



State of Mississippi

FEDERALLY ENFORCEABLE AIR POLLUTION CONTROL PERMIT



Permit to Operate Air Emissions Equipment at a Synthetic Minor Source

THIS CERTIFIES

Venture Oil and Gas Inc, Clark 4 5 Number 1
Holly Bush Church Road
Waynesboro, MS
Wayne County

has been granted permission to operate air emissions equipment in accordance with emission limitations, monitoring requirements and conditions set forth herein. This permit is issued in accordance with the Federal Clean Air Act and the provisions of the Mississippi Air and Water Pollution Control Law (Section 49-17-1 et. set., Mississippi Code of 1972), the regulations and standards adopted and promulgated thereunder, and the State Implementation Plan for operating permits for synthetic minor sources.

Mississippi Environmental Quality Permit Board

Mississippi Department of Environmental Quality

Issued/Modified: JUL 13 2011

Expires: JUN 30 2016

Permit No. 2840-00059

Agency Interest # 35288

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Permit to Operate Air Emissions Equipment at a Synthetic Minor Source

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Subject Item Inventory

Permit Number:2840-00059

Activity ID No.: PER20100002

Subject Item Inventory:

ID	Designation	Description
AI35288	35288	Oil and gas well
AREA3	AA-008	Truck Loading emissions(L-1)
AREA4	AA-009	Equipment leak emissions(P-1)
EQPT10	AA-001	1.0 MMBTU/hr line heater (H-1)
EQPT11	AA-002	0.5 MMBTU/hr heater treater(H-2)
EQPT12	AA-003	Flare (F-1)
EQPT13	AA-004	3000 gallon Methanol storage tank(T-7)
EQPT14	AA-005	1500 gallon Methanol storage tank(T-7a)
EQPT15	AA-006	210 gallon Crystal modifier storage tank(T-8)
EQPT17	AA-007	210 gallon Corrosion inhibitor storage tank(T-10)

Subject Item Groups:

ID	Description	Components
GRPT1	Facility Wide Conditions	AREA3 Truck Loading emissions(L-1)
		AREA4 Equipment leak emissions(P-1)
		EQPT10 1.0 MMBTU/hr line heater (H-1)
		EQPT11 0.5 MMBTU/hr heater treater(H-2)
		EQPT12 Flare (F-1)
		EQPT13 3000 gallon Methanol storage tank(T-7)
		EQPT14 1500 gallon Methanol storage tank(T-7a)
		EQPT15 210 gallon Crystal modifier storage tank(T-8)

*** Official MDEQ Permit - Version 1.1 ***

Permit to Operate Air Emissions Equipment at a Synthetic Minor Source

Venture Oil and Gas Inc, Clark 4 5 Number 1

Subject Item Inventory

Permit Number:2840-00059

Activity ID No.: PER20100002

ID	Description	Components
GRPT1	Facility Wide Conditions	EQPT17 210 gallon Corrosion inhibitor storage tank(T-10)

KEY

ACT = Activity

AREA = Area

CONT = Control Device

IA = Insignificant Activity

RPNT = Release Point

AI = Agency Interest

CAFO = Concentrated Animal Feeding Operation

EQPT = Equipment

MAFO = Animal Feeding Operation

TRMT = Treatment

*** Official MDEQ Permit - Version 1.1 ***

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AI0000035288 (35288) Oil and gas well:

Submittal/Action Requirements:

Condition No.	Condition
S-1	For the entire facility, the permittee shall submit a report due annually by the 31st of January for the preceding calendar year. This report shall provide the following: (a) the quantity of sulfur dioxide in tons/year based on a consecutive 12-month period. (b) the quantity of VOC in tons/year based on a consecutive 12-month period. (c) the quantity of individual HAPs in tons/year based on a consecutive 12-month period. (d) the quantity of total HAPs in tons/year based on a consecutive 12-month period. [APC-S-2 II.B(11)]
S-2	General Condition: Except as otherwise specified herein, the permittee shall report all deviations from permit requirements, including those attributable to upsets, the probable cause of such deviations, and any corrective actions or preventive measures taken. Said report shall be made within five (5) working days of the time the deviation began. [APC-S-2 II.B(10)]
S-3	Except as otherwise specified herein, the permittee shall Submit a certified annual synthetic minor monitoring report: Due annually, by the 31st of January for preceding calendar year. This report shall address any required monitoring specified in the permit. [APC-S-2 II.B(11)]

Narrative Requirements:

Condition No.	Condition
T-1	General Condition: Any activities not identified in the application are not authorized by this permit. [Miss. Code Ann. 49-17-29 1.b]
T-2	General Condition: The permittee shall at all times maintain in good working order and operate as efficiently as possible all air pollution control facilities or systems installed or used by the permittee to achieve compliance with the terms and conditions of this permit. [APC-S-2 V.A]
T-3	General Condition: Solids removed in the course of control of air emissions shall be disposed of in a manner such as to prevent the solids from becoming windborne and to prevent the materials from entering state waters without the proper environmental permits. [Miss. Code Ann. 49-17-29 1.a(i and ii)]

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AI0000035288 (continued):

Narrative Requirements:

Condition No.	Condition
T-4	General Condition: Any diversion from or bypass of collection and control facilities is prohibited except as provided for in Regulation APC-S-1, "Air Emission Regulations for the Prevention, Abatement, and Control of Air Contaminants", Section 10. [APC-S-1 Section 10]
T-5	General Condition: Should the Executive Director of the Mississippi Department of Environmental Quality declare an Air Pollution Emergency Episode, the permittee will be required to operate in accordance with the permittee's previously approved Emissions Reduction Schedule. [APC-S-2 X]
T-6	General Condition: The permittee shall allow the Mississippi Department of Environmental Quality Office of Pollution Control and the Mississippi Environmental Quality Permit Board and/or their authorized representatives, upon the presentation of credentials: (a) To enter upon the permittee's premises where an air emission source is located or in which any records are required to be kept under the terms and conditions of this permit, and (b) At reasonable times to have access to and copy any records required to be kept under the terms and conditions of this permit; to inspect any monitoring equipment or monitoring method required in this permit; and to sample any air emission. [Miss. Code Ann. 49-17-21]
T-7	General Condition: After notice and opportunity for a hearing, this permit may be modified, suspended, or revoked in whole or in part during its term for cause including, but not limited to: (a) Violation of any terms or conditions of this permit (b) Obtaining this permit by misrepresentation or failure to disclose fully all relevant facts; or (c) A change in any condition that required either a temporary or permanent reduction or elimination of authorized air emissions. [APC-S-2 II.C]
T-8	General Condition: This permit and/or any part thereof may be modified, revoked, reopened, and reissued, or terminated for cause. Sufficient cause for this permit to be reopened shall exist when an air emissions stationary source becomes subject to Title V. The filing of a request by the permittee for a permit modification, revocation and reissuance, or termination, or of a notification of planned changes or anticipated noncompliance does not stay any condition of the permit. [APC-S-2 II.B(15)b]
T-9	General Condition: Except for data determined to be confidential under the Mississippi Air & Water Pollution Control Law, all reports prepared in accordance with the terms of this permit shall be available for public inspection at the offices of the Mississippi Department of Environmental Quality Office of Pollution Control. [Miss. Code Ann. 49-17-39]
T-10	General Condition: The issuance of this permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of Federal, State, or local laws or regulations. [APC-S-2 II.B(15)c]

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AI0000035288 (continued):

Narrative Requirements:

Condition No.	Condition
T-11	General Condition: Nothing herein contained shall be construed as releasing the permittee from any liability for damage to persons or property by reason of the installation, maintenance, or operation of the air cleaning facility, or from compliance with the applicable statutes of the State, or with local laws, regulations, or ordinances. [APC-S-2 II.B(7)]
T-12	General Condition: This permit may only be transferred upon approval of the Mississippi Environmental Quality Permit Board. [APC-S-2 XVI.B]
T-13	General Condition: This permit is for air pollution control purposes only. [APC-S-2 I.D(1)]
T-14	General Condition: This permit is a Federally-approved permit to operate a synthetic minor source as described in Regulation APC-S-2, Section IV.D. [APC-S-2 IV.D]
T-15	General Condition: The provisions of this permit are severable. If any provision of this permit, or the application of any provision of this permit to any circumstances, is challenged or held invalid, the validity of the remaining permit provisions and/or portions thereof or their application to other persons or sets of circumstances, shall not be affected thereby. [APC-S-2 I.D(7)]
T-16	General Condition: The permittee shall furnish to MDEQ within a reasonable time any information MDEQ may request in writing to determine whether cause exists for modifying, revoking and reissuing, or terminating the permit or to determine compliance with the permit. Upon request, the permittee shall also furnish to MDEQ copies of records required to be kept by the permit or, for information claimed to be confidential, the permittee shall furnish such records to MDEQ along with a claim of confidentiality. [APC-S-2 II.B(15)d]

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AI0000035288 (continued):

Narrative Requirements:

Condition No.	Condition
T-17	<p>General Condition: This permit does not authorize a modification as defined in APC-S-2, "Permit Regulations for the Construction and/or Operation of Air Emissions Equipment". Modification is defined as "Any physical change in or change in the method of operation of a facility which increases actual emissions or potential uncontrolled emissions of any air pollutant subject to regulation under the Federal Act emitted into the atmosphere by that facility or which results in the emission of any air pollutant subject to regulation under the Federal Act into the atmosphere not previously emitted. A physical change or change in the method of operation shall not include:</p> <ul style="list-style-type: none">(a) routine maintenance, repair, and replacement;(b) use of an alternative fuel or raw material by reason of an order under Sections 2(a) and (b) of the Federal Energy Supply and Environmental Coordination Act of 1974 (or any superseding legislation) or by reason of a natural gas curtailment plan pursuant to the Federal Power Act;(c) use of an alternative fuel by reason of an order or rule under Section 125 of the Federal Act;(d) use of an alternative fuel or raw material by a stationary source which: (i) the source was capable of accommodating before January 6, 1975, unless such change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975, pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR 51.166; or (ii) the source is approved to use under any permit issued under 40 CFR 52.51 or under regulations approved pursuant to 40 CFR 51.166;(e) an increase in the hours of operation or in the production rate unless such change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975, pursuant to 40 CFR 52.51, or under regulations approved pursuant to Subpart I or 40 CFR 51.166; or(f) any change in ownership of the stationary source" [APC-S-2 I.D(2)]
T-18	<p>General Condition: It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit unless halting or reducing activity would create an imminent and substantial endangerment threatening the public health and safety of the lives and property of the people of this state. [APC-S-2 II.B(15)a]</p>
T-19	<p>General Condition: The permittee shall retain all required records, monitoring data, supported information and reports for a period of at least five (5) years from the date of the monitoring sample, measurement, report, or application. Support information includes all calibration and maintenance records, all original strip-chart recordings or other data for continuous monitoring instrumentation, and copies of all reports required by this permit. Copies of such records shall be submitted to MDEQ as required by Applicable Rules and Regulations or this permit upon request. [APC-S-2 IX]</p>
T-20	<p>General Condition: The knowing submittal of a permit application with false information may serve as the basis for the Permit Board to void the permit issued pursuant thereto or subject the applicant to penalties for constructing or operating without a valid permit. [APC-S-2 II.B(5)]</p>

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AI0000035288 (continued):

Narrative Requirements:

Condition No.	Condition
T-21	<p>General Condition: Emergencies</p> <p>(a) Except as otherwise specified herein, an emergency means any situation arising from sudden and reasonably unforeseeable events beyond the control of the source, including acts of God, which situation requires immediate corrective action to restore normal operation, and that causes the source to exceed a technology-based emission limitation under the permit, due to unavoidable increases in emissions attributable to the emergency. An emergency shall not include noncompliance to the extent caused by improperly designed equipment, lack of preventative maintenance, careless or improper operation, or operator error.</p> <p>(b) An emergency constitutes an affirmative defense to an action brought for noncompliance with such technology-based emission limitations if the conditions specified in (c) following are met.</p> <p>(c) The affirmative defense of emergency shall be demonstrated through properly signed contemporaneous operating logs, or other relevant evidence as follows: (i) an emergency occurred and that the permittee can identify the cause(s) of the emergency; (ii) the permitted facility was at the time being properly operated; (iii) during the period of the emergency the permittee took all reasonable steps to minimize levels of emissions that exceeded the emission standards, or other requirements in the permit; and (iv) the permittee submitted notice of the emergency to MDEQ within two (2) working days of the time when emission limitations were exceeded due to the emergency which contained a description of the emergency, any steps taken to mitigate emissions, and corrective actions taken.</p> <p>(d) In any enforcement proceeding, the permittee seeking to establish the occurrence of any emergency has the burden of proof.</p> <p>(e) This provision is in addition to any emergency or upset provision contained in any applicable requirement specified elsewhere herein [APC-S-2 II.B(10)]</p>
T-22	<p>General Condition: Upsets</p> <p>(a) The occurrence of an upset constitutes an affirmative defense to an enforcement action brought for noncompliance with emission standards or other requirements of Applicable Rules and Regulations or any applicable permit if the permittee demonstrates through properly signed contemporaneous operating logs, or other relevant evidence that include information as follows: (i) an upset occurred and that the permittee can identify the cause(s) of the upset; (ii) the source was at the time being properly operated; (iii) during the upset the permittee took all reasonable steps to minimize levels of emissions that exceeded the emission standards, or other requirements of Applicable Rules and Regulations or any applicable permit; (iv) the permittee submitted notice of the upset to the DEQ within five (5) working days of the time the upset began which contained a description of the upset, any steps taken to mitigate emissions, and corrective actions taken.</p> <p>(b) In any enforcement proceeding, the permittee seeking to establish the occurrence of an upset has the burden of proof.</p> <p>(c) This provision is in addition to any upset provision contained in any applicable requirement. [APC-S-1 Section 10]</p>

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AI0000035288 (continued):

Narrative Requirements:

Condition No.	Condition
T-23	<p>General Condition: Startups and Shutdowns</p> <p>(a) Startups and shutdowns are part of normal source operation. Emissions limitations applicable to normal operation apply during startups and shutdowns except as follows: (i) when sudden, unavoidable breakdowns occur during a startup or shutdown, the event may be classified as an upset subject to the requirements above; (ii) when a startup or shutdown is infrequent, the duration of excess emissions is brief in each event, and the design of the source is such that the period of excess emissions cannot be avoided without causing damage to equipment or persons; or (iii) when the emissions standards applicable during a startup or shutdown are defined by other requirements of Applicable Rules and Regulations or any applicable permit.</p> <p>(b) In any enforcement proceeding, the permittee seeking to establish the applicability of any exception during a startup or shutdown has the burden of proof.</p> <p>(c) In the event this startup and shutdown provision conflicts with another applicable requirement, the more stringent requirement shall apply. [APC-S-1 Section 10]</p>
T-24	<p>General Condition: Maintenance</p> <p>(a) Maintenance should be performed during planned shutdown or repair of process equipment such that excess emissions are avoided. Unavoidable maintenance that results in brief periods of excess emissions and that is necessary to prevent or minimize emergency conditions or equipment malfunctions constitutes an affirmative defense to an enforcement action brought for noncompliance with emission standards, or other regulatory requirements if the permittee can demonstrate the following: (i) the permittee can identify the need for the maintenance; (ii) the source was at the time being properly operated; (iii) during the maintenance the permittee took all reasonable steps to minimize levels of emissions that exceeded the emission standards, or other requirements of Applicable Rules and Regulations or any applicable permit; (iv) the permittee submitted notice of the maintenance to MDEQ within five (5) working days of the time the maintenance began or such other times as allowed by MDEQ, which contained a description of the maintenance, any steps taken to mitigate emissions, and corrective actions taken.</p> <p>(b) In any enforcement proceeding, the permittee seeking to establish the applicability of this section has the burden of proof.</p> <p>(c) In the event this maintenance provision conflicts with another applicable requirement, the more stringent requirement shall apply. [APC-S-1 Section 10]</p>
T-25	<p>General Condition: For renewal of this permit the applicant shall make application not less than one-hundred eighty (180) days prior to the expiration date of the permit substantiated with current emissions data, test results or reports or other data as deemed necessary by the Mississippi Environmental Quality Permit Board. [APC-S-2 VIII]</p>

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EQPT0000000012 (AA-003) Flare (F-1):

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Opacity	Opacity: The permittee shall be limited to opacity less than or equal to 40% as determined by EPA Reference Method 9, 40CFR60, Appendix A. [APC-S-1 3.1(a)]

Narrative Requirements:

Condition No.	Condition
T-1	Such air emission equipment shall be operated as efficiently as possible to provide the maximum reduction of air contaminants. [APC-S-2 II.B(10)]

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GRPT0000000001 Facility Wide Conditions:

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Particulate Matter	Particulate Matter: The permittee shall limit Particulate Matter emissions from each fossil fuel burning installations of less than 10 million BTU per hour heat input shall not exceed 0.6 pounds per million BTU per hour heat input. [APC-S-1 3.4.a(1)]
L-2	Hydrogen sulfide	Hydrogen sulfide: The permittee shall not cause or permit the emissions for any gas stream which contains hydrogen sulfide in excess of one grain per 100 standard cubic feet (gr/100scf). Gas streams containing hydrogen sulfide in excess of one grain per 100 standard cubic feet shall be incinerated of not less than 1600 deg Fahrenheit for a period of not less than 0.5 seconds, or processed in such a manner which is equivalent to or more effective for the removal of hydrogen sulfide. [APC-S-1 4.2.b]
L-3	Opacity	Opacity: The maximum opacity from any point source or emissions shall not exceed 40% at any time. [APC-S-1 3.1]
L-4	Sulfur oxides	Sulfur oxides: The permittee shall limit the sulfur oxide emissions to no more than 99.9 tons per year for each consecutive 12-month period. [APC-S-2 II.b(10)]
L-5	VOC	VOC: The permittee shall limit volatile organic compound(VOC) emissions to no more than 99.9 tons per year as determined for each consecutive 12-month period. [APC-S-2 II.B(10)]
L-6	HAP	HAP: The permittee shall limit hazardous air pollutants (HAP) emissions to no more than 9.9 tons/year (TPY) of any single HAP and no more than 24.9 TPY of total combined HAP's as determined for each consecutive 12-month period. [APC-S-2 II.B(10)]
L-7	Fuel Combusted	Fuel Combusted: The permittee shall limit fuel burning equipment to only use commercial grade propane or pipeline quality natural gas. [APC-S-2 II.B(10)]

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GRPT0000000001 (continued):

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1		For the entire facility, the permittee shall determine (a) the flared gas component analysis including hydrogen sulfide, heat value, molecular weight, specific gravity, and any other property required to determine emissions. (b) the gallons of propane burned on a monthly basis. (c) the gallons of oil shipped on a monthly basis. [APC-S-2 II.B(11)]
M-2		The permittee shall perform weekly inspections or more often if necessary to insure proper operation of the pollution control equipment. [APC-S-2 II.B(11)]

Record-Keeping Requirements:

Condition No.	Condition
R-1	The permittee shall determine compliance with the sulfur dioxide, VOC, and HAP emission limitations through material balance calculations utilizing gas flow measurements, gas analysis, AP-42 emission factors, and other relevant information to determine emissions. The permittee shall calculate and record the sulfur dioxide, VOC, and HAP emissions in tons per month on a rolling 12 month period. The permittee shall record the tons per year on a consecutive 12 month period. The permittee shall maintain a copy of these records on site for at least five years and shall make them available upon request by MDEQ personnel. [APC-S-1 4.2(b)]

GENERAL INFORMATION

Venture Oil and Gas Inc, Clark 4 5 Number 1
Holly Bush Church Road
Waynesboro, MS
Wayne County

Alternate/Historic Identifiers

ID	Alternate/Historic Name	User Group	Start Date	End Date
35288	Venture Oil and Gas, Inc.	Official Site Name	2/14/2007	
35288	KCS Resources, Inc.	Historic Site Name	2/14/2007	9/7/2010
2840-00059	Venture Oil and Gas Inc, Clark 4 5 Number 1	Air-Construction	7/13/2011	
2840-00059	Venture Oil and Gas Inc, Clark 4 5 Number 1	Air-Synthetic Minor Operating	7/13/2011	6/30/2016

Basin: Pascagoula River Basin

Location Description: