

ADMINISTRATIVE WATCH

ADDRESSING ENVIRONMENTAL, ENERGY AND NATURAL RESOURCE ISSUES



Babst Calland
Attorneys at Law

babstcalland.com

Pittsburgh, PA

Two Gateway Center
603 Stanwix Street
Sixth Floor
Pittsburgh PA 15222
412-394-5400
FAX 412-394-6576

State College, PA

Suite 302
330 Innovation Blvd.
State College, PA 16803
814-867-8055
FAX 814-867-8051

Sewell, NJ

380-A Tylers Mill Road
Sewell, NJ 08080
856-256-2495
FAX 412-586-1082

U.S. EPA Proposes Revisions to Clean Air Act Regulations Impacting the Oil and Gas Industry

On August 23rd, the United States Environmental Protection Agency (EPA) published a package of proposed rules governing air emissions from the oil and natural gas industry, which includes the EPA's first air standards targeting emissions from gas wells drilled by hydraulic fracturing. 76 Fed. Reg. 52738 (August 23, 2011).

The EPA's four proposed air regulations include a new source performance standard (NSPS) for volatile organic compounds (VOCs), an NSPS for sulfur dioxide, and air toxics standards for both oil and natural gas production and natural gas transmission and storage. According to the EPA's estimates, these proposed rules would apply to more than 25,000 oil and gas wells drilled each year in the United States.

The oil and gas industry's emissions specifically targeted by the proposed rules include VOCs, methane, benzene, ethylbenzene and n-hexane. The EPA estimates that the industry is the largest industrial source of VOC emissions, emitting approximately 2.2 million tons per year in 2008, and it is responsible for 40 percent of all domestic methane emissions.

The proposed rule would cut these emissions by requiring industry to use "green completions" (also known as reduced emissions completions) to capture emissions at wells being prepared for production. In addition, the proposed rule establishes emission limits at pneumatic controllers and condensate storage tanks. Moreover, the proposed rule would subject natural gas processing plants to more rigorous leak detection and repair requirements, and operators would be required to comply with specific maintenance and equipment standards for compressors. The EPA also has proposed to eliminate the one ton per year benzene compliance option for glycol dehydrators at major sources.

These proposed regulations were issued pursuant to the EPA's February 5, 2010 Consent Decree, as modified January 25, 2011, with WildEarth Guardians and San Juan Citizens Alliance. That Consent Decree resolved a complaint that alleged that the EPA failed to review the NSPS and air toxic standards for the oil and gas industry pursuant to the Clean Air Act. According to this Consent Decree, the EPA was required to issue its proposed revisions by July 28, 2011. The Consent Decree puts the EPA on a deadline to take final action on these revisions by February 28, 2012.

The EPA will accept public comments on its proposed regulation until October 24, 2011. In addition, the EPA announced that it intends to hold three public hearings in the Dallas, Denver and Pittsburgh regions at dates to be published in a future notice in the *Federal Register*.

For more information regarding the EPA's proposed changes to these air regulations impacting the oil and gas industry or for other questions related to air permitting and compliance issues, please contact Michael H. Winek at 412-394-6538 or mwinek@babstcalland.com or Sean M. McGovern at 412-394-5439 or smcgovern@babstcalland.com.