June 5, 2013

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

Date of Meeting: Tuesday, June 4, 2013

Time of Meeting: 12:30 – 15:30

Location of Meeting: Room 602, Robert A. Atwood Building, 550 7th Ave., Anchorage, AK 99501

Workgroup for Global Air Permit Policy Development for Temporary Oil and Gas Drill Rigs (Workgroup) Members: Alice Edwards, Director, Alaska Department of Environmental Conservation / Division of Air Quality (ADEC/AQ), William Barron, Director, Alaska Department of Natural Resources/ Division of Oil and Gas (ADNR/DOG), John Kuterbach, ADEC/AQ, Jim Shine, Special Project Assistant, ADNR/ Commissioner's Office, Gordon Brower, Deputy Director, North Slope Borough (NSB) Planning Department, Brad Thomas, ConocoPhillips (CPAI) and Alaska Support Industry Alliance (ASIA), Nikki Martin, Alaska Oil and Gas Alliance (AOGA), Mike Munger*, Executive Director, Cook Inlet Regional Citizen's Advisory Council (CIRCAC) * not present

Meeting Facilitator: Tom Turner, ADEC/AQ

Public members present in person: Wally Evans, Hillcorp Energy (Hillcorp), Randy Kanady (CPAI), Alejandra Castaño, BP Exploration Alaska (BPXA), Tim Burke, Arctic Slope Regional Corporation (ASRC), Erin Strang, Environmental Resources Management (ERM), Matt Narvis, Jacobs Engineering (Jacobs), Margaret King, Andrea Canfield, Stoel Rives LLP, Tina Grovier, Stoel Rives LLP, Jeanne Swartz, ADEC/AQ

Public members present by telephone: Eric Pearson, Caterpillar, Inc. (Caterpillar), Marta Zarnoski, Apache Corporation (Apache), Joe, Alaska Manufacturing, Al Trbovich, SLR Environmental Consultancy (SLR)

1) Introductions

The meeting commenced at 12:30. Alice Edwards stated that this was the workgroup's first meeting and that it would be primarily an organizational meeting to kick off the effort. Bill Barron provided information for a safety moment. Members of the workgroup and public members present were introduced.

<u>Action Items Generated From Introductions:</u>

No Action Items

2) Opening Remarks

ADEC Commissioner Hartig, present for the introductory portion of the workgroup meeting, gave an opening remark, stating that ADEC is 100% committed to the efforts of the workgroup, that it was a very serious effort, and he hoped that the outcome would be predictable regulation within the framework of the Clean Air Act (CAA). Bill Barron, Nikki Martin, and Gordon Brower also provided opening remarks. Brad Thomas commented that the process of permitting had become burdensome.

Action Items Generated From Opening Remarks:

No Action Items

3) Organization of the Workgroup

Alice Edwards described the concept of the workgroup: the issue centered on air permits required of transportable drilling rigs. It is hoped that by bringing the different parties together, by having the regulatory agencies ADEC and ADNR working together, various points of view could be aired and solutions to problems might be broadly applied.

Bill Barron brought up a point that the members of the Workgroup should reach out to other parties within their base and solicit questions or other information that could be brought to the Workgroup for consideration.

A conversation ensued regarding ground rules for the Workgroup, including affirmations that differing viewpoints would be respected, a request to define the objective of the Workgroup's efforts, discussion of the frequency of meetings, how information should be disseminated to non-participants, the need to set up an email account to received public comments and a webpage within the state website to post information about the Workgroup. The members agreed that Alice Edwards and Bill Barron would be the co-chairs of the Workgroup and that informal meeting etiquette would be appropriate, considering the small size of the group and the small number of members could stay on track, avoiding the need for a professional meeting facilitator. Alice Edwards stated that each meeting would produce some number of actionable items that would inform the agenda for the subsequent meeting.

A short discussion followed regarding whether it was necessary and/or appropriate to include a representative from the federal government in the Workgroup. The members were divided in their opinions on this topic, but it was resolved by the decision to retain federal government representatives as advisors. Alice Edwards made the point that by keeping the Environmental Protection Agency (EPA) informed about the progress of the group, there would be less risk of having the EPA override any ADEC permitting outcomes after the fact.

Another discussion took place regarding the necessity of a meeting transcriptionist. The members decided that for the first meeting (underway), transcription services would not be necessary, but for later meetings, a transcriptionist would be engaged to preserve an official record of the meeting.

The Workgroup next considered how the public, including spectators, should ask questions during the meetings. Jim Shine stated that he would keep a laptop with the Workgroup email open so the Workgroup could receive incoming emails from phone participants during the meetings. The group also agreed that breaks would be provided so that in person participants can provide feedback and/or caucus with their work group representative.

The Workgroup discussed meeting frequency and how far ahead of each scheduled meeting they would need to post the agenda for the next meeting. The group tentatively decided to meet monthly, each meeting lasting one half-day, with meeting agendas to be drafted and distributed to the work group meeting at least two weeks ahead of the upcoming meeting and then finalized and posted for the public at least one week prior to the meeting. This discussion segued into a related topic of whether designated alternates for Workgroup members should be named. Bill Barron stated that organizations, not individuals, were selected for inclusion into the Workgroup and the members ultimately agreed to make individual arrangements for alternates if they could not be present. Gordon Brower declared that John Boyle III would be the NSB alternate.

Joe (Alaska Manufacturing) asked the Workgroup how his organization could participate in the meetings, mentioning that they have assisted the EPA and the California Air Resources Board (CARB) on topics in the past. Alice Edwards responded, telling Joe that his company's technical expertise would be valuable and the best way for his group to participate was to work through Brad Thomas and ASIA.

<u>Action Items Generated From Organization of the Workgroup:</u>

- **Set up Workgroup webpage on State of Alaska (SOA) ADNR website with link to page where the public can submit questions and receive answers - *Jim Shine, ADNR***
- **Set up Workgroup email account through SOA/DNR so public can submit questions via email during Workgroup meetings – *Jim Shine, ADNR***
- **Arrange for laptop to be set up during Workgroup meetings for public questions – Jim Shine**
- **Locate U. S. Bureau of Land Management (USBLM) contact for information exchange between the Workgroup and the USBLM – *Alice Edwards, ADEC***
- **Arrange for transcriptionist for future Workgroup meetings – *Bill Barron, ADNR***
- **If Workgroup members have a designated alternate to be named, submit the alternate(s)'s name(s) to Tom Turner (tom.turner@alaska.gov) and/ or Jim Shine (jim.shine@alaska.gov) – *any Workgroup member***

4) Round Table Statement/Discussion of the Goals for Workgroup

Alice Edwards began the discussion by asking the Workgroup what they wanted to accomplish during the series of meetings. She suggested that the group should identify action and agenda items that could be used as discussion topics during the next meeting. Each member of the group discussed their general issues related to DEC's permitting process for drill rigs. Nikki Martin identified issues with permits for transportable drilling rigs (rigs) that currently cause problems for the operator when rigs are operated for twenty-four months and then are moved off the pad with equipment set-ups that may not be suitable for other wellsites. The rigs may be connected to highline power sources that may have different permit, potentially creating complications. When operators do not own equipment that they hold permits for, it may also cause complications. Brad Thomas added that boilers have scheduled maintenance under the terms of permits, creating a problematic situation for permittees. Bill Barron interjected a remark that the Workgroup should create a definitions list for technical and regulatory terms in order to clarify the discussions and inform both the other members and the public at large. Nikki Martin resumed her discussion of issues raised by AOGA, stating that currently (air dispersion) modeling is used to determine potential emissions, but some contractors have undertaken air quality monitoring at the well sites, presenting a different approach to estimate potential emissions that should be considered. Both Nikki Martin and Brad Thomas questioned the need for stationary source permits for transportable rigs.

Gordon Brower raised another issue with the Workgroup. He said that there was a lack of communication with village residents about potential air quality problems, particularly in times when an Emergency Management Team (EMT) was activated, as in the case of the 2012 Repsol well blowout near Nuiqsut. He said the Workgroup could potentially consider how air permits for transportable rigs were clustered. John Kuterbach addressed the issuance of locations of air quality permits, as well as other issues raised. John said there was a concern when too many drill rigs were located close together. He said that the CAA had rules, adopted by the states, including Alaska, to uphold the National Ambient Air Quality Standards (NAAQS). He also said that air monitoring may not adequately sample emissions, and that the CAA designated transportable rigs as stationary sources. He said that our permits don't address proximate locations by individually permitted rigs. Furthermore, John said that the EPA could override permits issued by ADEC, if they considered it necessary. Alice Edwards agreed that ADEC's mission was to protect ambient air quality and that there are situations in permitting where ADEC has discretion and situations where they do not. ADEC strives to prevent significant degradation of air sheds, but hopes through the work of the Workgroup that solutions for some problems can be broadly applied, rather than applied in a piecemeal fashion.

Bill Barron said that in cases where older wells need remedial work, it brings drilling activities into the same location as infrastructure. Alice Edwards added that this also applies to offshore drilling.

BREAK FOR 15 MINUTES

(Meeting resumed at 14:19)

Brad Thomas resumed the discussion about the air permit requirements as a function of location of well sites in proximity to facilities, citing the example of how stringent requirements for drilling rigs were instituted when drilling occurred close to CPAI's Kuparuk Central Processing Facility (CPF) #2. The members discussed how often this situation might occur.

Gordon Brower brought up the topic of Arctic haze and how it might originate with emissions from North Slope facilities, as inspectors from the NSB suspected after making observations and taking videos of (gas) flaring events. Gordon suggested that there might be ways where emissions could be captured before they left the facility. Alice Edwards asked if flaring was something generally performed at well sites, and Randy Kanady volunteered information that when an exploration well was undergoing flow tests that gas was often flared for short time durations. John Kuterbach questioned whether the Workgroup should consider both exploration and production drilling. Brad Thomas said that in the "wagon wheel" scenario, when exploration drilling took place close to existing infrastructure, then ADEC Minor General Permit conditions did not apply. Randy Kanady said that this was an unusual situation in the North Slope, but Alice Edwards noted that the situation may be different in Cook Inlet. The discussion was then tabled for the present meeting.

<u>Action Items Generated From Round Table Statement/Discussion of the Goals for Workgroup:</u>

- **Compile list of technical terms and their definitions for Workgroup and public-** ***ADEC***

5) Agreement on a Goal Statement for the Workgroup

Alice Edwards redirected the Workgroup, asking if they could formulate a concise statement of purpose. Gordon Brower stated that it may be a good idea to institute a streamlined permitting process for rigs, capable of moving quickly, where rigs could be categorized according to purpose and certified for a given length of time, preserving more stringent requirements for rigs operating close to communities. John Kuterbach addressed the twenty-four month rig operating condition, stating that it was intended to preserve air quality and that having it allowed the rigs to be excluded from the increment. John said that the exact length of the hiatus is unclear when the rigs leave the well site after the twenty-four month operating interval. As the group discussed the goal statement, it seemed that additional background would be helpful to the group both on the current process, sideboards resulting from the Clean Air Act and federal requirements, as well as on the primary issues identified by the work group members.

<u>Action Items Generated From Agreement on a Goal Statement for the Workgroup:</u>

- **No Action Items**

6) Identification of Specific Issues to Work On

Alice Edwards suggested that ADEC present information on the current air permitting process for the next meeting. Brad Thomas stated that the background knowledge will inform where we go from here. John Kuterbach said we need to stay within the framework of what we are allowed to do. Alice Edwards said that the Workgroup could offer recommendations, but they would be subject to additional scrutiny. Bill Barron stated that if we understand where we are in terms of our guardrails, this will help establish our objectives. The Workgroup could have goals and objectives formulated after the background information is presented at the next meeting. Brad Thomas said that problems began to arise for industry three years previously with Title V permitting efforts and since then EPA has made the standards more stringent. Brad said it was a problem with modeling. Bill Barron said that the advantages and disadvantages of both modeling and monitoring should be discussed. Bill said that in planning the next meeting, we should present the current regulatory framework, what has changed, and why it is an issue now. Alice Edwards said that the one-hour NO2 standard from 2010 has created problems across the U. S. Alice said that BLM is putting together a partnership to study NO2 impacts from drill rigs. Bill Barron said that perhaps AOGA could be of help, considering it has connections in other parts of the U. S., especially North Dakota. Alice Edwards said that Alaska is ahead of the country in some issues, but not in other issues and that modeling is very complicated, requiring technical expertise. Bill Barron suggested having technical background information meetings more frequently over upcoming weeks so the group could move forward quickly. A discussion ensued of whether to present technical information through webinars, several half-day meetings, or one full-day session. Bill Barron suggested the Workgroup meet in one full-day session in three weeks time, the week of June 24th. Jim Shine volunteered to receive scheduling information to set a meeting. The group also tentatively scheduled another meeting for the week of July 8th to continue and complete the discussion on a goal statement for the group and next steps.

<u>Action Items Generated From Specific Issues to Work On:</u>

- **Prepare a series of presentations intended to educate Workgroup members and public about background information specific to different viewpoints of the organizations represented by the Workgroup members: regulatory (*ADEC*), industry *(AOGA and ASIA)***
- **Set up a meeting date for the week of June 24th – *Jim Shine, ADNR***
- **Date set for Weds. 6/26 1:30 – 5:00 PM in Atwood Room 1270**
- **Poll the work group members for availability for a meeting the week of July 8th and secure a room – Jim Shine, ADNR**

At this point, ADNR Commissioner Dan Sullivan, who joined the meeting, offered a few remarks about the importance of bringing key stakeholders together and that the goal was to produce an outcome, not just to meet.

7) Next Steps/Action Items

Eric Pearson offered to be a resource from the manufacturer's point of view.

Alice Edwards suggested and the group agreed that there would be no need for a transcriptionist for the next technical meeting, because the presentations could serve as a public record. A final discussion of ADEC's presentation ensued. The group reviewed action items. Gordon Brower asked for assistance in establishing contacts with other communities/local governments that may be interested in this issue. Bill Barron and Alice Edwards agreed to work on that issue with Gordon to ensure that local governments are made aware of the group and how to contact their representatives. The meeting was adjourned at 15:37

8) Logistics for Next Meeting – to be determined; will be sent via email

Respectfully submitted,

Jeanne Swartz ADEC/AQ