

1 WORKGROUP FOR GLOBAL AIR PERMIT POLICY DEVELOPMENT FOR  
2 TEMPORARY OIL AND GAS DRILL RIGS

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5 ELEVENTH MEETING  
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8  
9 July 12, 2018,  
10  
11 Anchorage, Alaska  
12  
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16 Workgroup Members Present:  
17

- 18 Denise Koch  
19 Gordon Brower  
20 Robin Glover  
21 Mike Munger (telephonic)  
22 Jim Plosay (telephonic)  
23 Brad Thomas  
24

25 Technical Workgroup Members Present:  
26

- 27 Alan Schuler (telephonic)  
28 Aaron Simpson  
29 Barbara Trost  
30

31 Others Present:  
32

- 33 Drew Anderson (telephonic)  
34 James Beckham  
35 Brad Brefczynski  
36 Rachel Buckbee (telephonic)  
37 Denise Danielson  
38 Sims Duggins  
39 Thomas Damiana (telephonic)  
40 Keegan Fleming (telephonic)  
41 John Hellen (telephonic)  
42 Randy Kanady  
43 Ann Mason (telephonic)  
44 John Neason  
45 Eric Pierson (telephonic)  
46 Tiffany Samuelson (telephonic)  
47 Graham Smith  
48  
49  
50

P R O C E E D I N G S

1  
2 THE REPORTER: It is 8:59 a.m. On the record.

3 MS. KOCH: All right. Good morning, everybody. This  
4 is Denise Koch. I'm the director of the Division of Air  
5 Quality at the Alaska Department of Environmental  
6 Conservation. And I wanted to welcome you to our 11th  
7 meeting of the main workgroup. There have been many, many  
8 more meetings for the technical group. But we've had 11  
9 meetings on the Global Air Permit Policy Development for  
10 Temporary Oil and Gas Drill Rigs. I think most of us just  
11 refer to it as the Drill Rig Workgroup. I think I'm going  
12 to ask you to close that just a little bit. Thank you.

13 I wanted -- before we got started, I wanted to go  
14 through just some logistics. In terms of safety, if there  
15 was a need to exit the building quickly, the door that most  
16 of you came in on at 555 Cordova is the quickest way to get  
17 out of this building from this location. If for some  
18 reason that door were blocked, there is an exit at the back  
19 of the building as well. The challenge is that door is  
20 locked, so I'm going to give you the code right now. You  
21 would have to hit 729#. Although the pound button really  
22 looks like just that blank key. It's been rubbed off. So  
23 729 and then hit that blank key. That will get you back to  
24 go to the bathrooms. It will also get you to the breakroom  
25 and to the second exit.

1 I also wanted to mention in terms of parking, they are  
2 pretty vigilant with the meters down here, so please be  
3 aware of that. We'll take some breaks. There's also free  
4 parking by 6th and Fairbanks. I park there pretty often.

5 I also wanted to mention I brought some snacks and  
6 drinks, so please help yourself.

7 And then I thought we'd go into the introductions.  
8 We'll start with the workgroup members. And I know we have  
9 a number of people who are doing some substitutions as well  
10 today, so if you could introduce yourself, as well as what  
11 group you are representing.

12 As I mentioned, I'm Denise Koch. I'm the director of  
13 the Division of Air Quality. Maybe we can start to my  
14 left?

15 MR. THOMAS: I'm Brad Thomas. I represent the Alaska  
16 Support Industry Alliance, and I work for ConocoPhillips.  
17 And the committee members first, I think.

18 UNIDENTIFIED MALE: Yeah.

19 MR. BROWER: I must be one of the committee members.

20 MR. THOMAS: You are.

21 MR. BROWER: Good morning. Gordon Brower. I  
22 represent the North Slope Borough. I serve as the North  
23 Slope Borough's Planning and Community Services director.

24 MS. KOCH: Thanks, Gordon. And Robin?

25 MS. GLOVER: I'm Robin Glover. I'm permitting and

1 regulations advisor for BP, and I'm representing AOGA.

2 MS. KOCH: Great. And then for the main workgroup  
3 members on the phone. I think that's just Mike.

4 MR. MUNGER: Yeah. This is Mike Munger, and I'm the  
5 executive director of the Cook Inlet Regional Citizens  
6 Advisory Council. And for purposes of this workgroup, I'm  
7 representing NGOs or non-governmental organizations of  
8 Alaska.

9 MS. KOCH: All right. Thank you, Mike. We also -- as  
10 I alluded to, there were also technical -- a Technical  
11 Workgroup that's been really active the last three years  
12 doing the technical work that served as the scientific and  
13 engineering basis for the permit that Aaron will talk about  
14 later. So maybe we could introduce Aaron, he'll be a  
15 speaker, and then some of the Technical Workgroup members.

16 MR. SIMPSON: Okay. This is Aaron Simpson. I work  
17 for DEC. I'm a permit writer supervisor in Juneau, and  
18 I've spent quite some time working on the Minor General 2  
19 Permit.

20 MS. KOCH: Barbara?

21 MS. TROST: My name is Barbara Trost. I'm the program  
22 manager for Air Monitoring and Quality Assurance. And I  
23 was part of the Technical Subcommittee that was looking at  
24 the monitoring and modeling data for -- that went into the  
25 permit.

1 MS. KOCH: All right. And then we also have Alan on  
2 the line.

3 MR. SCHULER: You do get Alan Schuler in DEC. I work  
4 for Aaron in air quality modeling in the Air Permits Group.

5 MS. KOCH: All right. Well, great. And then we'll  
6 just do maybe some introductions for everyone else who has  
7 joined us today. I think we've got Sims.

8 MR. DUGGINS: Sims Duggins representing  
9 ConocoPhillips, also an employee of SLR Consulting Company.

10 MS. KOCH: All right. Thank you. And then just  
11 around -- maybe just around the room?

12 MR. BREFCZYNSKI: Sure. Brad Brefczynski with AOGA.  
13 So I know Robin is sitting up there just because I figured  
14 she could speak to this more. I haven't been involved with  
15 this at all, so, yeah.

16 MS. KOCH: Well thanks for joining us, Brandon.

17 MR. BREFCZYNSKI: Yeah, thank you for having me.

18 MR. BECKHAM: I'm Jim Beckham with the Division of Oil  
19 and Gas.

20 MR. SMITH: Graham Smith with the Division of Oil and  
21 Gas. I'm the permitting section chief. I'm just here to  
22 listen and learn.

23 MS. KOCH: Okay.

24 MR. SMITH: Thanks for having me.

25 MS. KOCH: Well, Graham, I know we had -- Chantal has

1 a seat. As the director of the Division of Oil and Gas,  
2 she is a member of the workgroup, and I wasn't sure if you,  
3 like Robin, if you wanted to join us at the table as the  
4 DNR representative?

5 MR. SMITH: I'll defer to my boss. But she's pointing  
6 me that way, so I'm happy to join the adult table.

7 MR. NEASON: John Neason with Nabors Drilling. I've  
8 been working with the Technical Group.

9 MS. KOCH: Okay. Thanks for joining us.

10 MR. KANADY: Randy Kanady with ConocoPhillips. I'm  
11 the staff drilling engineer. I'm Brad's substitute for  
12 some of these meetings, and I've just been on the Technical  
13 Workgroup as well.

14 MS. KOCH: Great. Thanks for joining us. And then on  
15 the phone is there anyone else who has not introduced  
16 themselves yet?

17 MR. PLOSAY: Yes. This is Jim Plosay. I'm the Air  
18 Permits Program manager.

19 MS. DANIELSON (ph): This is Denise Danielson (ph) and  
20 (indiscernible -- interrupted).

21 MS. KOCH: I'm sorry. Sorry. Was that Denise  
22 Danielson?

23 MS. BUCKBEE: Sorry. This is Rachel.

24 MS. DANIELSON: Sorry, Rachel.

25 MS. BUCKBEE: This is Rachel Buckbee from BP, also an

1 AOGA member.

2 MS. SAMUELSEN: And Tiffany Samuelson and Tom Damiana  
3 in Fort Collins, Colorado, with ACOM.

4 MS. KOCH: All right. Hello.

5 MR. HELLEN: John Hellen with Caelus.

6 MS. KOCH: Good morning, John.

7 MR. ANDERSON: Drew Anderson and Keegan Fleming with  
8 HilCorp.

9 MS. KOCH: All right. Was there --

10 MR. PIERSON: Eric Pierson with Caterpillar Oil and  
11 Gas joining the call.

12 MS. KOCH: Anybody else?

13 MS. MASON: Ann Mason with SLR.

14 THE REPORTER: Could she repeat?

15 MS. KOCH: Ann Mason.

16 THE REPORTER: Oh, okay.

17 MS. KOCH: I feel like I pause long enough and then I  
18 say anyone else and then I talk over someone. Anybody else  
19 on the line who hasn't announced themselves yet, please  
20 introduce yourself. All right. I think then we've  
21 probably come to the end of the list. So I wanted to  
22 mention, especially since we've had some changes -- we've  
23 had a lot of changes in the membership of the workgroup,  
24 the way that structurally this workgroup has functioned is  
25 that we have different groups that are represented,

1 different interests and different organizations that are  
2 represented, that are part of the main workgroup. We've  
3 had these subgroups, as I've mentioned before, a Technical  
4 Subgroup and a Permit Options Subgroup. And then when  
5 we've had these meetings -- which is has not been the full  
6 workgroup meetings and they have been pretty infrequent,  
7 our last meeting was in February of 2016, and the meetings  
8 are all public. But in terms of the dialogue we wind up  
9 having, the dialogue is with the workgroup members and  
10 presenters like Aaron, who is just going to give the  
11 presentation. We take breaks. And then if there are  
12 members of the public who want to add something to the  
13 dialogue then they funnel that through their workgroup  
14 member.

15 We'll also -- I just wanted to look at the agenda for  
16 a moment. Aaron, I was wondering if you could pull that  
17 up.

18 MR. SIMPSON: Yeah, sure.

19 UNIDENTIFIED MALE: Should I move to a different --  
20 I'll move over here.

21 MS. KOCH: I think you could probably drag a chair  
22 over here.

23 UNIDENTIFIED MALE: Yeah. Way over here.

24 (Indiscernible -- multiple speakers at the same time.)

25 MS. KOCH: And I'll mention for everyone who is on the



1 phone, while Aaron here in person is pulling up the agenda,  
2 all the documents that we'll be discussing today are  
3 online. So by the end of the day, it should be on the DEC  
4 main webpage. The most prominent thing that you see on the  
5 DEC main webpage is a current events or what's happening.  
6 We sometimes change the name, but it's the first thing you  
7 see. And the Drill Rig Workgroup, there should be a link  
8 there that links to the Drill Rig Workgroup page, which  
9 will have the public notice. It will have all of these  
10 documents. The other way that you can navigate -- oh,  
11 thank you.

12 UNIDENTIFIED FEMALE: There's the one package.

13 MS. KOCH: The other way that you can navigate to see  
14 all of these documents online is if you go to DEC, in the  
15 Division of Air Quality there's a -- there are titles for  
16 all the divisions. If you go to Air Quality under current  
17 events, there's Drill Rig -- you can link the Drill Rig  
18 page there as well.

19 So what we have up on the screen at the moment is the  
20 agenda. We were pretty generous in terms of the timing for  
21 the agenda. We have -- the meeting is scheduled to adjourn  
22 at noon. We had some sense that the meeting might not take  
23 three hours. Brad Thomas has provided some feedback prior  
24 to the meeting as well that he felt that some of these  
25 agenda items could be collapsed. So we'll probably go

1 through -- we've already done the introductions, and we're  
2 doing the agenda check. We'll go into a presentation  
3 that's -- provides a bit of the background and the history  
4 and the summary. And then instead -- if it's amenable to  
5 the whole group if we're making a change to the agenda,  
6 instead of giving -- it sounds like, Brad, you were  
7 suggesting instead of giving the full overview or initial  
8 feedback and questions that we could collapse those two  
9 items.

10 MR. THOMAS: Yeah. Where on the agenda to you go  
11 through the presentation?

12 MS. KOCH: The presentation is going to be -- there's  
13 a piece of it in the prior meeting summary is a piece of  
14 the presentation.

15 MR. THOMAS: Okay.

16 MS. KOCH: And then there's also a piece that talks  
17 about the permit itself. So there will be a little bit of  
18 an overview as part of the agenda -- the presentation, but  
19 then we could maybe just jump to -- it sounded like there  
20 were only three items that you thought the industry wanted  
21 to discuss.

22 MR. THOMAS: Well there's three that I brought. We  
23 haven't got the feedback from everybody. Like Drew and  
24 Keegan are on the phone. I'm not sure if we've heard from  
25 them, so they may have some items. But we have three. So

1 just a motion. Perhaps we can go through the presentation  
2 then jump into those items that we've seen in the permit  
3 that we'd like to discuss. Would that work?

4 MS. KOCH: Is that amenable to the workgroup? Okay.

5 MR. BROWER: A lot of nodding going on.

6 MS. KOCH: A lot of nodding, yes. On the phone, you  
7 can't hear us nodding our heads. Mike, is that structure  
8 fine with you? He might have us on mute as he is driving.  
9 All right. Well, then we'll start with the presentation.  
10 And, Aaron, if you could go to the next slide, please? So  
11 I'm going to talk a little bit about the background, and  
12 then at about slide seven or eight, I'm going to hand the  
13 baton over to Aaron. So the workgroup was established in  
14 2013, but there -- in reality, there were discussions about  
15 some of these issues as early as 2011.

16 And the stakeholders -- the idea of a stakeholder  
17 group is we wanted to have different voices represented in  
18 this group, so we had stakeholder -- we wanted stakeholders  
19 from the areas where the temporary oil and gas drill rigs  
20 operated, so hence the inclusion of the North Slope Borough  
21 and the Cook Inlet Citizens Advisory Council. We have  
22 representatives from the oil and gas industry with AOGA and  
23 Alaska Support Industry Alliance. And also the resource  
24 agencies, so DEC and DNR initially co-chaired these  
25 meetings. If you could go to the next slide, please?

1           So the workgroup members and the work -- there's been  
2 some changeover in the workgroup, as you could imagine.  
3 This is five years in. But we do have some founding  
4 members with us like Gordon Brower from the North Slope  
5 Borough; Mike Munger also from CIRCAC; Brandon, who is --  
6 Robin is filling in for Brandon and that formerly was --  
7 that position was held by Joshua Kindred; Brad Thomas also  
8 with us the whole time; Chantal Walsh from DNR, formerly  
9 Corrie Feige, and I think before that was Bill -- oh, now  
10 I'm just blanking on his last --

11           UNIDENTIFIED MALE: Bill Barron.

12           MS. KOCH: Thank you. Bill Barron. I had a blank on  
13 his last name. Alice Edwards was the director of the  
14 Division of Air Quality when this effort was kicked off,  
15 and then I assumed that position a little over three years  
16 ago. And we have Jim Plosay, that was formerly John  
17 Kuterbach as the Permit Program manager.

18           And the reason for the workgroup -- I mean I think  
19 ultimately the third bullet is the most important one. And  
20 that is we were trying to balance having operational  
21 flexibility for the industry, which we heard loudly that  
22 the industry wanted and needed, while also protecting the  
23 environment. Some of the particular concerns that had been  
24 raised at the time that the workgroup was formulated was  
25 some concerns about the one-hour NO<sub>2</sub> standard for Title V

1 permit applications, which was new at -- relatively new at  
2 the time that the workgroup was formulated. And if you  
3 could go to the next slide? The next --

4 MR. BROWER: Can I ask --

5 MS. KOCH: Yes.

6 MR. BROWER: And this is kind of way off the topic  
7 anyway what I'm going to ask. And, you know, many of the  
8 conditional use permits that the borough issues and -- or a  
9 rezone that goes to the Assembly that when it's a drill rig  
10 -- when it's a pad is going to be reviewed near the village  
11 of Nuiqsut, and the concerns about emissions start to rise  
12 above everything else almost at these meetings, at public  
13 hearings. And being able to -- and it helps me to  
14 understand what's going on with drill rigs to try to field  
15 some of those kind of questions. But being able to compare  
16 what a drill rig operation emissions are -- or like is it  
17 -- when it's drilling and there's active drilling going on,  
18 a comparison that could be swallowed by the village and  
19 under -- this is comparable to your emissions from the  
20 entire village that you're surrounded by or something like  
21 that. It seems to me that there's a lot of questions about  
22 VOCs, ultrafine particulate matters, and stuff, and -- and  
23 airing version events that might be present in those areas  
24 that allow for statement error and things to happen. And  
25 I'm wondering, you know, when we have these public hearings

1 in the community to have a DEC representative to talk more  
2 about some of the efforts the industry goes through to be  
3 compliant with air quality, which were -- it's not part of  
4 our expertise in the borough, but, you know, we get to hear  
5 a lot of those kind of concerns.

6 MS. KOCH: Well, I would have one item to answer and  
7 then maybe Barbara or Brad might have --

8 MR. BROWER: I'm sorry to go off topic immediately,  
9 but that's what work.

10 MS. KOCH: No, that's fine. This is what the  
11 workgroup is for.

12 MR. BROWER: But we're going to be dealing with this  
13 again with the GMT-2 now, so.

14 MS. KOCH: Well, one item I wanted to mention is that,  
15 as you're probably aware of, that the borough, of course,  
16 has received money to do its own air monitoring study,  
17 because we have heard for a long time from the community of  
18 Nuiqsut that they have air quality concerns. I know that  
19 ConocoPhillips has had a monitor in that area for a long  
20 time, and that's maybe something that Brad could speak to.  
21 But in terms of the money that the borough has received to  
22 do its own independent air quality monitoring, I know  
23 Barbara Trost, who is our manager for monitoring, has  
24 reached out to the borough's project manager for that  
25 project and is trying to --

1 MR. BROWER: And do you know which department that  
2 might be, because I'm not really knowing which one of our  
3 departments is spearheading that?

4 MS. TROST: Yeah. I think it's currently still with  
5 Kevin Fisher, but --

6 MR. BROWER: Fisher?

7 MS. TROST: Yeah.

8 MR. BROWER: The Law Department? Okay.

9 MS. TROST: Yeah. But we haven't really gotten any  
10 traction with that, so.

11 MR. BROWER: Okay. Well, it's something that we're  
12 dealing with and we're trying to find a way to address.  
13 One of the things that we're thinking of doing is doing air  
14 quality throughout the whole North Slope. Compare every  
15 village from using a place like maybe Point Hope or  
16 Kaktovic as areas not impacted and get their base -- use  
17 those as baseline information and to start those kinds of  
18 monitoring. It's all based on -- you know, it always comes  
19 down to -- what is that drill rig emitting is what it comes  
20 down to, so. But I just thought I would point that out.  
21 Best get back on topic.

22 MS. KOCH: All right. Thank you. Could you pass  
23 those along? Thank you. Okay. So in terms of some -- oh.

24 UNIDENTIFIED FEMALE: Those go there. They're the  
25 same as what we already have.

1 MS. TROST: Oh, only the presentation. The --

2 UNIDENTIFIED MALE: This is different. Yeah. But I  
3 think this is the permanent -- or the notification form,  
4 right?

5 UNIDENTIFIED MALE: (Indiscernible -- multiple  
6 speakers.)

7 UNIDENTIFIED MALE: Yeah, I think we've got it  
8 already.

9 UNIDENTIFIED MALE: Okay.

10 MS. KOCH: All right. So continuing along. The next  
11 two slides really just talk about the sort of -- the  
12 sidebars that DEC and the Division of Air Quality has to  
13 operate within. We are primacy program for the Clean Air  
14 Act. And we issue construction permits. We issue  
15 operating permits. We have obligations that we are  
16 required to meet through our State Implementation Plan, or  
17 SIP, with EPA. And we ultimately are always looking to  
18 protect air quality. That's our charge. When we're  
19 looking at -- we're looking at protecting air quality,  
20 we're always comparing to the National Ambient Air Quality  
21 Standards, which are public health-based standards. The  
22 next slide, please.

23 Once again, I had mentioned some of the SIP  
24 requirements that we have to be mindful of both maintaining  
25 air quality and also making sure that air quality doesn't



1 degrade to the point that we have a problem with attainment  
2 for some of our National Ambient Air Quality Standards.  
3 And Alaska has -- we have permitted drilling operations  
4 through minor permits. And that's the minor permit we'll  
5 talk about later today.

6 This will be the last slide that I talk about before I  
7 hand the baton over to Aaron. I had mentioned that there  
8 were -- that we've had 11 meetings of this full formal  
9 workgroup, but there have been many, many more meetings  
10 with the subcommittees. There was an Options Subcommittee  
11 that largely has been on hold for most of the time that  
12 I've been involved with the workgroup, because it came -- I  
13 came into this position in April of 2015. So for the last  
14 three years, a lot of the work was taking place at the  
15 Technical Subcommittee level that was looking at the  
16 existing monitoring data, that was reviewing the modeling  
17 methodology and results, and ultimately wound up with a  
18 technical document that went out for public comment that  
19 then served as the technical foundation of the permit.

20 The last item I wanted to mention before I hand it  
21 over to Aaron, and we'll touch on this at the very end of  
22 the presentation, is that this effort that Aaron's going to  
23 talk about in the next series of slides was focused on the  
24 North Slope. At the end of the presentation, we'll talk  
25 about Cook Inlet and whether or not we need -- you know, we

1 want to use the same workgroup structure to do something  
2 similar for Cook Inlet. But the next slides are going to  
3 all be focused on operations and datasets in the North  
4 Slope. And I'll give it to you, Aaron.

5 MR. SIMPSON: Okay. Thanks, Denise. This is Aaron  
6 Simpson. So as Denise mentioned, there was an Options  
7 Committee that made recommendations to establish fuel and  
8 exhaust limitations based on sound technical and scientific  
9 basis. And they found that most operations and drill rigs  
10 were well below the ambient air quality standards and  
11 limits. And so, therefore, rather than responding to  
12 potential air quality violations through a monitoring  
13 program, they thought that a -- you know, a permitting  
14 program would probably be better. And so they established  
15 the Technical Subcommittee, which obviated the need for  
16 extensive ambient monitoring or case-by-case modeling for  
17 specific permits.

18 The Technical Subcommittee found that there was a  
19 technical basis for establishing a minor general permit  
20 because most of those fuel -- most of the drill rigs  
21 operate below those fuel limits.

22 So the drill rig categories, this is focused on the  
23 North Slope. The Technical Subcommittee categorized the  
24 North Slope drilling operations into four separate,  
25 distinct categories. Routine infill drilling, which is

1 operations that lasts less than 24 months, and that can  
2 either be at an isolated pad or collocated with an existing  
3 Title V source. And there's also development drilling,  
4 which would last longer than 24 months at a well pad that  
5 is either isolated or collocated with a Title V source.

6 UNIDENTIFIED MALE: Not collocated (indiscernible --  
7 interrupted).

8 MR. SIMPSON: Right. Either isolated or collocated.

9 UNIDENTIFIED MALE: (Indiscernible). Right.

10 MR. SIMPSON: So for the main general permit points,  
11 the application will identify the locations of planned  
12 drilling on the North Slope, administrative type things  
13 like fee payments, and then a certification requirement to  
14 ensure that operators will comply with the daily fuel  
15 limits.

16 It will also have the enforceability through  
17 monitoring, recordkeeping, and reporting. And the permit  
18 covers, as I mentioned, drilling on the North Slope. It  
19 requires operations to comply with the applicable daily  
20 fuel limits and the appropriate monitoring to ensure  
21 compliance.

22 So the MG-2 permit went out to public notice on March  
23 16. We received comments from AOGA and the Alaska Support  
24 Industry Alliance, ConocoPhillips, BP, and Hilcorp.

25 Some of the changes we made to the MG-2 permit were to

1 split the notification of intent to operate into an initial  
2 application form, as well as an annual notification form.  
3 We changed the requirement to submit operating reports from  
4 30 days after the end of a reporting period to 45 days.  
5 And then we streamlined the monitoring, recordkeeping, and  
6 reporting requirements for demonstrating compliance with  
7 the state visible emissions standard.

8 We corrected some emissions calculations so that the  
9 potential to emit for SO<sub>2</sub> and VOC emissions to accurately  
10 reflect what's actually being emitted. We revised what  
11 qualifies as a flare event so that a Method 9 observations,  
12 so visible emission observation, can occur for flaring  
13 events that lasts less than an hour but still at least 18  
14 minutes. And then we included a finding in the technical  
15 analysis report describing that well flow back emissions  
16 for new wells being developed would be considered  
17 construction phase emissions and consequently not included  
18 in the calculation to determine whether that source is  
19 subject to PSD review.

20 We also removed the equipment list form and replaced  
21 it with the emission unit inventory from the MG-2 permit to  
22 allow for applicants to simply check the boxes of the units  
23 they plan to operate in a given year. We included an  
24 annual notification form in the permit as Attachment 2 that  
25 will allow the, you know, permittees to submit that

1 notification once a year, tied into finding types of  
2 changes in the proposed drilling. We also streamlined and  
3 clarified some of the elements that would be required to be  
4 submitted in either the initial application or annual  
5 notification form, because if we already have it in the  
6 initial application, we don't need somebody to resubmit  
7 that same information twice.

8         Some of the other considerations is that the -- you  
9 know, the permit was based on the Technical Subcommittee's  
10 work related to the unrestricted drilling, which typically  
11 complies with air quality standards, but that there is a  
12 possibility that they could operate in a manner that  
13 wouldn't comply. And so some options they used to address  
14 this is to develop the fuel and exhaust limitations based  
15 on existing ambient air quality monitoring data, as well as  
16 a modeling analysis performed for reasonable operating  
17 scenarios; also the potential to expand ambient monitoring  
18 with reduced or eliminated permitting; or registration and  
19 a fuel use trigger, which if it was exceeded, would require  
20 case-by-case permitting.

21         Some of the technical details to be addressed, and  
22 have been addressed through the draft MG-2 permit and  
23 through public comment, were to flush out some of the  
24 details of the application content, who the operators are,  
25 the length of time, the locations where they would be

1 drilling, the administrative type of elements such as fee  
2 amounts and the format for submitting those fees, the  
3 limits and allowable excursions. So that's talking about  
4 daily fuel use limits, depending on which type of operating  
5 scenario an operator is operating under, and including  
6 which emission units they're subject to; as well as  
7 notification forms, which I mentioned; and monitoring  
8 methods to ensure that there's continued compliance.

9 So some of the additional considerations that came up  
10 in response to comment is how will an MG-2 permit work if  
11 it's operating at an existing Title V or PSD major source;  
12 how to address operations which don't qualify for an MG-2  
13 permit; and some of the next steps, which will be outside  
14 of the North Slope, which kind of leads into the -- the big  
15 question is should the Oil and Gas Workgroup be expanded to  
16 evaluate the need or, you know, I guess, interest for  
17 having a minor general permit for the Cook Inlet.

18 MS. KOCH: And I think we should probably hold that  
19 question until the end so that we can keep the focus on --  
20 at least finish the North Slope discussion of the MG-2 and  
21 the North Slope monitoring and then address -- once we're  
22 done with that then we can move to -- the Cook Inlet will  
23 be the final question for the day.

24 MR. SIMPSON: Sounds good.

25 MS. KOCH: All right. Well thanks, Aaron. That was

1 the overview of the background and some of the changes that  
2 you had made to the MG-2 that -- I wasn't sure if -- it  
3 sounded like, Brad, you thought we didn't necessarily need  
4 to have the overview of all of the comments.

5 MR. THOMAS: Right.

6 MS. KOCH: And you just wanted to hone in on three  
7 particular comments. And then we'll give other members an  
8 opportunity to do the same.

9 MR. THOMAS: Okay.

10 MS. KOCH: And before we start that conversation, I  
11 did want to mention something Aaron and I had talked about,  
12 and then I just realized that neither of us mentioned it in  
13 our presentation. And that is just for the benefit of  
14 everyone who is participating, as Aaron mentioned in one of  
15 those PowerPoint presentation slides, there was a public  
16 comment on -- period on this permit. That public comment  
17 period has closed. So to be clear, we are -- this is not a  
18 public comment period on the permit. We wanted to have  
19 this discussion about the permit. And I think we're at the  
20 point where the Permit Group feels like they're pretty  
21 close to being able to issue a permit. They could do that  
22 if, sort of, the will of the group was to emphasize on  
23 timeliness. We've got a permit essentially that's good  
24 enough. We could go ahead, and we could issue a permit  
25 relatively quickly. If there were major concerns about the

1 permit, and we felt like there were any sort of fatal  
2 flaws, the mechanism for doing that would be we'd have to  
3 open another public comment period where all members of the  
4 public would have an opportunity to comment on the permit,  
5 and that would -- that would cause delay.

6 MR. BROWER: So just a question. Having closed the  
7 public comment period and has collected comments and  
8 responded to those, this is the result of where we  
9 currently stand. And then from there does it go to the  
10 commissioner to --

11 MS. KOCH: No. Typically a permit doesn't need to go  
12 to the commissioner to sign off on. Jim Plosay, who is on  
13 the line, who is our permit program manager, signs the  
14 permits.

15 MR. BROWER: Okay.

16 MS. KOCH: Some of the documents that Aaron provided  
17 today were -- they summarized what the comments were that  
18 were received during that public comment period, and they  
19 also summarized the changes that were made to the permit as  
20 a result of those comments, so --

21 MR. BROWER: Okay. I just wanted to see what the  
22 process was. Because changing our forms or creating new  
23 ones, you know, require some level of -- if these had went  
24 through my office and then it went on to the CAO and to the  
25 -- to the mayor to make final approvals of the new forms



1 and permits that the borough issues. I just wanted to see  
2 what was this particular process.

3 MS. KOCH: It's a good question. And I should also  
4 mention that this process is a little bit different than  
5 what we do for a standard permit, because we have this  
6 workgroup. Typically, we'd have a public comment period,  
7 entities would comment in that -- during that time. We'd  
8 still create some of these documents in terms of the  
9 response to comments and the technical analysis report, and  
10 then the department would issue a permit. There's -- there  
11 are processes by which people can make appeals on permits  
12 and those sorts of things. But typically --

13 MR. BROWER: Yeah. I think I wasn't getting at the  
14 meat of the permit itself. It's just creating a new  
15 process for us as a -- you know, it would have to be --  
16 like if I wanted to change the LMR or application to  
17 something else, then that would require the mayor to  
18 approve the final implementation so that we could start  
19 issuing that permit after a review of how our processes --  
20 how we're going to implement that program.

21 MS. KOCH: And the difference with this work -- I  
22 guess the unique piece for this meeting is that typically  
23 after we have the close of the public comment period, we  
24 don't have necessarily another meeting that talks about all  
25 the comments that were received and how we responded to the

1 comments.

2 MR. BROWER: Okay.

3 MS. KOCH: Often, we'll just issue the permit. Does  
4 that answer your question?

5 MR. BROWER: Yeah, I think it does.

6 MS. KOCH: Okay.

7 MR. BROWER: I just wanted a little bit more clarity  
8 of where we go from here. It's been a long time. And  
9 sometimes I don't -- I get -- I lose track of time when the  
10 subcommittees take, you know, a year or two, and rightfully  
11 so to get -- you know, because attest what -- look at all  
12 other states that are producing oil and see what they're  
13 doing with their permitting and come up with a scheme that  
14 might work for us and things like that.

15 MS. KOCH: That's fair. Brad, you wanted to talk  
16 about some of -- you had some comments.

17 MR. THOMAS: Yeah. I'll jump into the comments that  
18 we've got and then solicit some from Drew and Keegan. I'm  
19 not sure. Are there any other industry folks on the phone  
20 besides Hilcorp?

21 MR. Hellen: Yeah, this is John with Caelus.

22 MR. THOMAS: Oh, John. Okay. And so Drew, Keegan,  
23 and John, we'll ask them if they got any feedback. But  
24 first, I want to echo something that Gordon said. I think  
25 it -- because of the concerns that are voiced on the North

1 Slope about air quality, there is a need -- it would be  
2 good if DEC could go to a lot of those public hearings to  
3 help educate folks on how the program is protective of  
4 ambient air quality standards. I don't think we can do  
5 that too much. And so to the extent that you guys can get  
6 up there, it would be very helpful.

7 MR. BROWER: Yeah. Looking at it from a regulatory,  
8 then from an industrial standpoint in having somebody  
9 that's the authority on something like that come down and  
10 say, you know, we -- this is -- you know, these kinds of  
11 issues, because they're getting pretty much -- educating  
12 themselves to the point where their legal -- their lingo is  
13 going to start to go above my head about, you know, the  
14 volatile organic and compounds and things like that.

15 MS. KOCH: And I think that's good -- that's good  
16 feedback. I do want to mention that -- so we don't want to  
17 appear that DEC has been totally absent --

18 MR. THOMAS: And you haven't, I know.

19 MR. BROWER: No. no.

20 MS. KOCH: -- on the North Slope, because I know  
21 Barbara has attended meetings.

22 MR. THOMAS: Right.

23 MS. KOCH: Dee has attended meetings.

24 MR. THOMAS: Yeah.

25 MS. KOCH: It's good feedback, but I did want to sort

1 of state for the group that DEC has been up there.

2 MR. THOMAS: Yeah, you have been up there. It's just  
3 that you can't do it too much, so every opportunity when  
4 you can, it would be good to go, so.

5 MR. BROWER: At least, you know, public hearings. We  
6 don't have too many of those. But when we're having one  
7 that's going to deal with emissions and sighting a pad with  
8 30 new wells, slots, and -- and then those questions start  
9 to come around, and they do dominate a good portion of the  
10 public hearings.

11 MR. THOMAS: They do.

12 MR. BROWER: You know?

13 MR. THOMAS: Yeah. So to the permit, no fatal flaws  
14 that we saw, so good job. I think the permit accomplishes  
15 the objectives we set out to accomplish, so thank you for  
16 that. A lot of hard work by Alan, Barbara, Aaron, June,  
17 John before that. I'll miss names, so I'll stop there.  
18 But thanks are deserved to everybody who put all the time  
19 and effort into this.

20 Just -- we, in reviewing the permit, had just one  
21 semi-significant concern and a couple of more minor ones.  
22 But the big concern is the transition from existing permit  
23 conditions and language to the MG-2. It looks like the  
24 timing to transition to the MG-2, it could be anywhere from  
25 two to six months depending upon what type of permit we're

1 dealing with. You know, right now we've all got Title I  
2 and Title V permits that cover our drilling operations.  
3 And our preference is, of course, to go to the MG-2 permit,  
4 but to have only an MG-2 permit under which to operate.  
5 Again, it will take about two to six months, if we  
6 understand correctly what the department is saying in the  
7 response to comments. Because to get the permit conditions  
8 out of the Title I and Title V permits, it's not an  
9 administrative action. It's a permit action that requires,  
10 you know, public comment and all the trappings of a permit  
11 program. So I wanted to put on the table that concern and  
12 talk about, you know, how do we -- how can we minimize that  
13 time for transition. In our comments, I believe we asked  
14 that when the MG-2 is final, upon submittal of an  
15 application to the department for either rescission of a  
16 permit or revocation of a permit terms and conditions of  
17 the (indiscernible) drill rigs, that the department treat  
18 that as an administrative action. And I don't think you  
19 guys bought that.

20 MR. SIMPSON: So, yeah, I can speak to that.

21 MR. THOMAS: Okay.

22 MR. SIMPSON: I mean just generally speaking, if you  
23 have two, you know, enforceable conditions and one is more  
24 restrictive then you're going to obviously meet that more  
25 restrictive condition. As far as how an MG-2 permit will

1 operate at an existing Title V source, MG-2 itself -- say  
2 there's a well pad that's more than a quarter-mile  
3 distance, so under the new rules, it would be considered  
4 separate stationary source. So an MG-2 permit could --  
5 could, you know, be used to operate at that well. However,  
6 if there's an existing Title I condition in the Title V  
7 permit saying you can't operate more than three months at  
8 that well pad, you still have to follow that permit  
9 condition. And we were -- you know, we were looking  
10 through the regs and trying to evaluate, you know, what  
11 kind of -- type of permit classifications we could use.  
12 But it really has to be an 18 AAC 50.508.6 change to  
13 rescind or revise Title I conditions. The MG-2 permit is  
14 classified under -- I think it's 502(a). But that doesn't  
15 provide for rescinding other permit terms. That being  
16 said, you know, I think the department is definitely  
17 willing to work with applicants. And I think that the  
18 amount of time it will take to, say, rescind a permit  
19 condition would be, you know, far less than if you had to  
20 revise or, you know -- you know, apply for a new source  
21 specific type of a permit. So, I mean, I understand where  
22 you're coming from. It's just a matter of if a Title I  
23 condition, you know, contradicts the MG-2 permit condition  
24 -- I mean they're both -- they're both legally enforceable  
25 conditions. And so we were struggling with that, too.

1 MR. THOMAS: So it looked like in response to comments  
2 that if we're merely rescinding Title V permit conditions,  
3 for which there's no Title I anchor, that that could be  
4 treated as administrative.

5 MR. SIMPSON: And that's correct. Yes. It meets the  
6 administrative permit revision procedure.

7 MR. THOMAS: So upon submittal of the application to  
8 rescind the Title V permit conditions, the request takes  
9 effect?

10 MR. SIMPSON: That's correct.

11 MR. THOMAS: So that's not a problem. But if there's  
12 a Title I anchor to the term and condition, how much time  
13 should the permittees expect to -- for the department to  
14 take to rescind those?

15 MR. SIMPSON: Well if it's a -- say it's a standalone  
16 permit condition, the amount of actual permit processing  
17 time is minimal. I mean you delete the condition from the  
18 permit, and you send it straight to public notice. If then  
19 we don't receive comments because we're doing exactly what  
20 was requested, rescind condition 14, then the turnaround  
21 time after the public comment period would be minimal as  
22 well. So I don't think it would be --

23 MR. THOMAS: So six to eight weeks?

24 MR. SIMPSON: Yeah, something like that. I mean I  
25 think we're doing pretty good about handling improvement

1 processing times --

2 MR. THOMAS: You bet.

3 MR. SIMPSON: -- to trying and minimize the amount of  
4 time it takes for those turnarounds, but.

5 MR. THOMAS: That sounds okay to me. I mean anybody,  
6 Drew, John, Keegan, anybody have any concerns about that?  
7 Randy?

8 MR. KANADY: No.

9 MR. ANDERSON: No, this is Drew at Hilcorp. Brad, I  
10 think you captured our concerns perfectly.

11 MR. THOMAS: Okay. That was the big one. There is a  
12 -- and in the permit itself on Table 1, there's just a  
13 reference that we just don't think it needs to be there  
14 since there's no real permit language that bears on it.  
15 But for Emission Unit 3, for the total rating and size, it  
16 says 90 tons VOC, 25 new wells. We would prefer that said  
17 varies rather than have that in there. Because the VOC  
18 emissions that occur under this permit, those don't apply  
19 toward permit applicability, because they're construction  
20 emissions, so there's no real cap. So it would be better  
21 if that just said varies. So that's a minor comment. That  
22 kind of tells you, you know, how major our comments are.  
23 But that would be better if you could do that.

24 And the last one that I have -- let me see if I can  
25 find the condition. Do you remember what condition this



1 is?

2 UNIDENTIFIED MALE: Eighteen maybe, something like  
3 that, 15 --

4 MR. THOMAS: It's -- yeah, it's permit condition 17.  
5 And you guys have heard this a thousand times, but I'll say  
6 it again. We cannot report a permit deviation until we  
7 discover it. And so permit language, it says report  
8 deviations within 30 days of the end of the month in which  
9 that occurs is, in a lot of cases, you know, physically  
10 impossible. And so it's -- and again, I know this is not a  
11 new comment to you. It's better to report deviations from  
12 a permit within 30 days of their discovery, because you  
13 can't report something you don't know about. So if -- with  
14 language like this, if we discover an error in our  
15 recordkeeping or reporting during our semi-annual or annual  
16 self-evaluations, well we've got to report that error.  
17 That's one deviation. And now because we didn't report it  
18 within 30 days of the month in which it occurred, that's a  
19 second deviation. It doesn't make sense. So I just want  
20 to put a plug into the department to fix that, because it  
21 just -- it doesn't make sense. And I know there's an  
22 effort to address the standard permit conditions. I'm not  
23 sure where that effort is right now. But that's an  
24 opportunity to correct that. And if and when it is  
25 corrected, we would just ask that it be carried into this

1 permit as well.

2 MS. KOCH: And I believe that was a comment that we  
3 also received on the standard terms and conditions package.  
4 I'll give you some of my -- I know that that's been a  
5 longstanding discussion, and I'll give you my thoughts on  
6 it. I don't know if Aaron or Jim want to add as well. I  
7 understand your perspective. But the other perspective is  
8 that then there's no incentive to -- also to discover  
9 things. That would be the counterbalance to that concern.  
10 Because then we're sort of unbounded on when you have to  
11 report deviations by, you know, the -- there's no grounding  
12 in when the violation actually occurred. I'm not sure if,  
13 Jim, if you have any thoughts on that as well?

14 MR. PLOSAY: No. It's been a longstanding discussion  
15 on many -- especially Title V permits. I'm not sure who --  
16 A, I'm not sure we'd reach consensus here, but it's  
17 something we need to discuss, I think, offline.

18 MR. THOMAS: And I will join that conversation. That  
19 would be a good discussion.

20 MR. PLOSAY: Sure. The one thing I think is that the  
21 comment made in this permit was addressed in the operating  
22 report section, not the actual excess emission permit  
23 deviation. And it only talked about whether you lifted  
24 permit -- the excess emission and permit deviations during  
25 the term, whether you lifted them in the operating report

1 or whether they were provided separately. And that is a  
2 different comment than the discovery provision.

3 MR. THOMAS: Okay. Yeah, when we talk, I'll find a  
4 little further. We can unpack that comment and dig into it  
5 a little further. I know --

6 MR. PLOSAY: Yeah, absolutely.

7 MR. THOMAS: I know it's been a longstanding  
8 conversation with the department, so I don't mean to take a  
9 lot of time to work it here.

10 UNIDENTIFIED MALE: I doubt we can work it here.

11 MR. BROWER: Can you make a quick example of a  
12 deviation that -- just a deviation? Is that going past a  
13 fuel consumption limit or something?

14 MR. THOMAS: That would be pretty significant. No. A  
15 deviation would be if -- like a minor recordkeeping error.

16 MS. GLOVER: I've got one.

17 MR. THOMAS: Go ahead.

18 MS. GLOVER: I've got one in which we actually got the  
19 double ding because we submitted it late. We had submitted  
20 our facility operating report a day late. Actually, we  
21 mailed it the day of, but it got stamped the next day. So  
22 we actually didn't know it was turned in late until DEC  
23 called us. So our deviation was late and -- but we  
24 couldn't know about it. So in that case, it was, you know,  
25 something that happened -- and it wasn't an ongoing

1 deviation, but it was something that happened and without  
2 our knowledge until we were told a couple of months later.  
3 So we got dinged for the day late and then we got dinged  
4 for the late deviation report.

5 MR. BROWER: And then the second part of that about  
6 the deviation is the reporting requirement that doesn't  
7 make sense? Is that --

8 MR. THOMAS: What doesn't make sense to us is that if  
9 -- that we have a permit deviation because we didn't report  
10 that minor recordkeeping error within 30 days of its  
11 occurrence because we didn't know about it. Or in the case  
12 of Robin's example, she didn't know about the lateness  
13 until more than 30 days after the event. Because you don't  
14 know about those deviations that occurred until you're  
15 either told about them or you discover them based on your  
16 own evaluation.

17 MR. BROWER: Yeah. Kind of like our land leasing  
18 where they don't elect to get the chimes going at the right  
19 times, and then a lease expires, and we're operating on an  
20 old lease without the fair market rate adjustments that  
21 went through or something like that. I think those are --  
22 those are concerning, because it's -- that's what I could  
23 take it to something like we've encountered is somebody not  
24 paying the proper diligence or the attention to reporting  
25 requirements or something that's about ready to be due and

1 the proper chimes that you can easily do in computerized  
2 nowadays. It's will chime you on a certain day that, hey,  
3 you've got to do something here and press the green button  
4 or something.

5 MR. THOMAS: Well, yeah, what we're talking about are  
6 a lot more minor things. Like when we take Method 9  
7 opacity readings, you know, if somebody goes out, there's a  
8 form that you follow -- that you fill out as you look at  
9 the smoke to write down what the opacity is. And that form  
10 has a lot of boxes on it you have to complete. And if  
11 somebody, in filling out that form, doesn't, you know, put  
12 down what is the cloud cover on that day or something, they  
13 just leave out a minor detail on that form, that's  
14 technically a permit deviation. And an operator may not  
15 discover that until they're doing their semi-annual or  
16 annual, you know, self-review, self-evaluations. And then  
17 when they discover it, they'll report it to the department,  
18 hey, this -- you know, we failed to put this information on  
19 the form. But that's one deviation right there that you  
20 just reported to the department. But now because of those  
21 provision that you're supposed to report that within 30  
22 days of its occurrence, that's a second deviation.

23 MR. BECKHAM: And, Brad, I might add that that has  
24 nothing to do with air quality.

25 MR. THOMAS: Right.

1 MR. BECKHAM: And we're talking about essentially  
2 compliance with an air quality reg.

3 MR. THOMAS: Right.

4 MR. BECKHAM: So that's another subset. I've actually  
5 had, on Title Vs and preapproved condition limits and that  
6 sort of thing, I've had those kinds of -- a multitude of  
7 those kinds of minor things like we thought we gave them  
8 two hard copies of the report.

9 MR. THOMAS: Right.

10 MR. BECKHAM: We faxed one and mailed one. But when  
11 they do their audit, and they say well we didn't get the  
12 second copy, which we faxed it to them and mailed it to  
13 them. And then, like you say, we didn't know about it.  
14 And so it was a year and a half ago, so now we have to  
15 report that deviation, so we've got the double ding. We  
16 didn't submit the report, and we didn't do the deviation  
17 report, which again had nothing to do with air quality,  
18 which is what we're all really interested in is the air  
19 quality. So that's -- it's just something that we have to  
20 fix, I think.

21 MR. DUGGINS: Usually, it is. And you're hearing  
22 example of administrative type oversights. And that's  
23 typically the types of deviations that, I think, are of  
24 concern with respect to the discovery. And, Denise, you  
25 mentioned a disincentive for reporting. But it also could

1 work such that if you have in fact deviated from something  
2 and that deviation occurred a year and a half ago and the  
3 requirement was to report within 30 days after it occurred,  
4 but it's way past that, then at this point, you really  
5 don't have any incentive to report in a timely manner  
6 because you've already missed the deadline. So you could,  
7 you know, theoretically, say well since I've already missed  
8 the deadline then there's no real incentive to report in a  
9 timely manner that I've missed the deadline. So it could  
10 work either way, you know, obviously, with respect to the  
11 incentive process.

12 MS. KOCH: And these are all good -- this is good  
13 discussion. But as we've mentioned, and Jim has mentioned,  
14 this is something that really touches -- the standard  
15 permit conditions talks about -- you know, it touches on  
16 incentives and disincentives. And to some extent, we only  
17 put things in permits, of course, that we think do protect  
18 air quality. So if there's a deviation from the permit, we  
19 do think that that's germane to air quality.

20 UNIDENTIFIED MALE: Right.

21 MS. KOCH: But it's good to have this discussion, and  
22 we'll keep having that discussion in the larger context.

23 MR. THOMAS: You bet.

24 MS. KOCH: But it sounds like you -- I'm not sure if  
25 that was the third item or not.

1 MR. THOMAS: That was it for me. So Drew, John,  
2 Keegan, do you guys have anything to add?

3 MR. FLEMING: This is Keegan from Hilcorp. No, Brad,  
4 your point #1 regarding the overlap of multiple  
5 restrictions with Title V and Title I permits is our  
6 primary concern, and I think that's been address  
7 sufficiently, so.

8 MS. KOCH: And, Robin, I'm not sure if they were -- as  
9 the -- I know the last-minute AOGA representative, I'm not  
10 sure if you had time to prepare or not, but do you have any  
11 thoughts that you would like to share?

12 MS. GLOVER: I can respond on behalf of BP. I went  
13 through the comments in the permit and I was really  
14 pleased, so thank you guys for putting that together and  
15 all your hard work. I was really pleased with it, so.

16 MS. KOCH: All right. Great. Well, I think this gets  
17 back to at the beginning of the meeting, we talked a little  
18 bit about the agenda based on feedback that Brad gave to  
19 Aaron and I before this meeting. We thought it -- we  
20 didn't necessarily need Aaron to go through -- he gave a  
21 little bit of an overview on the presentation about the  
22 contents of the permit. And then we wanted to talk more  
23 substantively about the particular concerns or comments  
24 that you had. And I'm not sure if there are other -- I  
25 mean that's really it that we had for the MG-2. So I



1 wanted to pause and see if anyone wanted to talk anymore  
2 about the MG-2. Or we are really flying ahead timewise on  
3 this agenda and then we could talk about Cook Inlet.

4 MR. THOMAS: Yeah. I'd say on MG-2, unless somebody  
5 from AOGA or anybody else in the room objects, I would say  
6 go ahead and move towards finalization and let's get it on  
7 the street. There's just one minor change, that 90 tons  
8 VOC 25 wells thing, if you could change that and then just  
9 let's get it out. Let's put it into action.

10 MR. DUGGINS: So I did have one question, too. There  
11 are some non-substantive language revisions that -- oh,  
12 yeah, that would like to comment on at some point, maybe  
13 not in this context or in this setting, I guess I should  
14 say. But most -- a lot of them are related to the --  
15 ADEC's rewrite or revisions to the permit, so they wouldn't  
16 have been subject to the public comment period. And -- but  
17 some are also a result of response to -- by DEC to not  
18 remove emission units three through six from the permit.  
19 That was one of the comments that was submitted. And so as  
20 a result, there are a few, again, non-substantive changes  
21 that I think would worth considering. And I'm not sure how  
22 you would like to receive those. Is that -- if that's  
23 something you would like to discuss in a setting where  
24 everybody's involved and could see those or if you -- if we  
25 submit those separately for you to just review on your own

1 time before finalizing the permit. How would you like to  
2 do that?

3 MS. KOCH: Well, my initial thoughts (indiscernible)  
4 from Jim Plosay is typically at this point -- especially  
5 since we have to thread this needle of we are not in a  
6 public comment period --

7 MR. DUGGINS: Right.

8 MS. KOCH: -- and we need to give equal access to  
9 everyone. At this point in our permit making, typically if  
10 there are errors, you know, that have been -- that are non-  
11 substantive, we can make some of those changes. But  
12 starting to tinker with the language makes me -- outside of  
13 a public comment period, makes me nervous. I'm not sure,  
14 Jim, if you have any thoughts?

15 MR. PLOSAY: No. I would agree with you. When we  
16 start getting into ex parte comments and changing language  
17 that is already been changed in the response to a public  
18 comment. You could submit those changes to Aaron formally.  
19 That way we have a record of them. And if it's worth  
20 considering, we may consider adding them. If not then  
21 they're going to have to wait until the next revision on  
22 the permit, because otherwise not everybody's going to get  
23 to see them and it opens up the endless round of public  
24 comment periods.

25 MR. THOMAS: Yes, that sounds good. So you'll -- we

1 can sit down and talk about the suggestions and then just  
2 give those to Aaron and that will be DEC's judgment as to  
3 whether those are --

4 MR. DUGGINS: Sure.

5 MR. THOMAS: -- they qualify as changes right now.

6 MR. DUGGINS: That is fair.

7 MS. KOCH: Are there any other questions or final  
8 comments that people want to make about the MG-2 or does  
9 the group want to move on to the Cook Inlet discussion?

10 MR. THOMAS: Move on.

11 MS. KOCH: All right. We will move on. Then we're  
12 really blazing through. We get that, too, I think, Aaron,  
13 if you could pull up that slide. Our last slide really is  
14 about Cook Inlet. I know that we have representatives of  
15 Hilcorp on the phone. And when this initial workgroup  
16 process was started, it was initially envisioned that it  
17 might cover North Slope and Cook Inlet. As the technical  
18 work really got started, there was a decision made to hone  
19 in on North Slope, kind of take that one chunk at a time,  
20 do the technical work for North Slope, get out the permit.  
21 That's the big deliverable for this process. And then  
22 revisit whether or not we wanted to do an analogist process  
23 for Cook Inlet. Now for Cook Inlet, we could -- and we  
24 have had some initial discussions -- DEC has had some  
25 initials discussions with Hilcorp where they have expressed

1 that they might have some interest in having DEC, and  
2 working with DEC, to develop a minor general permit that  
3 applies in Cook Inlet. So that sort of -- that's one piece  
4 of the discussion. But the second piece is really do we  
5 need to do that process through this workgroup. DEC has  
6 standard processes where we can develop minor general  
7 permits in absence of a full workgroup. So we could just  
8 do our more standard process, or we can do a workgroup  
9 process like this. And that's what I maybe wanted to first  
10 ask those questions to the Hilcorp representatives and see  
11 what your thoughts are.

12 MR. THOMAS: And Mike Munger as well.

13 MS. KOCH: And Mike, yes. Thank you.

14 MR. FLEMING: Yes. So this is Keegan over at Hilcorp.  
15 And Denise said, you know, from our end, we're definitely  
16 interested in pursuing a minor permit for Cook Inlet  
17 drilling operations. We're continuously busy in the Cook  
18 Inlet area and drilling nearly year-round at this point.  
19 We're also very aware that we're the only substantial  
20 operator in that area and do not expect the members of the  
21 workgroup to give their time and funding and efforts  
22 towards a permit that won't impact their operations. So  
23 we're prepared to move forward independently of the  
24 workgroup if necessary and don't necessarily see the need  
25 for the workgroup to stay together for that effort, from

1 our end.

2 MS. KOCH: All right. Well thank you for that  
3 feedback, Keegan. I'm not sure if Mike -- I know you were  
4 driving. Do you have any thoughts or comments? If you're  
5 talking to us, Mike, you are on mute.

6 UNIDENTIFIED MALE: There's also some dead spots  
7 between Girdwood and here, so.

8 MS. KOCH: Okay. Well that's --

9 MR. FLEMING: I guess maybe something I'll add in,  
10 Denise, is that, you know, with that said, we're happy to  
11 work with, you know, other smaller operators that are --  
12 have interest in drilling and make sure that we're  
13 communicating with them on more of an informal basis. And  
14 that includes Mike's interests as well. So, you know, we  
15 definitely don't mean to be completely closed door, but we  
16 could do it through your more general process and more  
17 informally on our end as well.

18 MR. THOMAS: So perhaps, if it's okay with Mike, you  
19 can talk to Mike afterwards and make sure he's good with  
20 it, but we could suspend the workgroup, just make it  
21 inactive for now, and only reactivate it if a need arises.  
22 But in the interim, in the meantime, you know, Hilcorp can  
23 drive the development of a general permit for Cook Inlet  
24 directly with DEC. And once that's completed and, you  
25 know, all is satisfactory, then we can just finally put a

1 bow on this whole effort and conclude it. Does that sound  
2 good?

3 MR. BROWER: Yeah. It seems to me all the legwork is  
4 already done, you know, working with the North Slope stuff.  
5 And to pursue a minor permit in the Cook Inlet or other  
6 areas other than the North Slope, it seems like there's a  
7 template in place now that would almost streamline that  
8 effort.

9 MR. THOMAS: Right.

10 MS. KOCH: That's a good point. I do want to add, and  
11 Alan might want to have some thoughts to here to add as  
12 well, that there is -- some of the technical work that was  
13 done for the North Slope is unique to the North Slope and  
14 the meteorological conditions and that really feeds into  
15 the modeling. So I -- you have a good point in terms that  
16 we have a framework for permitting. But I did want to  
17 mention that some of the technical work for Cook Inlet will  
18 still need to be completed.

19 MR. THOMAS: Right.

20 MS. KOCH: That is a separate effort.

21 MR. BROWER: At least it won't probably be five years  
22 in the making.

23 MS. KOCH: Maybe it will be faster. All right. I'm  
24 not sure if anyone else -- Jim or Robin, if you had any  
25 thoughts?

1 MS. GLOVER: I was just trying to speak on behalf of  
2 AOGA. Has Bluecrest been involved as far as Cook Inlet  
3 permitting?

4 MR. THOMAS: Yeah. So I was going to suggested like,  
5 you know, if there is this interest in going forward with  
6 the Cook Inlet permit, you know, like Hilcorp is on this  
7 working group, too. We can just use AOGA as well just to  
8 facilitate and survey the members, (indiscernible), and  
9 operators in the Cook Inlet, you know, and be that, you  
10 know, intermediate (indiscernible) our Cook Inlet guys.

11 MS. KOCH: Okay. That's helpful. Thank you.

12 MR. THOMAS: Yeah. And, you know, we'll have the new  
13 Josh here in about three weeks, so.

14 MS. KOCH: You're an interim Josh.

15 MR. THOMAS: I'm an interim Josh.

16 MS. KOCH: Hi, welcome. Okay. Then it sounds like  
17 maybe the way that we can proceed is with Brad's suggestion  
18 that we maybe not conclude the workgroup, but we put the  
19 workgroup on pause. It will be an extended hiatus, because  
20 as I mentioned, there will be time needed to do the  
21 technical work for Cook Inlet that would feed into that  
22 permitting. We'll, of course, work closely with Hilcorp.  
23 We'll keep in touch with AOGA and your reach-back to the  
24 other players in Cook Inlet. And then maybe what we could  
25 do is have maybe a final meeting, some analogist to what

1 we're doing here where there's a -- for the North Slope,  
2 there's a particular permit. We have an NG2. We're  
3 talking about that. That's our deliverable, essentially,  
4 for North Slope. And maybe we'll have a final meeting when  
5 we have an analogist, whatever those deliverables are for  
6 Cook Inlet.

7 MR. THOMAS: I don't think you heard any of this  
8 conversation, Mike.

9 MR. MUNGER: Not the very end of it, no, I'm sorry.  
10 Where I got dropped off was you had some concerns about the  
11 scheduling, I think it was. You had significant concerns  
12 and a few minor ones then I was --

13 MR. THOMAS: Yeah. We'll work through this --

14 MR. MUNGER: So it would be a long fill-in from there,  
15 I'm sure.

16 MR. THOMAS: Well there's nothing on the North Slope  
17 MG-2 permit. No major concerns and big flaws. And we're  
18 pretty happy with it, so we proposed that the department go  
19 ahead and finalize it with just one very minor change. The  
20 conversation then went to what do we do about Cook Inlet,  
21 because the MG-2 permit applies to the North Slope. And  
22 there's an interest, a significant interest, to have an  
23 analogist permit that covers Cook Inlet. So I believe that  
24 will go forth to develop a permit to cover drilling  
25 operations in Cook Inlet. And this group will pause to



1 allow that technical work to occur and then reconvene when  
2 that permit is at a -- the same stage as the MG-2 is right  
3 now, to test folks' satisfaction with it. And if folks are  
4 happy with it then we just conclude the whole effort.

5 MR. MUNGER: Okay. Thanks. Appreciate you filling me  
6 in.

7 MS. KOCH: Does that -- is that amenable?

8 MR. MUNGER: Yeah. And the scheduling of that?

9 MS. KOCH: I had mentioned that that would be -- it  
10 would be a relatively long hiatus, because although we have  
11 a framework in terms of some of the approach on permitting,  
12 the technical work to support a Cook Inlet permit is -- we  
13 can't just take what we've done on the North Slope because  
14 the meteorology is unique, so it will need its own modeling  
15 effort. So we haven't -- I don't have a tentative schedule  
16 for that yet, but that would be -- it will take, hopefully,  
17 as Gordon said, not the five years that this whole North  
18 Slope operation has taken because we have some lessons  
19 learned. But the technical work is -- at least in the last  
20 three years that I've been involved, I mean that's been the  
21 heavy lift. Once you had the technical pieces, the one,  
22 two -- once we got into our standard permitting process of  
23 drafting a permit, putting it out for public comment, I  
24 think that was less time than the technical work.

25 MR. MUNGER: Oh, absolutely. With that said, then how

1 the work in Cook Inlet will -- in the interim what will  
2 apply there? The current regulations? The --

3 MS. KOCH: Yes. And, Jim, I'm not sure if you wanted  
4 to speak to how we would handle Cook Inlet permitting  
5 before we had an MG for Cook Inlet?

6 MR. PLOSAY: Well, I mean right now we're handling it  
7 all through minor source, yeah, source specific  
8 requirements which works. And we can continue doing that  
9 while we're developing an MG permit if -- you know, if we  
10 end up going that route. Does that answer it?

11 MR. MUNGER: I think it's -- so just so I'm clear,  
12 we'll continue status quo in Cook Inlet until such time as  
13 we get down the road far enough, as this workgroup has done  
14 with the North Slope, right?

15 MR. PLOSAY: Exactly.

16 MR. MUNGER: Okay, thanks.

17 MS. TROST: This is Barbara Trost for the -- and I was  
18 in the technical working group. I guess a thought would be  
19 to think about a schedule or participant in -- for the Cook  
20 Inlet technical group since I'm not sure if the two  
21 consultants, Tiffany and Tom, who are on the phone with  
22 AECOM, they had already started working a little bit of  
23 some of the, you know, data collection and pulling things  
24 together for Cook Inlet. But we then pause because we  
25 wanted to finish up with the North Slope process. So I

1 guess at some point it might make sense to sort of figure  
2 out who the players are in the Technical Workgroup again  
3 and then they can get started. I assume there's going to  
4 be a shake-up in who is there.

5 MR. THOMAS: That will probably be driven by the Cook  
6 Inlet operators as far as who is going to be doing the  
7 technical work, so.

8 MS. TROST: Right.

9 MS. KOCH: And that was going to be my thought as  
10 well. I mean the first thing I would do is I would go back  
11 to Hilcorp and talk to AOGA and let them decide who will be  
12 the industry technical leads.

13 MR. THOMAS: Yeah.

14 MR. MUNGER: I would think at least some aspects of  
15 the tremendous effort and the amount of work that the  
16 Technical Workgroup has performed on the North Slope, I  
17 would think some of that core would apply to Cook Inlet as  
18 well, unless I'm way off base. Is that correct?

19 MS. KOCH: I believe either Barbara or Alan really to  
20 speak to that, how much of the technical work, you think,  
21 was -- might cross over from North Slope to Cook Inlet?

22 MR. MUNGER: Do we have to start with a whole new  
23 wheel basically?

24 UNIDENTIFIED MALE: That's my question.

25 MS. KOCH: Alan, do you want to --

1 MR. SCHULER: This is Alan. Yeah, this is Alan  
2 Schuler. There's been some discussions actually with AECOM  
3 a few years ago about how to approach a Cook Inlet  
4 analysis. There's a lot of lessons we could learn and  
5 carryover from the North Slope effort, but it does require  
6 new modeling analysis because meteorology and the rigs are  
7 a little bit different --

8 UNIDENTIFIED MALE: Sure.

9 MR. SCHULER: -- in Cook Inlet than they are up in the  
10 Slope. We've got -- there's a lot of lessons learned that  
11 we can take there. And some of that legwork has already  
12 been done. But, you know, we'll -- you know, it was two  
13 years ago that we last talked about it, so we need to  
14 refresh our memory and go from there. Also, the work  
15 that's been done to date was all onshore. Nothing has been  
16 done regarding offshore platforms. And it's my  
17 understanding that Hilcorp wants to expand the effort to  
18 the offshore platforms. Now if that's the case, we need to  
19 start talking about that as well, which is no different  
20 from what we had up on the Slope. So that's a new aspect.  
21 But, yeah. And also one of the things we'll need to deal  
22 with in the Cook Inlet in regard to ambient air boundaries,  
23 because that's very different. How the control mechanism  
24 in the Cook Inlet area is a little bit different than --  
25 well on the Slope, you have these gravel pads that come up

1 and they kind of create a little barrier there for ambient  
2 air purposes. We don't have that at Cook Inlet, and  
3 especially in the areas like Swanson River. And there's a  
4 wildlife refuge where people go through various parts. But  
5 then you have these pads in different places. And we have  
6 not resolved how to deal with that yet.

7 MR. MUNGER: Thank you.

8 MR. BROWER: And I think we did mention a little bit,  
9 you know, there's a -- there's this process of going  
10 through and developing this -- that it's a good-enough  
11 model to, you know, maybe serve as a template to move  
12 forward with.

13 MR. MUNGER: Yeah.

14 MS. KOCH: Yeah. I don't think we're going to be  
15 starting completely from scratch. We'll have some -- the  
16 benefit of this process.

17 MR. MUNGER: I just encourage that. And, you know,  
18 Brad, I realize that ConocoPhillips doesn't operate in Cook  
19 Inlet, but you represented the alliance. You know,  
20 certainly have membership down there. I hope you can  
21 continue on to the Cook Inlet workgroup eventually, unless  
22 you're going on to bigger and better things.

23 MR. THOMAS: No, not at the moment, no.

24 MR. MUNGER: You know, but it -- your technical  
25 expertise is certainly a real asset on this workgroup.

1 MR. THOMAS: I'll stay involved again.

2 MR. MUNGER: All right. I appreciate that.

3 MS. KOCH: All right.

4 MR. DUGGINS: I'm sorry, but I do have one other  
5 thing.

6 MS. KOCH: Okay.

7 MR. DUGGINS: I'd like to go back to the  
8 administrative transition a little bit, if that's okay with  
9 everybody on the phone and the room. I've been looking at  
10 the language that the department inserted to described what  
11 that transition process would require. It's actually on  
12 the last page of the technical analysis report. That would  
13 be for dependence to the TAR. I personally believe it  
14 would be worthwhile discussing if we're -- either now or at  
15 some point, the specifics of how that process would work  
16 based on the information that's on this page now as  
17 currently written. And I don't know how much we want to  
18 drill into it.

19 MS. KOCH: Aaron, did you want to talk a little bit  
20 about that?

21 MR. SIMPSON: Yeah. I mean so I think it's tough  
22 talking in generalities just because I'm not sure which  
23 permits are where, which well pads are, you know, part of a  
24 Title V source. You know, I know of one or two specific  
25 examples. And I think that -- I think that's probably what

1 that language was written around. But I'm definitely  
2 willing hear if there's, you know, specifics that could  
3 definitely -- we could look into how a source could -- you  
4 know, how an MG-2 permit could work at an existing source  
5 if you have some examples.

6 MR. DUGGINS: Well, I'm not really looking at specific  
7 examples. I guess the first paragraph on this page refers  
8 to two different parts -- sections of Part 71 as  
9 requirements in order to meet the administrative revision  
10 provisions. I've looked at those two parts and I'm not  
11 sure exactly how those would apply in any case necessarily.  
12 So I think it's worth looking at those specifically. And  
13 then the second paragraph, I guess to me, after the first  
14 sentence is unclear, at least in my opinion. And I don't  
15 know if anybody else has read it very closely, but the  
16 language is unclear as to what that would mean in, again,  
17 in really any situation. So it's --

18 MR. SIMPSON: Maybe --

19 MR. DUGGINS: So it's something that may we can  
20 discuss offline (indiscernible -- multiple speakers).

21 MR. SIMPSON: Yeah. And I could look at the specific  
22 language. I mean open here. So we're talking about PSE  
23 avoidance limits and back limits, Title V modifications.  
24 So I think that -- you know, the thinking behind that was  
25 if you have a back limit at an existing source, back limits

1 are definitely some discrepancy in EPA past decisions on  
2 how to treat those. But my understanding is that a back  
3 limit applies to an emission unit. And if you want to  
4 change that, you have to go through a certain process.

5 MR. DUGGINS: Right.

6 MR. SIMPSON: The MG-2 permit would definitely not be  
7 the appropriate mechanism to change back limits, for  
8 example. As far as PSD avoidance limits goes, just my  
9 general understanding is that if you had a source that --  
10 say, a well pad that's now no longer part of a Title V  
11 source, your emissions from that well pad at the existing  
12 Title V, in the permit, would go down. And then those  
13 emissions would essentially be covered under the MG-2  
14 permit. Does that help clarify at all?

15 MR. THOMAS: This is probably worth taking offline.

16 MR. DUGGINS: Yeah. Well, yeah, I guess --

17 MR. SIMPSON: I guess I'm just not sure --

18 MR. DUGGINS: You know, I guess I would just encourage  
19 everybody to look at those -- and, you know, from your own  
20 company's perspective, what -- I don't know if anybody  
21 looked at those close enough to really understand what that  
22 means, because I believe that the -- that the language here  
23 is unclear, at least to me personally, as to how -- what  
24 the department is trying to say that the process would  
25 entail.



1 MR. SIMPSON: Well and I think that we would also be  
2 open to hear suggestions on how to best explain how a minor  
3 source specific permit would work in correlation with a PSD  
4 permit, a Title V permit, a PSD avoidance limit.

5 MS. KOCH: And this might --

6 UNIDENTIFIED FEMALE: (Indiscernible -- multiple  
7 speakers.)

8 MS. KOCH: This might get into the category --

9 MR. SCHULER: And this is the challenge. I know we  
10 have expanded language in the RTC and maybe we could just  
11 look at what we said there and maybe help embellish the TAR  
12 with that RTC language.

13 MR. DUGGINS: Yeah. We definitely want to be -- you  
14 know, make it as clear as possible so that people  
15 understand.

16 UNIDENTIFIED MALE: Right. Well, obviously, this is  
17 an important point for everybody who wants to transition.  
18 And so, you know, I'll -- it might be just as well to say  
19 well we'll work with each -- you know, on a case-by-case  
20 basis on how this should work for your particular permit  
21 without trying to spell it out exactly here even, because  
22 it's -- again, it's difficult to do.

23 MS. GLOVER: Yeah. Maybe even like a guidance  
24 document, because I don't have POGO-related language in the  
25 Title V. I just have a Title V drill rig permit and a

1 minor source drill rig permit. And I'm kind of wondering  
2 how the transition, for me, is going to go well. That  
3 would be helpful. Or just a this is what you do, this is  
4 what's going to happen, this is when you apply for this MG-  
5 2, you can request a recession of your Title V or -- I  
6 don't know, just a how-to.

7 MS. KOCH: Okay. Well that's good feedback and we can  
8 think about that. I would -- Sims, as we mentioned  
9 earlier, you were going to send some language to us that  
10 would include that clarifying language. But just know, as  
11 I mentioned earlier, that this is not an open public  
12 comment period, so we'll have to make some decisions about  
13 where to toe the line in terms of making changes to the  
14 permit.

15 MR. DUGGINS: Right.

16 MS. KOCH: But as Alan had mentioned, it may be  
17 something that we just give a little bit more clar --  
18 seeing what your comments are will help us to better  
19 explain ourselves when it comes to how that -- what that  
20 process is in the response to comments.

21 MR. DUGGINS: Yeah. And in this case, I don't have as  
22 many comments as I have questions, but I can express those  
23 questions in an email to you guys and then we can go from  
24 there.

25 MS. KOCH: That's great.

1 MR. BROWER: I just wanted to add, to my understanding  
2 that when we started this process that we needed to make a  
3 more flexible and predictable permitting process for these  
4 mobile drill rigs that get moved all around the North  
5 Slope. You know, you could get over here to the eastern  
6 operating area, western operating area, to (indiscernible),  
7 to Alpine without affecting the already current emissions  
8 that current facility have and not add to the problem, but  
9 they just go along with that drill rig and make it more  
10 flexible and easier to get to where they need to be doing  
11 their -- and from what I'm hearing is some of the other  
12 permits, Title V and those other ones that have conditions  
13 that affect maybe these more mobile drill rigs from a  
14 stationary source, is what you're trying to do the  
15 crossover stuff. Is that what I'm understanding?

16 MR. THOMAS: Well, yeah, the -- we have construction  
17 permits that we call Title I permits and we also have  
18 operating permits. Those are the Title V permits. And  
19 there's language in both right now that bear on drill rigs.  
20 And what we're talking about is taking that language out of  
21 those permits, so that we can --

22 MR. BROWER: Yeah. And that's what I was trying to --

23 MR. THOMAS: Yeah.

24 MR. BROWER: Maybe you're saying it better than I said  
25 it.

1 MR. THOMAS: So how to get that language out of those  
2 permits, you know, what's the process. And there's some  
3 questions about how to do it most efficiently and making  
4 sure that we agree that it's appropriate. Those are the  
5 kinds of things that Sims is talking about.

6 MR. BROWER: All right. Very good. It sounds like  
7 something almost offline that -- administrative maybe.

8 MR. THOMAS: It's administrative, yeah, purely  
9 administrative.

10 MS. KOCH: All right. Any other comments on MG-2 for  
11 North Slope?

12 MR. BROWER: Looking good.

13 MS. KOCH: All right. Well then, we're at almost  
14 10:30, about an hour and a half ahead of our scheduled  
15 time. I had told Brad initially we thought we didn't  
16 necessarily know that we'd need three hours, but I think  
17 it's always better to allot the time, and early, then to  
18 not allow the time if we needed it. But this certainly is  
19 not goodbye, because we're just on pause. We're on a  
20 hiatus while we'll turn our attention to Cook Inlet and  
21 start working on some of that, those technical pieces, and  
22 then we'll reconvene. But I think that we're close to  
23 seeing the light at the end of the tunnel for North Slope  
24 in terms of having this major deliverable with the permit.  
25 And, of course, permits get revised and renewed and it's --

1 they'll be other opportunities for amendments and feedback.  
2 But I think that this is a -- this will be a major  
3 milestone and I'd like to thank all of you for sticking  
4 with it for the five years and the cooperative approach  
5 that we've had that's led to the close to issuance of this  
6 Minor General Permit 2, so.

7 MR. THOMAS: So, I guess it --

8 MR. BECKHAM: We'll still get cards and letters from  
9 you, too, though, right?

10 MS. KOCH: What?

11 MR. BECKHAM: We'll still get cards and letters from  
12 you?

13 MS. KOCH: Yes, of course. I'll send everyone a  
14 Christmas card and --

15 MR. DUGGINS: And so just as a related to that, do you  
16 have any idea of what the timing, the schedule, would be  
17 for finalizing the permit from ADEC's perspective?

18 MS. KOCH: I think that we feel like we're pretty  
19 close.

20 MR. DUGGINS: Talking a few days, a week or a month?

21 MS. KOCH: I want to say -- I'm saying --

22 MR. SIMPSON: I would say a few days. You know, that  
23 pending whatever information we get or questions that are  
24 asked or clarifications that are requested, but, yeah, I  
25 mean it shouldn't take too much time.

1 MR. PLOSAY: Aaron?

2 MR. SIMPSON: Yeah?

3 MR. PLOSAY: We have to work out the final fees.

4 MR. SIMPSON: Right. And so after we're all -- after  
5 we're all finished then we have to calculate the fees. So  
6 that is a good point is do you guys have any idea of how  
7 many of these MG-2 permits we can expect applications for  
8 or requests for?

9 MR. THOMAS: I think our approach is to do it on a  
10 unit basis, right? So we would have, at this point, three  
11 units. So three MG-2s that would cover multiple drill rigs  
12 in each of these.

13 MR. BROWER: And is there a duration for that? Is it  
14 an annual thing, every three years --

15 MR. THOMAS: Well, as I understand it, this --

16 MR. BROWER: -- going for the life of the rig?

17 MR. THOMAS: So the -- we would get the MG-2 permit  
18 with the initial notification and that permit would be good  
19 until it expires. And we would just annually notify the  
20 department and be subject to fees at that point.

21 MR. DUGGINS: And it doesn't expire, does it?

22 UNIDENTIFIED MALE: With the MG-2, I don't --

23 MR. SIMPSON: No, there's no expiration on it.

24 MR. THOMAS: Yeah. So you apply for it once and then  
25 annually kind of renew it by notifying what we're doing the

1 next year. And then there's fees associated with that.

2 MR. SIMPSON: Right. And there is a difference  
3 between the upfront initial application fee, which is the  
4 cost to develop the permit divided by the number of  
5 permits, and then the annual fees, which are the assessible  
6 emissions. And there's also a fee requirement on the rig.

7 MR. THOMAS: Yeah.

8 MR. SIMPSON: So I heard three, but I'm sure there's -  
9 -

10 MR. THOMAS: That's three for us.

11 MR. SIMPSON: For Conoco?

12 MS. GLOVER: One for BP.

13 MR. SIMPSON: One for BP. I'm just trying to get an  
14 idea, because that's what -- that's the number we have to  
15 divide the total costs by, so.

16 MR. THOMAS: And you factor in the costs that we've  
17 been paying to date for the development?

18 MR. SIMPSON: Yeah. So we've been -- everything  
19 that's gone into the actual workgroup development, so  
20 meetings and things like that, those are all charged to the  
21 original -- I think it was a quarter, quarter-fifty split  
22 between Hilcorp -- what is it?

23 UNIDENTIFIED FEMALE: Conoco and AOGA.

24 MR. SIMPSON: Conoco and then AOGA have had --

25 UNIDENTIFIED FEMALE: Yeah.

1 MR. SIMPSON: But the MG-2 itself is just the permit  
2 processing time and so that's separate.

3 UNIDENTIFIED MALE: Okay.

4 MR. SIMPSON: But maybe around five, four or five?  
5 I'm just not sure. I didn't have any idea. So, you're  
6 right --

7 MR. THOMAS: No, no. Let's -- maybe a good way to do  
8 it, and just slap me down if I'm wrong, just count up the  
9 number of units on the North Slope and just -- and use that  
10 as a go-by.

11 MR. BECKHAM: It's about 42.

12 MR. THOMAS: Forty-two units?

13 MR. BECKHAM: Yeah. But we don't have to -- we don't  
14 have that many people drilling, so, you know, we could look  
15 at plans operations and you could probably give him a  
16 better number than that as far as activity goes. I mean  
17 right now, I think there's probably eight.

18 MR. THOMAS: Okay.

19 MR. BECKHAM: Eight or 10.

20 MR. SIMPSON: Okay.

21 MR. THOMAS: That's good. That's good.

22 MR. SIMPSON: That's a good idea. I mean,  
23 alternatively, we could have people submit the applications  
24 and then we'll know up front, because -- yeah, I mean it  
25 shouldn't take long. It's just a matter of dividing the



1 total costs by the number of permits expected.

2 MR. THOMAS: Okay. So before you conclude, when the -  
3 - one thing that might be good as a next step, an immediate  
4 next step, is to -- with some formality, not convene the  
5 Technical Workgroup for Cook Inlet, you can identify the  
6 numbers and get that up on the webpage, so.

7 MS. KOCH: Okay. We can certainly do that.

8 MR. THOMAS: Yeah. And do that fairly soon.

9 MR. BECKHAM: And we (indiscernible -- lowered voice).

10 MS. KOCH: Great. Thank you. I'm hesitant to start  
11 rapping up, because there's always one -- is there any?

12 UNIDENTIFIED MALE: No more.

13 UNIDENTIFIED MALE: No more.

14 MS. GLOVER: Minor comments and I guess I didn't  
15 expressly write this when I submitted my comments, but BPXA  
16 also supports the AOGA/ASA comments that were submitted.

17 MS. KOCH: Okay, great.

18 MR. DUGGINS: I have one more (indiscernible --  
19 interrupted).

20 MS. KOCH: No, we're cutting you off. We are wrapping  
21 up. Thank you very much for attending this meeting and  
22 we'll follow up on some of those action items in terms of  
23 figuring out who is going to be part of the Technical  
24 Committee for Cook Inlet and communicating that back to  
25 this group and posting it on the website and making that

1 all transparent. But thank you very much.

2 UNIDENTIFIED MALE: Fantastic.

3 MS. KOCH: We're adjourned.

4 (Off the record at 10:30 a.m.)

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TRANSCRIBER'S CERTIFICATE

I, Gloria Schein, hereby certify that the foregoing pages numbered 2 through 66 are a true, accurate and complete transcript of proceedings of the Workgroup for Global Air Permit Policy Development for Temporary Oil and Gas Drilling Rigs, held July 12, 2018, in Anchorage, Alaska, transcribed by me from a copy of the electronic sound recording to the best of my knowledge and ability.

July 28, 2018

Gloria Schein

Date

Gloria Schein