

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

Charleston, WV

Suite 590
United Center
500 Virginia Street East
Charleston, WV 25301
681-205-8888
FAX 681-205-8814

Akron, OH

Suite 1010
One Cascade Plaza
Akron, OH 44308
234-352-1650
FAX 234-352-1640

Sewell, NJ

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

Owners and Operators of New Unconventional Wells in Pennsylvania are Subject to New Air Emission Control Requirements

On August 8, 2013, the Pennsylvania Department of Environmental Protection (DEP) announced that unconventional gas well sites will no longer be unconditionally exempt from the requirement to obtain an air quality plan approval. The Air Pollution Control Act authorizes DEP to exempt certain sources from the requirement to obtain a plan approval, *i.e.*, the state air quality “permit” which authorizes the construction and temporary operation of air emissions sources. DEP had previously provided a blanket exemption for both conventional and unconventional well sites, such that operators did not need to obtain a plan approval from DEP prior to constructing wells, wellheads and associated equipment. DEP’s new policy retains the existing broad exemption for conventional well sites, but makes significant changes with respect to unconventional well sites.

DEP released a revised final technical guidance document entitled, “Air Quality Permit Exemptions,” which lists plan approval exemptions by category of emission sources. The newly revised list reflects changes to Exemption No. 33, pertaining to compressed natural gas fueling, and Exemption No. 38, pertaining to conventional and unconventional oil and gas exploration, development, production facilities and associated equipment and operation. Although revised Exemption No. 38 still exempts both conventional and unconventional “wells, wellheads, and associated equipment,” DEP will now require unconventional well operators to meet several criteria in order to qualify for the exemption. These new criteria involve controls and practices that are more stringent than federal air regulations. The new conditions on Exemption No. 38 include:

- Owners and operators must conduct an annual leak detection and repair (LDAR) program for valves, flanges, connectors, storage vessels, and compressor seals that are in natural gas or hydrocarbon liquids service—essentially, LDAR must be implemented across the entire well pad;
- Storage vessels/storage tanks must meet 95% or greater emissions reductions for VOCs;
- Facility-wide VOC emissions must remain below 2.7 tpy (excluding emissions that are permitted or otherwise covered by Exemption No. 38 (e.g., storage tanks meeting 95% or greater VOC control));
- If the VOCs include HAPs, facility-wide HAP emissions must remain below 1,000 lbs/yr of a single HAP or one tpy of a combination of HAPs (excluding emissions that are permitted or otherwise covered by Exemption No. 38);
- Flaring emissions must satisfy certain restrictions (e.g., permanent flares must be enclosed); and
- Facility-wide NO_x emissions must remain below 6.6 tpy and other limits specified for shorter duration (e.g., 100 lbs/hr)(excluding emissions from permitted sources).

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Unconventional well operators have a choice: either maintain records to demonstrate compliance with the new conditions in Exemption No. 38 or obtain a plan approval for the well, wellhead and associated equipment.

For more information about DEP's revised air permitting policy for oil and gas operations and other air programs, please contact Michael H. Winek at (412) 394-6538 or mwinek@babstcalland.com, David E. Northrop at (412) 394-6590 or dnorthrop@babstcalland.com, or Meredith A. Odatto at (412) 394-6540 or modato@babstcalland.com.