

Temporary Oil and Gas Drill Rig Policy Development Workgroup

DEPARTMENT OF ENVIRONMENTAL CONSERVATION | DIVISION OF AIR QUALITY

OCTOBER 30, 2015

Formation of Workgroup

- ❖ Established in spring 2013
- ❖ Stakeholders from areas where drill rigs operate
 - ❖ North Slope Borough (NSB)
 - ❖ Cook Inlet Citizen's Advisory Council (CIRCAC)
- ❖ Oil and Gas Industry-
 - ❖ Alaska Oil and Gas Association
 - ❖ Alaska Support Industry Alliance
- ❖ Resource and Regulatory agencies
 - ❖ Alaska Department of Natural Resources (DNR)
 - ❖ Alaska Department of Environmental Conservation (DEC)

Workgroup Members

- ❖ North Slope Borough (NSB)
 - ❖ Gordon Brower
- ❖ Cook Inlet Citizen's Advisory Council (CIRCAC)
 - ❖ Mike Munger
- ❖ Alaska Oil and Gas Association
 - ❖ Joshua Kindred (formerly Nikki Martin)
- ❖ Alaska Support Industry Alliance
 - ❖ Brad Thomas
- ❖ Alaska Department of Natural Resources (DNR)
 - ❖ Corrie Feige (formerly William Barron)
- ❖ Alaska Department of Environmental Conservation (DEC)
 - ❖ Denise Koch (formerly Alice Edwards)
 - ❖ John Kuterbach

Reason for Workgroup

- ❖ Request from oil and gas industry to review regulatory process for temporary drill rig
- ❖ Difficulty demonstrating compliance with the 1 hour NO₂ standard in a Title V permit application
- ❖ Operational flexibility for drill rigs

Clean Air Act Requirements

- ❖ Protection of air quality standards
- ❖ State Implementation Plan (SIP) (§110) contains measures to prevent violations of air quality standards
- ❖ PSD program (§161) has emission limitations and other measures to prevent significant deterioration of air quality
- ❖ Title V permit program (§504) permits authorizing operations at multiple temporary locations must ensure compliance with air quality standards and PSD increments

Current Drill Rig Air Quality Permits

- ❖ General Minor Permits (MG 1)-18 AAC 50.560
- ❖ Minor Permits Portable Oil and Gas Operations
 - ❖ Required for construction or relocation, unless already authorized in a Title V operating Permit [18 AAC 50.502(c)(2)]
 - ❖ To obtain permit, must conduct ambient air quality analysis to show emissions do not violate air quality standards [18 AAC 50.540(c)]
 - ❖ Can use general permit if location and operations qualify [18 AAC 50.502(d)]
- ❖ PSD Permits: Requires Modeling for all air Quality standards
- ❖ Title V for temporary operations
 - ❖ Only required for operations with applicable air quality requirements on TV Facility
 - ❖ Requires compliance with all applicable Air Quality Standards

Goal of the Workgroup

- ❖ To develop informed recommendations to improve the air regulatory process for temporary drill rigs with a particular focus on predictability, operational flexibility, and compliance with air quality standards

Workgroup Meetings - Task

- ❖ 8 workgroup meetings (June 2013 - May 2014)
- ❖ Review existing drill rig permit process
- ❖ Review protection of air quality standards
- ❖ Review other states methods of protection of air quality standards relating to drill rigs
- ❖ Review of Industry air quality monitoring data

Workgroup Milestones/Deliverables

- ❖ Discuss alternatives/options for regulations of drill rigs
 - ❖ Registration
 - ❖ General Permits
 - ❖ Exit out program
 - ❖ Monitoring based demonstration
- ❖ Discuss technical aspects
 - ❖ Drill Rigs operations/types
 - ❖ Air protection models

Formation of Subcommittees - Dec. 2013

The Workgroup formed two subcommittees to develop technical evidence for proposed SIP changes and formulate policy recommendations

- ❖ Options Subcommittee

- ❖ Review options to change regulatory process
- ❖ May 20, 2014 – Options group on hold until technical subcommittee completes review

- ❖ Technical Subcommittee

- ❖ Review Industry monitoring data
- ❖ Review existing modeling methods and datasets
- ❖ Develop and review new modeling approach
- ❖ Focus on North Slope data

Technical Committee Mission Statement - April 2014

- ❖ *The Drill Rig Technical Subgroup shall determine whether the available monitoring and modeling data is sufficiently accurate, representative and complete to reasonably conclude that drilling activity anywhere in the state is unlikely to cause ambient air concentrations greater than the NAAQS, and, if these conclusions cannot be made, recommend what additional data or limitations on the conclusions are needed to assist in developing and finalizing a programmatic approach that would provide protection of ambient air quality standards and reasonably address air quality planning requirements.*

Technical Subcommittee –Jan. 2014 to Oct. 2015

- ❖ Air quality experts in modeling and monitoring
- ❖ Both industry and DEC experts
- ❖ Review monitoring data
- ❖ Develop and review modeling approach
- ❖ Extensive work over last year
- ❖ Iterative process on the various aspects of the technical analysis

SIP Requirements

- ❖ State must be able to prevent construction or modification if it interferes with attainment or maintenance of National Ambient Air Quality Standards [40 CFR 51.160]
- ❖ Alaska implements this requirement for drilling operations through permits required by AS 46.14.130(c) (minor permits)

Federal Approval Requirements

- ❖ Any changes to SIP and Title V program must be approved by EPA
- ❖ Must meet Clean Air Act requirements.
- ❖ Must demonstrate that revised control strategy will ensure compliance with air quality standards. [40 CFR 51.112]
- ❖ Demonstration must be made using EPA approved air quality models. [40 CFR 51.112]
- ❖ SIP must ensure compliance with air quality standards for any operational scenario.
- ❖ **Existing rules remain federally enforceable until change is approved by EPA** [40 CFR 51.105]—Time of approval uncertain

Next Steps

- ❖ Technical Presentation to Drill Rig Workgroup
- ❖ Discuss Technical Committee's findings
- ❖ Discuss options to Changes for Alaska's Air Quality Program
- ❖ Present to EPA for comment



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