



Temporary Oil and Gas Drill Rig Policy Development Workgroup

DEPARTMENT OF ENVIRONMENTAL CONSERVATION | DIVISION OF AIR QUALITY

JULY 12, 2018

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 while protecting the environment

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)

Current Workgroup Members

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

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

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)

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

❖ Fuel and exhaust limitations

- ❖ Sound Technical Basis
- ❖ Most operations are well below the limits
- ❖ Prevents rather than responds to potential air quality violations
- ❖ No need for expensive ambient monitoring or case-by-case modeling

Technical Subcommittee

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- ❖ Reviewed the technical and scientific aspects related to monitoring, modeling, and air quality protection.
- ❖ Developed an Ambient Demonstration for North Slope Portable Oil and Gas Operations that went out for public comment and was finalized on October 17, 2017.

Technical Subcommittee Considerations 10

- ❖ Based on technical committee's work, unrestricted drilling typically complies with air quality standards, but could operate in a manner that would not comply.
- ❖ Options to address this:
 - ❖ Fuel and exhaust limitations based on prior ambient data and modeling analyses performed for reasonable operational scenarios
 - ❖ Expanded ambient monitoring with reduced or eliminated permitting
 - ❖ Registration and fuel use trigger levels to require case-by-case permitting

Technical Details

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- ❖ Addressed through MG-2 Permit and Public Comment
 - ❖ Details of application content – how specific, length of time
 - ❖ Fee amounts and format
 - ❖ Limits and allowable excursions –including emission units subject to them
 - ❖ Notifications
 - ❖ Monitoring methods and records
 - ❖ Reporting – routine and deviation
 - ❖ Adding or deleting authorized operations

Drill Rig Categories

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- ❖ North Slope is initial modeling focus
 - ❖ The technical workgroup subcommittee on categorizing the North Slope drilling operations into 4 scenarios
 - ❖ **Routine Infill Drilling at an Isolated Well Pad:** Drilling that lasts less than 24 months at a well pad that is not collocated with a Title V major facility.
 - ❖ **Routine Infill Drilling at a Collocated Well Pad:** Drilling that lasts less than 24 consecutive months at a well pad that is collocated with a Title V major facility.
 - ❖ **Developmental Drilling at an Isolated Well Pad:** Drilling that lasts 24 or more consecutive months at a well pad that is not collocated with a Title V major production facility.
 - ❖ **Developmental Drilling at a Collocated Well Pad:** Drilling that lasts 24 or more months at a well pad that is collocated with a Title V major production facility.

Minor General Permit Points

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- ❖ Application
 - ❖ Identification of Planned Drilling on North Slope
 - ❖ Fee payment
 - ❖ Certification that covered operations will comply with daily fuel limits, monitoring, recordkeeping, and reporting
- ❖ Permit
 - ❖ Covers identified drilling on North Slope
 - ❖ Requires operations to comply with applicable daily fuel limits
 - ❖ Requires appropriate fuel use monitoring and record keeping
 - ❖ Requires reporting to assure compliance

- ❖ MG-2 went out to public comment on March 16, 2018 and the comment period closed on April 16, 2018
- ❖ Comments received from:
 - ❖ AOGA – ASIA
 - ❖ CPAI
 - ❖ BPXA
 - ❖ Hilcorp

Changes Made to MG-2 in Response to Comments 15

- ❖ Split the Notification of Intent to Operate into an Initial Application and Annual Notification Form.
- ❖ Changed facility operating reports timeframe from 30 to 45 days after the end of the reporting period due to the unique nature of the MG-2.
- ❖ Streamlined monitoring, recordkeeping, and reporting requirements for demonstrating compliance with the State visible emissions standard.

Changes Made to MG-2 in Response to Comments 16

- ❖ Corrected the potential to emit for SO₂ and VOC emissions in the applicability table to 42 tons per year and 3.2 tons per year, respectively.
- ❖ Revised what qualifies as a “flare event” for the MG-2 to allow flare Method 9 observations to occur and still “count” for flaring events that last less than an hour, but at least 18 minutes.
- ❖ Included a finding in the TAR describing well flow back emissions for new wells as being considered ‘construction phase emissions’ and consequently not included in the calculation to determine if an existing source is subject to PSD review.

Changes made to Notification Forms

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- ❖ Removed 'Form 9' Equipment List and replaced with the Emissions Unit Inventory from the MG-2 with check boxes indicating whether the applicant plans to operate those units in a given year.
- ❖ Included Annual Notification Form in the permit as Attachment 2.
- ❖ Streamlined and clarified elements required to be submitted in the initial application and annual notification forms.

Additional Considerations

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- ❖ Operation on Title V or PSD Major source
- ❖ How to address operations which do not qualify
- ❖ Next steps Operation outside the North Slope

Next Steps

- ❖ Should the Oil and Gas Drill Rig Workgroup be expanded to evaluate the potential for a minor general permit for onshore and offshore drilling in the Cook Inlet?

Contact Information

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<http://dec.alaska.gov/air/ap/OilGasDrillWorkgroup.html>

