

ADMINISTRATIVE WATCH

ADDRESSING ENVIRONMENTAL, ENERGY AND NATURAL RESOURCE ISSUES



Pennsylvania Methane Reduction Strategy Expected to Transform Air Program for Oil and Natural Gas Sector

On January 19, 2016, Pennsylvania Governor Tom Wolf and the Department of Environmental Protection (DEP) announced a sweeping new regulatory strategy for reducing methane emissions from oil and natural gas operations in the Commonwealth. Methane, the primary constituent of natural gas, is considered by federal and state agencies to be a potent greenhouse gas which contributes to climate change. Governor Wolf stated that Pennsylvania, as the nation's second-largest producer of natural gas, is "uniquely positioned to be a national leader in addressing climate change."

The Pennsylvania methane reduction strategy is expected to result in significant changes to the air permitting and regulatory regime that currently applies to oil and natural gas industry sources. According to the Governor's press release, the strategy consists of four main concepts:

1. *To reduce leaks at new unconventional natural gas well pads, DEP will develop a new general permit for oil and gas exploration, development, and production facilities, requiring Best Available Technology (BAT) for equipment and processes, better record keeping, and quarterly monitoring inspections.*
2. *To reduce leaks at new compressor stations and processing facilities, DEP will revise its current general permit, updating best-available technology requirements and applying more stringent [leak detection and repair (LDAR)], [and] other requirements to minimize leaks. A new condition will require the use of Tier 4 diesel engines that reduce emissions of particulate matter and nitrous oxide by about 90%.*
3. *To reduce leaks at existing oil and natural gas facilities, DEP will develop a regulation for existing sources for consideration by the Environmental Quality Board.*
4. *To reduce emissions along production, gathering, transmission and distribution lines, DEP will establish best management practices, including leak detection and repair programs.*

In conjunction with the Governor's press release, DEP released an explanatory briefing paper that describes how the Pennsylvania methane reduction strategy relates to similar ongoing efforts by the U.S. Environmental Protection Agency to establish new requirements for sources of methane and volatile organic compounds (VOCs) in the oil and natural gas sector.

Babst Calland attorneys will be closely monitoring both state and federal air program changes as they develop through the appropriate rulemaking and permitting processes. Any potentially impacted entity may contact us with any questions or concerns as these processes progress.

For more information about federal and state air program developments impacting the oil and natural gas sector, please contact Michael H. Winek at (412) 394-6538 or mwinek@babstcalland.com, or Meredith Odato Graham at (412) 773-8712 or mgraham@babstcalland.com.

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