

EPA Advances Efforts Nationally to Aggregate Oil and Gas Facilities for PSD

Recent regulatory actions from the EPA national office and in Colorado (Region 8) indicate that the EPA is advancing a national effort to aggregate individual oil and natural gas facilities to meet Prevention of Significant Deterioration (PSD) requirements.

This has been a concern for sometime in Michigan and other states within EPA's Region 5 that the aggregation of facilities would classify oil and gas facilities that are not proximate as one single and possibly a major source that would require Title V permitting. It was uncertain if this change in policy was localized to Region 5 or if it would extend to other EPA Regions.



On September 22, 2009, the EPA Assistant Administrator for Air and Radiation notified all EPA regions that she was withdrawing a memo from January 2007 that allowed the consideration of individual oil and gas sites as separate facilities. Then, on October 8, 2009, the Colorado Department of Public Health and Environment was ordered by the EPA to explain its failure to aggregate commonly-owned gas wells with a compressor station for PSD and Title V purposes. The order also said that Colorado must analyze all wells and other facilities operated by the common owner in the Wattenberg field and determine whether they should be aggregated as a single source.

Under this approach by the EPA, facilities or equipment that are connected by pipelines that may be miles long, would be considered as a single, major source of NO_x emissions.

This aggregation requirement by the EPA indicates that oil and gas operations throughout the country might be identified as PSD and Title V major sources thereby significantly increasing the Title V air quality permitting requirements, expanding air quality performance needs, and increasing costs.

Initial permitting and permit modifications for aggregated major sources would require determinations of Best Available Control Technology and modeling for PSD increment consumption. It will also impose visibility impact assessments in national parks and wilderness areas, as well as emission offsets in nonattainment areas such as the Colorado Wattenberg field.

In addition to the cost of these mandates, state agencies that monitor air quality compliance may not have the staffing needed to review permits in a timely manner raising impediments to oil and gas production.

Note: Information for this issue for *Insights* was taken from an environmental compliance news update provided by the law firm of Holland & Hart and authored by Lawrence E. Volmert. Holland & Hart has offices throughout the Mountain West and in Washington, D.C.



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MAERS Reporting Changes

Michigan's Department of Environmental Quality (MDEQ) has announced changes to the reporting methods for the Michigan Air Emissions Reporting System (MAERS).

In previous years, MDEQ's system required operators to load data onto a disk and send it to the MDEQ or submit the data by e-mail. This system was cumbersome and it is no longer compatible with the Environmental Protection Agency's (EPA) data transfer standards. Data for the 2009 reporting year must be submitted on the State's new web-based system that will be password protected. It is due March 15, 2010.

Gosling Czubak will be attending a "consultants only" training session for the new reporting system conducted by the MDEQ on December 8, 2009. The MDEQ is also conducting several training sessions across Michigan in January and February 2010 for the general public.

Michigan Governor Combines Departments of Natural Resources & Environmental Quality

Michigan Governor Granholm signed an Executive Order that combines the current Departments of Natural Resources (DNR) and Environmental Quality (DEQ) and creates a new Department of Natural Resources and Environment (DNRE). The order will take effect on January 17, 2010.

This order will transfer the Natural Resources Commission (NRC) to the new DNRE. The NRC will retain its existing authority. However, the Governor, not the NRC, will appoint the Department Director.

The Governor appointed Bruce Rasher to serve as transition manager to implement the order and begin building the new Department with the help of the current Directors of the DNR and DEQ. Mr. Rasher is the former Mayor of the City of Marshall, a former Consumers Energy employee, and is presently Director of Operations, Asset Repositioning and Global Corporate Services for the commercial real estate firm, CB Richard Ellis.

Governor Granholm assigned Rasher the task of creating a report that includes a "proposed transformation in the way the State manages environmental quality to meet the needs of the 21st century that focuses on environmental integrity rather than concentrating on permitting."

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