Action Taken (1) Additional Action Taken (2)	RESOURCES Apparatus Personnel Suppression 4 6 EMS stand by 2 Other EUNICE WTR TINDER 1 2
---------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------

ESTIMATED DOLLAR LOSS LOSSES Property \$ Contents \$ PRE-INCIDENT VALUE Property \$ Contents \$	CASUALTIES Death Injury Fire Service Civilian Fire Civilian EMS	DETECTORS (Required for Confined Fires Only) <input type="checkbox"/> Detector Alerted Occupants <input type="checkbox"/> Detector Did Not Alert Occupant <input type="checkbox"/> Unknown	PROPERTY USE
-------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------

HAZARDOUS MATERIALS RELEASE <input type="checkbox"/> NONE <input type="checkbox"/> NATURAL GAS: slow leak, no evacuation or Hazmat action <input type="checkbox"/> PROPANE GAS: <21 LB. (as in home BBQ grill) <input type="checkbox"/> GASOLINE: vehicle fuel tank or portable container <input type="checkbox"/> KEROSENE: fuel burning equipment or portable storage		<input type="checkbox"/> DIESEL FUEL/FUEL OIL: vehicle tank or portable storage <input type="checkbox"/> HOUSEHOLD SOLVENTS: home/office spill, cleanup only <input type="checkbox"/> MOTOR OIL: from engine or portable container <input type="checkbox"/> PAINT: from paint cans totaling <55 gallons <input type="checkbox"/> OTHER: Special HazMat actions required or spill > 55 gallons		MIXED USE PROPERTY <input type="checkbox"/> Not Mixed <input type="checkbox"/> Assembly Use <input type="checkbox"/> Educational Use <input type="checkbox"/> Medical Use <input type="checkbox"/> Residential Use <input type="checkbox"/> Row of Stores <input type="checkbox"/> Enclosed Mall <input type="checkbox"/> Business & Residential <input type="checkbox"/> Office Use <input type="checkbox"/> Industrial Use <input type="checkbox"/> Military Use <input type="checkbox"/> Farm Use <input type="checkbox"/> Other Mixed Use
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

OCCUPANT/PARTY INVOLVED NAME (LAST, FIRST, MIDDLE)	ADDRESS/CITY/ZIP CODE	TELEPHONE
----------------------------------------------------	-----------------------	-----------

OWNER NAME (LAST, FIRST, MIDDLE)	ADDRESS/CITY/ZIP CODE	ROOM / APT #	TELEPHONE
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NOTES: Amerav SWD
FireThron fully involved, contact w/ Co man
stand by per request rep.

Officer in Charge P. Walter	AUTHORIZATION Chief	Assignment	Month 11	Day 22	Year 21
Member Making Report	Position or Rank	Assignment	Month	Day	Year

COMPLETE THIS SIDE FOR ALL INCIDENTS - COMPLETE BOTH SIDES FOR ALL FIRES

Created 11/2002

Jal Fire / Rescue

Date:	Unit #	Signature if Present	Time Out	Time In	
			J-1	2:57	11:00
Marmar, Angel				Hours	8
Bustamante, Jesse			Driver	J. Cole	Miles 20
Chavez, Randy ✓	J-3	<i>[Signature]</i>	J-2		Hours
Cole, Joe ✓	J-1	<i>[Signature]</i>	Driver		Miles
Doss, Steve			J-3	2:57	11:00
Fulfer, Cameron			Driver	P. Walter	Miles 20
Granado, Larry	J-9	<i>[Signature]</i>	J-4		Hours
Guinn, Shelby	SB EMS		Driver		Miles
Immel, Eugene			J-5		Hours
Kelton, Kris			Driver		Miles
Loera, Edson			J-6		Hours
Matinez, Gilert Jr.			Driver		Miles
Moody, Whitney	SB EMS		J-7	2:57	10:12
Nierz, Jose			Driver	C. Vargas	Hours 7.25
Sauceda, Sergio			J-8		Miles 20
Vargas, Chacho	J-7	<i>[Signature]</i>	Driver		Hours
Walter, Keith	J-9	<i>[Signature]</i>	J-9	2:57	5:23
Walter, Pat -	J-3	<i>[Signature]</i>	Driver	K. Walter	Hours 2.5
			J-10		Miles 20
			J-11		Hours
			Driver		Miles
			J-12		Hours
			Driver		Miles
			J-13		Hours
			Driver		Miles
			J-14		Hours
			Driver		Miles
Total Vehicle Mileage	80				
Total Man Hours	36.25				
Total Vehicle Hours	25.75				



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JAL POLICE DEPARTMENT RECORD OF CALL

Time 0255 Date 11/22/2021

Reporting Person Name LCCA//Jeremy

Address _____ Phone 580-231-8511 RP

Location west 128 mm46

Nature of Call tank battery explosion

Officers Assigned Fire Dept.

Call Received By KCox Telephone _____

Tank battery fire 128 mm 46 possibly mass casualties unknown injuries/H2S facility of of frying pan rd

0255 J30 toned out fire

0300 EMS paged

0316 LCCA we have aerocare on standby with 2 helicopters, Hobbs Fire and EMS, Eunice Fire and EMS are all enroute to the location

0317 J30 do we know who this belongs to/ JAL DISPATCH: stand by and i will find out for you

0319 Jal to J30 i have a supervisor's name and number Logan Grey 208-684-4163

0329 J30-J7, J9, J3, J1 and EMS on scene

0325 J30 made contact with Ameredeve they are sending someone out to turn of this station

0330 J30 fire personal will be standing down at this time till it is shut off No injuries or casualties

0330 J30 call xcel to have them come shutoff a high voltage line

0350 J30 Intrepis on scene

0523 J9 enroute back to the barn

0602 J9 Back in barn

1012-J7 Back in Barn

1018- J3 Last assignment complete headed back to the city

367-7633	
Ameredev Firethorn	
Period Start:	11/20/2021 0:00
Period End:	11/22/2021 0:00

Fault Code	Fault Start	Fault End	Fault Hours
NO FAULTS	N/A	N/A	N/A