

**Alaska Department of Environmental Conservation
Division of Air Quality - Air Permit Program
Air Quality Control General Permit**

**MINOR GENERAL PERMIT MG1
OIL OR GAS DRILLING RIGS**



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Air Permit Program

Date General Permit Issued: December 15, 2005

Repeals and Replaces MGP1 Issued October 11, 2004

MG1 – Oil or Gas Drilling Rigs Minor General Permit

This general permit repeals and replaces the Oil or Gas Drilling Rigs Minor General Permit MGP1, issued October 11, 2004.

With this permit the department also issues the following forms:

- *MG1 Notification Of Intent To Operate;*
- *Amendment 1 to the MG1 Notification Of Intent To Operate;*
- *Amendment 2 to the MG1 Notification Of Intent To Operate; and*
- *Amendment 3 to the MG1 Notification Of Intent To Operate.*

Notification

This general permit satisfies the requirement for a permit under 18 AAC 50.502 for equipment that meets the applicability criteria below, and for which the owner or operator submits to the department a completed MG1 Notification form. This permit applies only to equipment, sites, and times identified in the notification form. Each notification form must be for a single portable oil and gas operation at one or more sites.

If the notification form does not identify a sole drill rig that will be used under that notification, before beginning operation the permittee must tell the department which single drill rig will be authorized under the original notification. The permittee must use the form *Amendment 1 to the MG1 Notification Of Intent To Operate* in order to be in compliance with this permit.

For operating in an area South of 69 degrees, 30 minutes North latitude:

Under this permit a permittee must pay emission fees that depend on the number of wells to be drilled, as indicated in the original MG1 Notification Of Intent To Operate. Before beginning to drill any additional wells (so that the total would exceed the number indicated in the notification) the permittee must submit to the department a completed *Amendment 2 to the MG1 Notification Of Intent To Operate* along with its associated payment in order to be in compliance with this permit. Any additional wells must be at the sites identified in the original notification.

For operation in a second or subsequent fiscal year identified in the notification, the original *Notification Of Intent To Operate* will allow drilling up to 5 wells per year. For authorization to drill more wells, you must submit *Amendment 2*, with the additional associated emission fee payment.

[The operator must submit a new notification form with associated fees to obtain a separate authorization to operate under MG1 for any additional sites not already identified in the notification form.]

Definitions

“Portable oil and gas operation” means an operation that includes fuel burning equipment, that moves from site to site to drill or test oil or gas wells, and that uses drill rigs, equipment associated with drill rigs and drill operations, well test flares, equipment associated with well test flares, camps, equipment associated with camps; for purposes of this paragraph,

(A) “test” means a test that involves the use of a flare; and

(B) the term “portable oil and gas operation” does not include well servicing activities.

“Fuel burning equipment” means a combustion device capable of emission; “fuel-burning equipment” includes flares; “fuel burning equipment” does not include mobile internal combustion engines, incinerators, marine vessels, wood-fired heating devices, or backyard barbecues.

“Well servicing activities” means the use of portable equipment for servicing existing oil and gas wells that only stays on site for relatively short and varying periods of time; these activities include coiled tubing units, well frac units, well slickline units, well hot oil units, and well wireline units.

Applicability Criteria

This general permit applies to a portable oil and gas operation that

(1) is not located within 10 kilometers of a Class I area or in a non-attainment area;

(2) does not operate on the same pad or within a quarter of a mile of

(A) another pad on which another drill rig or another well test flare is simultaneously operating;

(B) an emission unit that emits or has the potential to emit 100 tons or more per year of a regulated air contaminant; or

(C) a group of emission units that emits or has the potential to emit 100 tons or more per year of a regulated air contaminant, and that is located on either a single pad or a group of pads that are within a quarter of a mile of each other;

(3) does not operate within a major stationary source as classified for the Prevention of Significant Deterioration of ambient air quality under 18 AAC 50.306.

(4) does not operate on a pad or platform surrounded by open water;

MG1 – Oil or Gas Drilling Rigs Minor General Permit

(5) operates

- (A) north of 69 degrees, 30 minutes North latitude, and operates for no more than 180 rig days in any 12 consecutive months at a single pad;
- (B) outside the area described in (A) of this paragraph, and operates for no more than 270 rig days in any 12 consecutive months at a single pad; or
- (C) anywhere in the state, and burns no more than 1,500,000 gallons of fuel oil in any 12 consecutive months at a single pad;

(6) maintains daily logs that are readily accessible, and that are adequate to demonstrate compliance with this general permit; a daily entry to a log required under this paragraph must be maintained for at least 60 months after the date of entry; [AND]

(7) does not operate within the boundary of an area identified in the *Summary Prepared by the Department of Environmental Conservation of Coastal Area Boundaries Approved by the Coastal Policy Council (CPC) for Coastal Resource Districts Excluded from the Portable Oil and Gas Operation Permit by Rule (18 AAC 50.390)*, adopted by reference in 18 AAC 50.035(a);

(8) will not operate at a single pad or platform, or at pads within a quarter of a mile of each other, for more than 24 consecutive months; and

(9) does not contain an internal combustion engine that will remain at the same location, as defined in 40 C.F.R. 89.2, for 12 consecutive months or more.

General Requirements:

Condition 1. The owner or operator of a portable oil and gas operation described in the applicability paragraph of this general permit shall ensure that each emission unit complies with the following:

(A) exhaust stacks must discharge emissions vertically for the following emission units:

- (1) each internal combustion engine used to power or heat a drill rig or camp associated with a portable oil and gas operation;
- (2) on lands draining into Cook Inlet, fuel-burning equipment with a rated capacity exceeding five million Btu per hour, high heating value;
- (3) on lands not draining into Cook Inlet,
 - (a) from April 16 through October 15, fuel-burning equipment with a rated capacity exceeding five million Btu per hour, high heating value; and
 - (b) from October 16 through April 15, fuel-burning equipment with a rated capacity exceeding 1.7 million Btu per hour, high heating value;

MG1 – Oil or Gas Drilling Rigs Minor General Permit

(B) If a portable oil and gas operation qualifies under the applicability paragraph of this permit and operates under this permit within a stationary source classified under 18 AAC 50.326 as needing a Title V operating permit, the requirements of this permit are applicable requirements that must be included in the stationary source's Title V operating permit.

Sulfur Requirements

Condition 2. Fuel oil burned by a portable oil and gas operation may not contain more than the following amounts of sulfur, unless the fuel oil is brought onto the site in a fuel tank with a capacity of 150 gallons or less, or unless the fuel oil consists of the remainder of fuel oil in each tank from a previous site in an amount not to exceed the half of that tank's capacity or 2,500 gallons, whichever amount is smaller:

- (A) at a site north of 69 degrees, 30 minutes North latitude,
 - (1) 5,000 ppm sulfur by weight, if the owner or operator excludes the general public from within 230 meters of the pad edge;
 - (2) 2,500 ppm sulfur by weight, if the owner or operator excludes the general public from within 20 meters of the pad edge; or
 - (3) 1,900 ppm sulfur by weight;
- (B) at a site on the western drainage of the Kenai Peninsula, 5,000 ppm sulfur by weight;
- (C) at a site outside areas described in (A) and (B) of this paragraph,
 - (1) 5,000 ppm sulfur by weight, if the owner or operator excludes the general public from within 100 meters of the pad edge;
 - (2) 2,500 ppm sulfur by weight, if the owner or operator excludes the general public from within 30 meters of the pad edge; or
 - (3) 1,500 ppm sulfur by weight.

Exclusion of General Public Requirements

Condition 3. The department will consider the owner or operator of a portable oil and gas operation to have excluded the general public from an area identified in Condition 2 (A)(1)-(2) or Condition 2 (C)(1)-(2) of this general permit if the owner or operator

- (A) has the legal authority to keep the general public from entering the area;
- (B) develops and complies with a surveillance plan that is adequate to assure that the general public is excluded from the area inside the boundary; upon receipt of a written request from the department, the owner or operator shall revise the plan as the department considers necessary to assure exclusion of the general public; the plan must
 - (1) identify site-specific physical barriers to entry; for purposes of this subparagraph, a physical barrier must be a natural site feature, constructed barrier, or combination of the two that is sufficient to exclude the general public; or
 - (2) provide for each of the following, if physical barriers identified in (1)

MG1 – Oil or Gas Drilling Rigs Minor General Permit

of this paragraph are not sufficient to exclude the general public:

- (a) the posting of signs; the plan must include requirements for wording, placement, and visibility of those signs;
- (b) surveillance; the plan must include requirements for the frequency of surveillance and the methods to be used;
- (c) the use of security personnel;
- (d) a protocol to use if members of the general public approach or enter the area; and

(C) keeps a daily surveillance log sufficient to show compliance status with the surveillance plan; the owner or operator shall retain each daily entry to the log for at least 60 months after the date of the entry, and shall make the log available to the department upon request.

Fee Requirements

Condition 4. The owner or operator of an oil or gas drilling rig shall pay fees as follows.

To submit a complete MG1 Notification Of Intent To Operate the owner or operator must submit with that notification:

1. A permit administration fee under 18 AAC 50.400(g) of \$300;
2. For the first fiscal year¹ of operation, a compliance review fee under 18 AAC 50.400(h) of \$530; and
3. For the first fiscal year of operation, an emission fee specified under 18 AAC 50.410(e)(2).

To operate in compliance with this permit, the permittee must also pay the following after being billed by the department for any subsequent fiscal year covered by the notification.

1. A compliance review fee under 18 AAC 50.400(h) of \$530; and
2. An emission fee specified under 18 AAC 50.410(e)(2).

To terminate the permit early and avoid permit fees for any subsequent fiscal year covered by the original notification, the permittee must notify the department using the Amendment 3 form* BEFORE the start of that fiscal year. Otherwise the permittee will owe those fees.

* *Amendment 3 to the MG1 Notification of Intent to Operate*

¹ "Fiscal year" means the period from July 1 through the following June 30.

Complaints

Condition 5. If the owner or operator of a portable oil and gas operation receives a complaint about emissions from the oil and gas operation, the owner or operator shall

- (A) investigate the complaint;
- (B) make an entry of the complaint in a log maintained for the purpose of documenting action on complaints; the entry must describe the results of the investigation required by part (A) above;
- (C) notify the department within 24 hours after the complaint is received;
- (D) take any corrective action that the department considers necessary to alleviate the complaint; and
- (E) retain a log entry required under (B) above for at least 60 months after the date of entry, and make the log available to the department upon request.