

From: [Zachary Simpson](#)
To: [Jace Marshall](#); [Jeff Seal](#)
Subject: Fwd: [EXTERNAL] Gulfport: Meeting on Settlement Proposal
Date: Tuesday, July 18, 2017 7:44:19 PM

FYI

Zachary M. Simpson
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Begin forwarded message:

From: "Peachey, Robert" <peachey.robert@epa.gov>
Date: July 18, 2017 at 6:48:03 PM CDT
To: "zsimpson@gulfportenergy.com" <zsimpson@gulfportenergy.com>
Cc: "Topinka, Natalie" <topinka.natalie@epa.gov>, "Loukeris, Constantinos" <loukeris.constantinos@epa.gov>
Subject: [EXTERNAL] Gulfport: Meeting on Settlement Proposal

For Settlement Purposes Only
Subject to Fed. R. eVid. 408 and 40 C.F.R. § 22.22

Dear Zac:

I hope that you are doing well. We wanted to follow up on the February 2017 CAA § 113 conference with Gulfport, as well as Gulfport's March 2017 response letter. One of the next steps after the conference was for U.S. EPA to propose a settlement package, including injunctive relief, and Gulfport affirmed in its response letter that it welcomed the opportunity to work with us to resolve this matter. To this end, we would like to schedule a meeting with Gulfport to present our settlement proposal for injunctive relief. We would like to have this meeting in person so that we better understand any new techniques that Gulfport has implemented or is considering to limit VOC emissions from its well pads. After the meeting we will present our settlement proposal in writing.

We have availability from August 7-9 and August 24-25. Please let us know which of these dates would work for your colleagues, and we will make arrangements for your visit. If you have any questions or comments, please contact me. We look forward to seeing you all again.

Thanks,
--Bob Peachey

Robert M. Peachey
Office of Regional Counsel

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USEPA Findings of Violation Timeline of Events

- Natalie Topinka and Constantinos Loukens with the USEPA Region 5 Office conducted several inspections at Gulfport facilities on August 3rd and 4th, 2015.
 - During the inspections, USEPA utilized FLIR cameras which observed certain gases escaping from thief hatches on GPOR production equipment.
 - EPA sent Gulfport an email with questions/concerns, see attachment ***“2015-8-5 USEPA Questions and Concerns”***.
 - Gulfport received a post information request, see attachment ***“2015-8-23 USEPA Information Request Letter”***.
- Gulfport received an FOV per Section 113 of the Clean Air Act (CAA) on January 4, 2017 for violating Section 111 of the CAA per 40 C.F.R. part 60, subpart OOOO at a number of our facilities, see attachment ***“2017-1-4 Findings of Violation”***.
- Gulfport met with the EPA in Chicago on February 17, 2017 to discuss and present information specific to the FOV. See attachment ***“2017-2-7 Gulfport EPA sign in sheet”*** for a list of attendees.
 - The meeting consisted of USEPA showing FLIR camera video footage of the emissions from hatches and one of the combustors.
 - USEPA indicated that their FLIR camera footage provided evidence that GPOR should be subject to NSPS OOOO for exceeding 6 tpy per tank.
 - We requested time to respond to their request and submitted a response letter on March 10, 2017, see attachment ***“2017-3-10 ESEPA Response Final”***.
 - In GPOR’s response, we outlined that the FLIR cameras do not capture volume calculations or distinguish between VOCs and GHGs, and as such, FLIR camera footage should not be used as a basis for the FOV or determining OOOO jurisdiction.
 - In our letter, we raised an example of one of their videos observing a leaking thief hatch. That particular pad site only produced 2.58 bbls of condensate in the respective month. Meaning, we are more likely than not looking at methane and not VOCs in the camera footage.
 - In addition to our concerns with the inaccurate method of determining a volumetric standard, we raised the issue that several sites they claim are subject to NSPS OOOO are not mathematically capable of reaching the NSPS OOOO threshold of 6 tpy per tank due to low condensate production rates. This calculation did not take into consideration the emission controls GPOR had in place. We performed the calculation in this manner to convey the objective impossibility for GPOR’s facilities to reach the NSPS OOOO threshold.
- USEPA never responded to our letter. Rather, Gulfport received an email from Bob Peachey on July 18, 2017 requesting a meeting in Chicago on a settlement proposal, see attachment ***“2017-7-18 Gulfport Meeting on Settlement Proposal”***.
- GPOR is not attempting to skirt around NSPSs when we should be subject to them; however, USEPA’s lack of willingness to address their flawed methods of determining NSPS OOOO applicability and blatant refusal to consider objective mathematical evidence is troublesome.