



July 31, 2014

Bryce Bird  
Utah Division of Air Quality  
Multi Agency State Office Building  
195 North 1950 West  
Salt Lake City, UT 84116

Dear Mr. Bird:

Western Energy Alliance (the Alliance) submits the following comments on Utah Division of Air Quality's (UDAQ) proposed New Rules for the Oil and Gas Industry, General Provisions (R307-501), Pneumatic Controllers (R307-502), Flares (R307-503) and Tank Truck Loading (R307-504).

Western Energy Alliance represents over 480 companies engaged in all aspects of environmentally responsible exploration and production of oil and natural gas in the West. The Alliance represents independents, the majority of which are small businesses with an median of fourteen employees. Our members make every effort to minimize their emissions as a general course of daily operations.

We begin with general comments on UDAQ's stated need for and justification of these four rules. Below the general comments are specific comments on each rule.

### **General Comments**

The Alliance does not support UDAQ's proposal to apply the proposed new rules statewide, and believes there has been no impact analysis providing a basis for such an expansion. While the Alliance recognizes the basis for applying the proposed rules within the counties that are part of Utah's voluntary Ozone Advance program for winter ozone, expanding the program statewide in anticipation of a possible decrease in the ozone NAAQS is purely speculative. There is simply no way to tell how long it will take EPA to implement a new, lower standard, what that standard will be, nor has any analysis been completed that suggests that these rules, if implemented statewide, will have any impact on summer ozone formation. For example, the vast majority of summer ozone in the Wasatch Front appears to be driven by mobile sources, rather than oil and natural gas production.<sup>1</sup>

Ultimately, any policies and rules applicable to existing source controls should be driven by official non-attainment designation, not by speculative analysis of future regulatory

---

<sup>1</sup> See for example, Utah's [Ozone Maintenance SIP for Salt Lake and Davis Counties](#), IX.D.2.g.(1) Improved I/M or Equivalent NOx and VOC Control, which states, "the major generator of ozone precursors in the Wasatch Front is the motor vehicle fleet."

obligations that may or may not face the state. Again, the Alliance recognizes that these rules are part of the state's Ozone Advance initiative, but that initiative—as specifically explained in the state and tribe's Ozone Advance election letters and the state's recent Path Forward letter of June 30, 2014—applies solely to Duchesne and Uintah Counties, which are experiencing unique winter ozone formation issues. The rules should not be implemented statewide regardless of impacts and without an analysis of whether or not the proposed rules will have any effect whatsoever on the state's summer ozone formation concerns.

Additionally, UDAQ does not present sufficient scientific justification to apply these rules across the entire state of Utah, rather than limiting them to the counties within the Uinta Basin. UDAQ discusses ozone levels across the state of Utah in the background of the memorandum sent to the Utah Air Quality Board. It says, "High ozone levels have been measured in the Uinta Basin during winter temperature inversions when there is snow on the ground, which enhances the chemical reactions that create ozone. Elevated summertime ozone levels occur throughout the state." Winter ozone formation in the Uinta Basin is unrelated to summer ozone levels in other parts of Utah, and the atmospheric and geographic conditions and photochemical reactions leading to winter ozone in the Uinta Basin are vastly different from those that form summer ozone.<sup>2</sup> UDAQ should not assume the same emissions reductions would reduce ozone formation in both winter and summer.

Furthermore, UDAQ says, "summertime ozone is currently below the National Ambient Air Quality Standard (NAAQS) for ozone," and goes on to speculate about a possible new NAAQS. While EPA's Clean Air Science Advisory Committee has recommended lowering the ozone standard, UDAQ cannot say with certainty at this time which areas of Utah would be designated non-attainment, how airsheds might change prior to a designation, or whether those areas would benefit from VOC or NOx emissions reductions or both. It is inappropriate for UDAQ to apply the requirements of these rules, which primarily reduce VOC emissions, in attainment areas with no violations of the current ozone NAAQS. Again, the Alliance suggests these four proposed rules be limited to Uintah and Duchesne Counties in the Uinta Basin.

Below are specific comments on the proposed rule language for each rule.

#### **General Provisions**

The Alliance has concerns about the applicability of the proposed rule. Section 307-501-3 states: *(1) R307-501 applies to all oil and gas exploration, production, distribution, and transmission operations; well production facilities; natural gas compressor stations; and natural gas processing plants in Utah. (2) R307-501 does not apply to oil refineries.*

Notwithstanding the exemption for oil refineries, R307-501 as drafted would effectively apply from the wellhead to the burner tip and would encompass not just upstream and midstream oil and gas companies but bulk petroleum storage facilities and even local utilities who distribute natural gas to end users. It is important to note that "distribution"

---

<sup>2</sup> [2013 Uinta Basin Winter Ozone Study Final Report](#), April, 2014.

is not a defined term in R307-501 or 40 CFR 60 Subpart O which is incorporated by reference. Furthermore, the Rule Purpose provided in the Notice of Proposed New Rule states that the rationale for the new rule is to reduce VOC emissions from oil and gas production locations in the Uinta Basin. As such, the Alliance suggests that the applicability of R307-501 be limited to well production facilities, natural gas compressor stations, and natural gas processing facilities in the Uinta Basin.

We suggest UDAQ use the definitions found in 40 CFR 60, Subpart OOOO wherever possible. For example:

*Natural gas processing plant (gas plant)* means any processing site engaged in the extraction of natural gas liquids from field gas, fractionation of mixed natural gas liquids to natural gas products, or both. A Joule-Thompson valve, a dew point depression valve, or an isolated or standalone Joule-Thompson skid is not a natural gas processing plant.

*Gas well or natural gas well* means an onshore well drilled principally for production of natural gas

We suggest UDAQ extrapolate the definition of a gas well found in 40 CFR 60, Subpart OOOO to oil wells. For example:

*Oil well* means an onshore well drilled principally for the production of crude oil

Finally, we suggest UDAQ use the definition of an oil and gas production facility found in 40 CFR 98, Subpart W to replace the “well production facilities” definition in the current proposed rule language.

*Oil and Gas Production Facility* means all petroleum or natural gas equipment on a well pad or associated with a well pad under common ownership or control, including leased, rented, or contracted activities by an onshore petroleum and natural gas production owner or operator

### **Pneumatic Controllers**

The Alliance supports UDAQ’s reference to 40 CFR 60, Subpart OOOO definitions of pneumatic controllers. The use of these definitions will provide for regulatory consistency for our members that operate in both Utah state and federal jurisdictions throughout Utah.

However, we are concerned with the broad reference to “standards established for pneumatic controller affected facilities” as this makes 40 CFR 60, Subpart OOOO, in its entirety, applicable to existing pneumatic controllers state-wide. The Rule Purpose is to reduce VOC emissions from gas-driven pneumatic devices in the Uinta Basin and as such we feel that R307-502 should be focused on the emission rate standards found in 40 CFR 60, Subpart OOOO.

We suggest the following edits:

R307-502-1(2)

The rule requires existing pneumatic controllers to meet the emissions rate standards established for new controllers in 40 CFR 60.5390.

R307-502-4

(1) Effective December 1, 2015, all existing pneumatic controllers in Duchesne County or Uintah County ~~shall meet the standards established for pneumatic controller affected facilities that are constructed, modified or reconstructed on or after October 15, 2013, as specified in 40 CFR 60, Subpart OOOO Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution.~~ at a location between the wellhead and a natural gas processing plant or the point of custody transfer to an oil pipeline must have a bleed rate less than or equal to 6 standard cubic feet per hour. Each pneumatic controller affected facility at a natural gas processing plant must have a bleed rate of zero. If use of low-bleed or no-bleed pneumatic controllers is not possible due to technical or safety considerations the owner or operator shall comply with 40 CFR 60.5390(a).

We also believe UDAQ's cost and economic analysis of this proposed rule is faulty. Section 7 of the Notice of Proposed New Rule states that "because the requirements of this new rule apply to businesses with more than 50 employees, there are no anticipated costs for small businesses." There are many small oil and natural gas operators conducting business in the State of Utah, all of whom will be required to comply with this rule and many of which have fewer than 50 employees. This statement by UDAQ is inaccurate and should be removed from the analysis of this rule. The vast majority of oil and natural gas producers in Utah are independent exploration and production companies,<sup>3</sup> and the median size of independent exploration and production companies is 14 employees.<sup>4</sup>

UDAQ justifies this rule, in part, by referencing the natural gas saved by low bleed devices that can then be sold by operators, and it claims "the new devices will pay for themselves in 1½ to 2 years." However, we note that the costs referenced by UDAQ are too low, as they do not include the labor costs to replace the controllers or complete the required reporting. The two costs cited by UDAQ are \$2,104/per controller and \$1,420/per controller, but these are for the new equipment, only. A study by ICF International gives a total cost of \$3000 to replace a high bleed pneumatic controller with a low bleed controller.<sup>5</sup> This will increase the time to pay-back, and could impact economic considerations for older wells impacted by this rule.

### **Flares**

The Alliance supports the concept of taking measures to ensure that combustion devices controlling VOC emissions are properly functioning on a continual basis. However, as

---

<sup>3</sup> [Utah Division of Oil Gas and Mining Data Research Center](#), 2013 Annual Production Summary.

<sup>4</sup> [2012 – 2013 Profile of Independent Producers](#), Independent Petroleum Association of America, 2014.

<sup>5</sup> [Economic Analysis of Methane Emission Reduction Opportunities in the U.S. Onshore Oil and Natural Gas Industries](#), ICF International, March 2014.

drafted R307-503 does not appear to be technically feasible. The rule does not provide a definition of “flare”. The common industry definition of flare is very similar to what is found in 40 CFR 60 Subpart OOOO – “*Flare means a thermal oxidation system using an open (without enclosure) flame.*” When this common definition is applied to R307-503 it becomes technically impossible to meet the requirement of the rule which requires installation of an ignition device in the combustion chamber of a control device; a flare does not have a combustion chamber. While flares are occasionally used to control emissions they are more typically used for emergency and safety purposes at natural gas plants and refineries. In upstream oil and gas production, an enclosed vapor combustor is the most common means of controlling VOC emissions.

We believe that UDAQ has adopted regulatory language relating to auto-igniters from the Colorado Department of Public Health and Environment’s (CDPHE’s) recently promulgated changes to Regulation 7. While we support such actions as they provide a common compliance requirement, it should be noted that CDPHE also requires that all combustion devices used to control VOCs be enclosed – which essentially mandates that VOC control devices be enclosed vapor combustors that can be equipped with auto-igniters (see Section XVII.B.2b of Regulation 7). It should be noted that this Colorado requirement is also technically infeasible as high volume gas flows, such as those typically encountered during the emergency shutdown of a natural gas processing plant or a compressor station, cannot be safely managed in any type of enclosed combustion device. Operators in Colorado are currently working on this issue with CDPHE.

We believe that the following steps can be taken to address these issues.

- 1) Rename the regulation to “R307-503. Oil and Gas Industry: Vapor Combustion Devices.
- 2) Add definitions for “Flare”, “Enclosed Vapor Combustor”, and “Continuous Pilot”
- 3) Amend R307-503-3 to reflect that Enclosed Vapor Combustor must be equipped with auto-igniters and Flares must be equipped with Continuous Pilots.

UDAQ may also want to consider referencing the continuous flame presence requirements for flares found in 40 CFR 60.18(b)(2).

As with the proposed rule for pneumatic devices, we believe UDAQ’s cost and economic analysis of this proposed rule is faulty. Section 7 of the Notice of Proposed New Rule states that “because the requirements of this new rule apply to businesses with more than 50 employees, there are no anticipated costs for small businesses.” The vast majority of oil and natural gas producers in Utah are independent exploration and production companies,<sup>6</sup> the median size of which is 14 employees.<sup>7</sup>

---

<sup>6</sup> [Utah Division of Oil Gas and Mining Data Research Center](#), 2013 Annual Production Summary.

<sup>7</sup> [2012 – 2013 Profile of Independent Producers](#), Independent Petroleum Association of America, 2014.

UDAQ cites Colorado's estimated cost of \$2,348 to install an auto-ignitor. While we agree that this is a reasonable estimate for installation of an auto-ignitor on an enclosed vapor combustor, it is not representative of the costs required to upgrade a flare. It is imperative that UDAQ understand the differences between these two different types of vapor combustion systems.

**Tank Truck Loading**

The Alliance supports implementation of this rule as proposed.

Thank you for the opportunity to comment on the proposed rules. If you have questions, please contact Ursula Rick at [urick@westernenergyalliance.org](mailto:urick@westernenergyalliance.org) or 303-623-0987.

Sincerely,



Kathleen M. Sgamma  
Vice President of Government & Public Affairs