

January 31, 2014

Meeting Notes Summary – Second Meeting of Options Subgroup of Workgroup for Global Air Permit Policy Development for Temporary Oil and Gas Drill Rigs

Date of Meeting: Thursday, January 30, 2014

Time of Meeting: 14:00 – 15:00

Location of Meeting: Conference Room A, Bayview Building, 619 E. Ship Creek Ave., Ste. 249, Anchorage, AK 99501 and Teleconference

Options Subgroup of Workgroup for Global Air Permit Policy Development for Temporary Oil and Gas Drill Rigs (DRWG Options subgroup) Members present in person: Brad Thomas, ConocoPhillips (CPAI); Randy Kanady, CPAI; Tom Turner, Environmental Conservation/ Division of Air Quality- Air Permits Program Technical Services Section Manager (ADEC/ AQ- APP/TS); Alejandra Castaño, BP (Alaska) Exploration (BPXA); Joshua Kindred, Alaska Oil and Gas Association (AOGA);

Options Subgroup of Workgroup for Global Air Permit Policy Development for Temporary Oil and Gas Drill Rigs (DRWG Options subgroup) Members present via telephone: Alice Edwards, Director, ADEC/ AQ; John Kuterbach, ADEC/ AQ- APP Manager; Bill Barron, Natural Resources/ Oil & Gas Division (DNR/ O&G); Dave Bray, U. S. Environmental Protection Agency/ Region 10 (USEPA/R10); John Hellén, Pioneer Natural Resources Alaska, Inc. (Pioneer); John Neason, Nabors Drilling (Nabors); Rebecca Smith, ADEC/ AQ

Meeting Facilitator: Jeanne Swartz, ADEC/AQ

Public members present by telephone: Ann Mason, SLR; Tom Chapple, HMH Consulting

1) Introductions

The meeting commenced at 14:00. Jeanne Swartz welcomed all the participants and asked for introductions, first from the participants present in person, then from the participants joining the meeting by telephone.

2) Summary of 01/09/14 and 01/23/14 DRWG Technical subgroup meetings

Jeanne Swartz described the activities that took place in the first two DRWG Technical subgroup meetings:

- Discussion about wording of the proposed mission statement for the DRWG Technical subgroup
- Brad Thomas delivered Ambient Air Monitoring (AAM) data to ADEC/ AQ
- Brad Thomas made a presentation on 01/23/2014 to the DRWG Technical subgroup, relating background information about the AAM stations generating data provided to ADEC/ AQ

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- ADEC/ AQ is currently reviewing the data and determining the best way to evaluate the data so that milestones for meeting the Technical subgroup's objectives can be discussed at the next meeting.

3) Presentation on Review of Regulations

Tom Turner gave a presentation to the DRWG Options subgroup showing the authority for the current minor source permits required for air quality permits. Tom's presentation showed how State Implementation Plans (SIPs) work, their relationship to the drill rig permit regulations and what would be required to change the SIP if the drill rig permit structure would be changed. Tom's presentation is provided on the website, <http://dec.alaska.gov/air/ap/OilGasDrillWorkgroup.html>.

4) Discussion- Drill Rig regulations

After Tom finished his presentation, there was a discussion about drill rig regulations. Alice Edwards emphasized that a change to the current regulations would require a demonstration to the USEPA that all of the issues surrounding Ambient Air Quality (AAQ) would be captured to make the change approvable. Dave Bray emphasized that the requirements for minor source permits are more flexible in their structure than for major source permits. Brad Thomas raised the point that the drill rig permits were unnecessary during the past ten years, if the monitoring data was accepted as being representative of the pollution impacts. Tom said that the permit program was not the only way that AAQ could be maintained; there were options like fuel limits and a registration plan that could be considered. John Kuterbach said that it wasn't clear yet what the monitoring data really showed and there had been a reasonable likelihood for AAQ violations when the drill rig permits were put in place; that surety was needed. John said the DRWG Options subgroup should wait for the DRWG Technical subgroup to get further into their evaluation to see what should be done. Alejandra Castaño said that there were problems with the current modeling program. Dave Bray said an analogy was that it was like a radar gun used for speed control that was not working correctly. Dave also said that modeling programs are designed to err on the conservative side of protecting AAQ. Alice reminded the DRWG Options subgroup that the drill rigs were moving on and off Title V sites, which created additional complications. John Kuterbach said there were two ways of dealing with sources such as heaters and boilers that move on and off Title V facilities; each source could be permitted on alternate operating scenarios and the second was that the drilling operators could have their own Title V permits, with provisions for having the sources operate at multiple locations. Brad said the boilers and heaters are insignificant sources that don't require New Source Performance Standards (NSPS). Dave Bray said that if they were operating on Title V sources, they would have to be subsumed in some way. There was a brief discussion about disaggregation of well pads from processing facilities, but this topic was considered to be outside the scope of the DRWG. Alice asked if there was a way to tie in the monitoring/ modeling discussion to the Bureau of Land Management (BLM) project operating in the National Petroleum Reserve –

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Alaska (NPRA), but no one had heard anything about that project in the past few months. It was generally agreed that the DRWG Technical subgroup should move further along with their work before the DRWG Options subgroup was able to do much more.

5) Set Focus for Next Meeting and Steps/ Actions Needed Prior to Meeting

It was suggested that the next DRWG Options subgroup meeting should be held on Thursday, March 6, 2014 via teleconference, pending Alice Edward's schedule conflicts.

The meeting concluded at 15:02.

Action Items Generated From January 30 Meeting:

- **DRWG Options subgroup will review progress/ information provided by DRWG Technical subgroup from February 20 meeting and the discussion from the main DRWG meeting to be held on February 13.**
- **The meeting summary from the January 30th DRWG Options subgroup meeting will be circulated and placed on the DRWG website.**
- **ADEC will provide a meeting invitation, a meeting place in Anchorage, and agenda for the second Technical subgroup meeting, to be held the Thursday, March 6, 2014**

Respectfully submitted,

Jeanne Swartz ADEC/AQ