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### SLIDES: Air Quality - Oil and Gas Development

Paul R. Tourangeau

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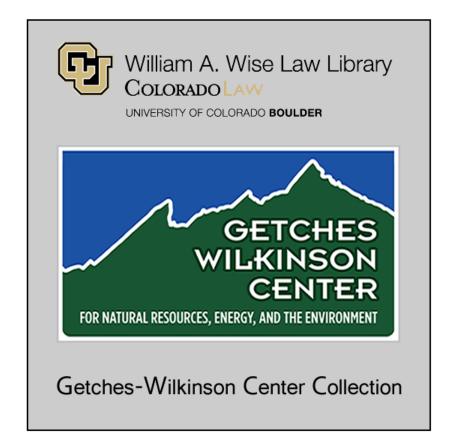
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## Air Quality - Oil & Gas Development

Natural Resources Law Center University of Colorado School of Law July 27, 2012

> Paul R. Tourangeau Assistant General Counsel DCP Midstream, LP

## Perhaps less media attention, but air quality and oil & gas has received much regulatory attention...and more to come

#### Colorado APCD

- Condensate tanks 2004, 2006, 2008
- Various other pieces of equipment, e.g., engines, dehydrators, pneumatics 2006, 2008
- Preparing for an upcoming Ozone SIP (75 ppb 8-Hour O<sub>3</sub> NAAQS)
- o Ongoing permitting regime, minor and major sources in the oil and gas sector

#### - Colorado COGCC

- 805 Rules 2007
  - Green completion techniques
  - Pneumatic valves
  - Tanks (condensate and produced water)
  - Dehydrators
  - Incorporation of AQCC Regulation No. 2 (odor requirements)

- EPA

- Various regulations in-place governing different systems and pieces of equipment in the oil and gas sector
- Regulations proposed that will have significant impact on oil and gas sector air emissions
- Upcoming SIPs for 0<sub>3</sub> (for the 2008 75 ppb 8-Hour standard, and likely a revised 2013 0<sub>3</sub> standard)
- Ongoing permitting regime, major sources in the oil and gas sector (and now minor sources on Indian Reservations)

## Background – pollutants associated with oil and gas sector that are subject of regulation

- NOx (e.g., NOx individually, as NO<sub>2</sub>, and as an O<sub>3</sub> precursor)
- Volatile Organic Compounds (hydrocarbon-based...03 precursor)
- Carbon Monoxide
- Particulate Matter<sub>2.5</sub> (PM<sub>2.5</sub>) and Particulate Matter<sub>10</sub> (PM<sub>10</sub>)
- Hazardous Air Pollutants (e.g., benzene, acetaldehyde, methanol)
- SO<sub>2</sub>
- $-H_2S$
- Greenhouse Gases (CO2, methane)

Oil & Gas activities can have emissions of these air pollutants from various pieces of equipment or combinations of equipment, e.g.,

- Well development activities and drilling equipment
- Tanks
- Dehydrator systems
- Amine treatment systems
- Engines (compression, pumping, power, drill rigs, \_\_\_\_\_ turbines)
- Natural gas processing plants

- Pneumatic valves
- Other fired-sources, e.g., boilers
- Fugitive emissions, e.g., methane, VOCs
- Flaring
- VRUs
  - Piping components (at plants)
- Boilers/reboilers/heaters
- Trucks/other mobile sources

# Existing Regulatory Requirements and Policies that affect air emissions from the oil and gas sector

#### Federal

- National Ambient Air Quality Standards (NAAQS) (42 USC 7410 et seq.)
  - Ozone NOx, VOC, CO
  - $\circ$  PM<sub>2.5</sub> NOx, SO<sub>2</sub> (primarily)
  - PM<sub>10</sub> dust, off-road activities
  - NO<sub>2</sub> (one-hour standard)
  - SO<sub>2</sub> (one-hour standard)
- New Source Performance Regulations (NSPS) (42 USC 7411 et seq.)
  - LLL sweetening units (40 CFR 60.640 et seq.)
  - K, Ka, Kb VOC liquid storage tanks (40 CFR 60.110, .110a, .110b, et seq.)
  - KKK equipment leaks of VOC from n. gas processing plants (40 CFR 60.630 et seq.)
  - Dc steam generating units, boilers/reboilers/heaters (40 CFR 60.40c et seq.)
  - o GG (and KKKK) gas turbines (40 CFR 60.330 and 60.4300 et seq.)
  - JJJJ spark ignition RICE (40 CFR 60.4230 et seq.)

# Existing Regulatory Requirements and Policies that affect air emissions from the oil and gas sector...

- National Emission Standards for Hazardous Air Pollutants/Maximum Achievable Control Technology Standards (NESHAP/MACT) (42 USC 7412)
  - V leaks and fugitive emissions from equipment in volatile HAP service (40 CFR 61.240 et seq.)
  - HH tanks, glycol dehydrators in volatile HAP service at natural gas production facilities (40 CFR 63.760 et seq.)
  - ZZZZ RICE (various types and horsepower) (40 CFR 63.6580 et seq.)
  - Dc boilers/reboilers/heaters
- Major Source Permitting Programs
  - Title V Operating Permits
  - Prevention of Significant Deterioration Construction Permits
    - New Source Review BACT review and controls
    - Non-Attainment New Source Review LAER review and controls, and offsets of emissions
    - Greenhouse Gas BACT review and measures (CO<sub>2</sub> and methane)
- Performance Criteria, e.g., flare operational standards (40 C.F.R. 60.18)
  - Applied/incorporated through other regulatory requirements

# Existing Regulatory Requirements and Policies that affect air emissions from the oil and gas sector...

### State

### e.g., Colorado

- Colorado Air Quality Control Commission
  - Regulation No. 3 (permitting, RACT, etc.)
  - Regulation No. 7 (control of emissions of VOCs from particular systems/equipment, etc.)
  - Regulations Nos. 6 (Part B) and 8 (Parts A and E) (incorporate Federal NSPS and NESHAP/MACT regulations)
  - Implementation of Title V Operating Permits, and PSD permits for major sources
  - Implementation of Minor Source permitting program, including state requirements for emissions controls on oil and gas sector equipment
- Colorado Oil and Gas Conservation Commission
  - 805 Series Rules
- Other state air emission reduction regulations that apply to the Oil & Gas sector
  - Wyoming e.g., minor source BACT
  - Texas Permits by Rule, Standard Permits, New Source Permits

## New and expected regulatory requirements that will affect Oil & Gas sector air emissions...

### Federal

- Proposed 0000 NSPS and HH MACT Standard for the oil and gas industry
  - Proposed Aug. 2011; to be Final April 2012.
    - Green completion technique requirements
      - Minimize flaring and venting...capture natural gas vapors in a gathering line as soon as reasonably possible
    - Tank air emission control requirements
    - Pneumatic valve standards
    - Dehydrator control requirements
    - Compressor maintenance
    - "leak" definition for purposes of LDAR (500 ppm vs. today 10,000 ppm)
- Boiler MACT, Subpart DDDDD, as might be applicable (40 CFR 63.7480 et seq.)
- To-be-proposed revised O<sub>3</sub> NAAQS (~2013)
- Minor Source permitting on Indian Reservations
- Greenhouse Gas BACT implementation (CO<sub>2</sub> and methane)
- NEPA implementation for activities on federal lands (ElAs, mitigative requirements, conditions of lease, etc.)

# New and expected regulatory requirements that will affect Oil & Gas sector air emissions...

### State

- 0<sub>3</sub> SIP (for 75 ppb 8-hour standard)
  - Wyoming DEQ for Johan-Pinedale...additional emissions reduction requirements?
- EPA Region 8 (FIP) for Uintah Reservation in Utah?
- Colorado...to be determined (because O<sub>3</sub> levels are now closer to the standard, so measures will have to be closely evaluated for efficacy)
- 0<sub>3</sub> SIP (for a 2013 revised 0<sub>3</sub> Standard; SIP development likely in 2015/2016 timeframe)
- Implementation of Major Source permitting programs, particularly for projects that trigger Non-Attainment New Source Review for "Criteria Pollutants" (LAER and offsets) or BACT review for Greenhouse Gases.