



May 20, 2008

Rose Waldman
Colorado Air Pollution Control Division
4300 Cherry Creek Drive South
Denver, CO 80246

Re: Comments on Denver Metro VOC Reduction Strategies, Draft Rule Language

Dear Ms. Waldman:

Rocky Mountain Clean Air Action is pleased to submit the following comments in response to the Colorado Air Pollution Control Division's efforts to develop ozone reduction strategies for oil and gas operations and other volatile organic compound ("VOC") sources in the Denver metro nonattainment area. We request the following comments be included in the administrative record supporting the nonattainment state implementation plan ("SIP") for the Denver metro area.

As the Division knows, Rocky Mountain Clean Air Action is a nonprofit membership organization dedicated to protecting clean air for healthy children and healthy communities in Colorado and the surrounding region. To this end, Rocky Mountain Clean Air Action has partnered with local governments and environmental groups to craft an ozone reduction plan for the Denver metro region. Entitled *The Path Forward*, the plan details a number of cost-effective strategies to reduce ozone and safeguard public health in the Denver metro area. We have attached this plan as Exhibit 1 to these comments, and we request the Division consider our recommendations as it moves to further develop ozone reduction strategies.

At this point, we are extremely supportive of the Division's efforts to develop substantive rule language addressing oil and gas and other VOC sources in the Denver metro area. We are extremely supportive of the Division's efforts to address VOC emissions from condensate tanks. As the Division knows, most recent inventories show that condensate tanks alone release more VOCs than mobile sources.

However, we remain concerned that a number of extremely cost-effective opportunities to reduce VOCs have been overlooked. **What's more, it appears that the Division is overlooking the Regional Air Quality Council's ("RAQC's") unanimous direction that ozone reduction efforts aim toward meeting the Environmental Protection Agency's ("EPA's") new eight-hour ozone ambient air quality standard of 75 parts per billion.** This

direction stemmed from Governor Bill Ritter’s call last summer to aim toward meeting what was then the EPA’s proposed new eight-hour ozone ambient air quality standard.

For the sake of public health, we strongly urge the Division to develop additional VOC reduction strategies and draft rule language so that citizens throughout the Denver metro area can breathe easier sooner. We provide recommendations for additional VOC reduction strategies and comments on the Division’s proposed rule language as follows.

The Proposed Rule Language

The Division has presented draft rule language related to condensate tanks, case-by-case RACT, and APEN and permit exemptions. While we support the proposed rule language, we request the Division improve these rules as follows.

Condensate Tanks, Proposed Changes to Reg. 7 XII

We support the Division’s proposal to ultimately reduce VOC emissions from condensate tanks by 98%. We also support the Division’s proposal to ultimately transition to a control threshold-based method of reducing emissions, rather than the present system-wide method of reducing emissions. Below are specific comments by proposed rule section:

XII.A: We have no comments on this section.

XII.B: The definition at Section XII.B.2 refers to Section XII.A.9 with regards to “alternative emission control equipment,” but Section XII.A.9 is proposed to be eliminated; the definition likely needs to refer to proposed Section XII.F.6.c.

The definition at Section XII.B.5 appears to define “condensate tank,” but the word “tank” is not included.

The definition of “modified or modification” at Section XII.B.10 needs reworked. As written, a condensate tanks could be modified, but if VOC or NO_x emissions do not increase by 5% from the previous year, then such a tank would not be subject to certain controls. To begin with, it is unclear how the Division determined a “5%” increase in emissions from the previous year was an appropriate threshold from which to determine whether a modification has occurred. Second, as written, this definition as a practical matter would allow emissions to increase by 4.99% annually with no requirement that emissions be controlled. We request that the definition of “modified or modification” not be contingent upon whether a 5% or greater emission increase has occurred, but rather if any emission increase occurs.

XII.C: Section XII.C.3.B(ii) fails to provide for public comment on test methods used to develop specific emission factors. While the Section provides for EPA review and requires Division and EPA approval, the Section must provide an opportunity for public comment on any test method used to develop specific emission factors.

XII.D: We support the Division's proposal to require a 98% reduction in VOCs from new and modified condensate tanks. A 98% control efficiency requirement is reasonable and easily achieved by existing and available control technology.

Section XII.D.1.A states that all condensate tanks serving wells that are "drilled, re-completed, re-fractured, or otherwise stimulated" shall reduce emissions by 98%, yet Section XII.D.1 refers to "modified condensate tanks." The definition of a modification (or modified) at Section XII.B.10 includes not just a physical change, but an attendant emissions increase. It is unclear whether Section XII.D.1.A is intended to apply to all condensate tanks serving wells that are "drilled, re-completed, re-fractured, or otherwise stimulated," or to condensate tanks serving wells that are "drilled, re-completed, re-fractured, or otherwise stimulated" where there is an attendant emissions increase. We support applying Section XII.D.1.A to all condensate tanks serving wells that are "drilled, re-completed, re-fractured, or otherwise stimulated" regardless of whether emissions increase.

Section XII.D.1.B would require a 98% reduction in VOCs based on a rolling twelve month total. However, it is unclear how monthly monitoring would occur as the proposed rule does not actually require monthly monitoring of emission control devices, nor does it require monthly recordkeeping or reporting to ensure the enforceability of the 98% emission reduction requirement.

We oppose the Division's proposal to retain the current system-wide approach to reducing VOC emissions until May 1, 2010, as set forth in Section XII.D.2.A. The system-wide approach to reducing VOC emissions is unenforceable as a practical matter and fails to ensure emissions reductions will be achieved when they are needed most. It is only after the summertime ozone season that the Division has any sense of whether or not sources have complied with the system-wide emission reduction requirement.

In place of the proposed continuation of the system-wide method of reducing emissions, we recommend the Division instead simply require that control threshold emission reduction requirements kick in sooner. We would recommend that Section XII.D.2.A be eliminated, that Section XII.D.2.B(ii) be revised to require all tanks that emit 10 tons/year or more to reduce emissions by February 1, 2009, that Section XII.D.2.B(iii) be revised to require all tanks that emit 5 tons/year or more to reduce emissions by May 1, 2010, and that Section XII.D.2.B(iv) be revised to require all tanks that emit 2 tons/year or more to reduce emissions by May 1, 2011.

XII.E: The monitoring requirements set forth for tanks fail to specify any frequency of monitoring. For tanks subject to the control threshold emission reduction requirements, Section XII.E.3 requires that the auto-igniter and electronic surveillance system are properly functioning, but does not specify how often such monitoring needs to be conducted. Given that the draft rule would require a 98% emission reduction based on a rolling 12 month total, we request the rule language be modified to ensure at least monthly monitoring of the auto-igniter and electronic surveillance system. Similarly, Section XII.E.4 must require at least monthly monitoring of combustion devices, vapor recovery units, valves, and thief hatches.

XII.F: It is unclear what information will be included in the spreadsheet proposed to be required under Section XII.F.5.A, it appears as if rule language is missing. We support Section XII.F.5.C(ii), which would require that operators maintain records of the date of any well drilling, recompletion, refracturing or stimulation. We would further recommend that the Division require operators maintain records of the date **and duration** of any well drilling, recompletion, refracturing or stimulation.

The reporting requirements proposed under Section XII.F.7 are too infrequent to ensure compliance with and the enforceability of control threshold requirements at Section XII.D.2.B. As written, only annual reports must be submitted. This is a backslide from the current semiannual reporting required under Reg. 7. We request that the rule be revised to require at least semiannual, if not more frequent, reporting.

With regards to Section XII.F.7.A, we again request the Division require operators to report the date **and duration** of any well drilling, recompletion, refracturing or stimulation.

The provision of Section XII.F.7.C that requires reporting of the date, time, and duration of any shutdown of air pollution control equipment occurring only after the first 100 hours of shutdowns appears inconsistent. In essence, the proposed rule would require reporting of air pollution control equipment shutdown only after 100 hours of shutdowns. It is unclear why this provision is necessary, or how it ensures the enforceability of the proposed rule.

Section XII.F.7 also needs to require that operators submit any and all monitoring data, including any required spreadsheets, at least semiannually, to ensure the enforceability of the proposed rule. As written, Section XII.F.7 does not actually require any operator to submit monitoring data that would be necessary to assess compliance with the proposed rule.

XII.G: Section XII.G.2 needs to be revised to ensure a 98% reduction in VOC emissions from tanks or tanks batteries at gas processing plants. This change is needed to ensure consistency with the rest of the proposed rule.

Additionally, the proposed rule lacks any monitoring, recordkeeping, and reporting requirements related to condensate tanks at gas processing plants subject to Section XII.G. Such requirements must be included to ensure the enforceability of Section XII.G.

XII.H: Section XII.H needs to be revised to require a 98% reduction in VOCs from applicable glycol dehydrators. This change is needed to ensure consistency with the rest of the proposed rule. Furthermore, a 98% control efficiency is easily achievable from glycol dehydrators.

Additionally, the proposed rule lacks any monitoring, recordkeeping, and reporting requirements related to glycol dehydrators subject to Section XII.H. Such requirements must be included to ensure the enforceability of Section XII.H.

Additional comments: We are extremely surprised and disappointed that the Division has not proposed any rule language relating to high-bleed pneumatic devices. We recommend the Division draft a Section XII.I that would address VOC emissions from pneumatic devices. We would suggest the following rule language:

XII.I. ON OR AFTER FEBRUARY 1, 2009:

XII.I.1. ALL EXISTING HIGH-BLEED PNEUMATIC CONTROLLERS IN USE AT AN OIL AND GAS EXPLORATION AND PRODUCTION OPERATION, NATURAL GAS COMPRESSOR STATION, DRIP STATION OR GAS-PROCESSING PLANT IN AN OZONE NON-ATTAINMENT AREA SHALL REDUCE UNCONTROLLED EMISSIONS BY REPLACING OR RETROFITTING SUCH CONTROLLERS WITH LOW OR NO-BLEED PNEUMATIC CONTROLLERS. THIS SECTION XII.I.1 SHALL NOT APPLY TO ANY HIGH-BLEED PNEUMATIC CONTROLLER WITH IF REPLACING OR RETROFITTING THE CONTROLLER IS TECHNICALLY INFEASIBLE. IF REPLACING OR RETROFITTING A HIGH-BLEED PNEUMATIC CONTROLER IS TECHNICALLY INFEASIBLE, ENHANCED MAINTENANCE SHALL BE PERFORMED OT ENSURE PROPER OPERATION AND CONTROL OF EMISSIONS.

XII.I.2. LOW OR NO-BLEED PNEUMATIC CONTROLLERS SHALL BE USED AT ANY NEW OIL AND GAS EXPLORATION AND PRODUCTION OPERATION, NATURAL GAS COMPRESSOR STATION, DRIP STATION OR GAS-PROCESSING PLANT IN AN OZONE NON-ATTAINMENT AREA. THIS SECTION XII.I.2 SHALL NOT APPLY IF THE USE OF LOW OR NO-BLEED PNEUMATIC CONTROLLERS IS TECHNICALLY INFEASIBLE. IF THE USE OF LOW OR NO-BLEED PNEUMATIC CONTROLLERS IS TECHNICALLY INFEASIBLE, ENHANCED MAINTENANCE SHALL BE PERFORMED OT ENSURE PROPER OPERATION AND CONTROL OF EMISSIONS

Of course, any rule language related to pneumatic controllers must also include monitoring, recordkeeping, and reporting requirements to ensure its enforceability. We would be happy to provide such language upon the Division's request.

We are also worried that the Division is overlooking cost-effective opportunities to reduce fugitive VOC emissions from wellheads and other sources not currently subject to leak detection programs. The control of wellhead gas is an accepted VOC reduction measure and has been utilized in southern California as a means to reduce the region's ozone. A staff report outlining the strategy of reducing wellhead VOCs and the cost-effectiveness of such a strategy is attached as Exhibit 2. We again strongly urge the Division to develop a similar VOC emission reduction strategy for the Denver metro area to further reduce ozone levels and safeguard public health.

We are also concerned that the Division is overlooking NOx reduction strategies related to oil and gas operations, particularly compressor engines and drill rig engines. The Division has indicated a desire to postpone development of NOx reduction strategies while the agency is

moving forward with developing specific VOC reduction strategies. This seems senseless and we again urge the Division to more fully develop a robust emission reduction strategy that includes NOx emissions.

With regards to compressor engines, we request the Division adopt the emission limits we have recommended in *The Path Forward*. These emission limits, which would apply to all engines regardless of construction data, and compliance dates are as follows:

Maximum Engine Horsepower	Compliance Date	NOx g/hp-hr	CO g/hp-hr	NMHC g/hp-hr
25-500 hp	January 1, 2009	2.0	4.0	1.0
	January 1, 2011	1.0	2.0	0.7
Greater than 500 hp	July 1, 2008	2.0	4.0	1.0
	July 1, 2010	1.0	2.0	0.7

With regards to drill rig engines, we have recommended the Division propose a strategy that requires a 90% reduction in NOx emissions using cost-effective emission controls, and requiring at least that drill rig engines meet federal Tier II on-road diesel engine emission standards. Options to reduce emissions from drill rig engines have also been set forth by the Western Regional Air Partnership and the Four Corners Air Quality Task Force.¹

Case-by-Case RACT

We support the Division’s case-by-case RACT rule language, although with certain clarifications.

To begin with, Section II.C.2.A indicates that a source must submit a permit modification application that includes a revised APEN and RACT analysis within one year after an EPA publication in the federal register of such ozone non-attainment designation. In the case of the Denver metro area, the EPA published a notice on September 21, 2007 that the deferral of the nonattainment designation would expire on November 20, 2007. *See*, 72 Fed. Reg. 53952-53955. Thus, it seems that Section II.C.2.A would require sources to submit a permit modification application by September 21, 2008. Although we wholeheartedly support expeditious action to reduce ozone in the Denver metro area, it would seem that most sources would have difficulty submitting a permit modification application by September 21, 2008. We would urge the Division to simply require all sources subject to Section II.C.2 to submit a permit modification application by February 1, 2009.

APEN and Permit Exemptions

We support the proposed elimination of categorical exemptions under Regulation 3, and further support the proposed rule language that the Division has developed in relation to reporting requirements.

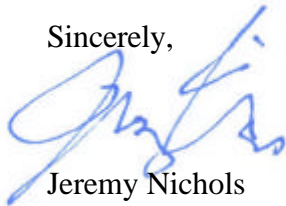
¹ *See*, http://www.wrapair.org/forums/ssjf/documents/eiccts/OilGas/2007-10_Phase_II_O&G_Final_Report_v10-07.pdf and http://www.nmenv.state.nm.us/aqb/4C/Docs/4CAQTF_Report_FINAL_OilandGas.pdf.

In relation to the Division's proposed rule language relating to construction permits, the Division appears to be proposing categorical exemptions where none have existed before, raising backsliding concerns. Indeed, the Division is proposing to exempt crude oil and condensate load out operations, produced water tanks, crude oil storage tanks, and petroleum industry flares from construction permits. These sources have not previously been categorically exempted from construction permits. We question the wisdom of exempting sources from construction permitting, particularly in the Denver metro ozone nonattainment area, in light of the EPA's stronger ozone standards and in light of the RAQC's unanimous direction that we strive to meet the new ozone standard of 75 parts per billion.

Finally, we strongly urge the Division to eliminate the exemption related to the permitting of stationary engines powering portable drilling rigs. As the Division knows, drill rig emissions are much higher than previously thought in Colorado, raising concerns that exempting this source from permitting requirements may be exacerbating air pollution problems and public health impacts. Last year, we petitioned the EPA to move to require the State of Colorado to eliminate the exemption related to the permitting of stationary engines powering portable drilling rigs. We have attached this petition as Exhibit 3. We request that the State of Colorado finally move to eliminate this exemption and require that stationary engines powering portable drill rigs be permitted appropriately to ensure full protection of public health.

We appreciate the opportunity to comment on the Division's proposed oil and gas ozone reduction strategies. If there are any questions or concerns, anyone at the Division is welcome to contact me at the information below. Thank you.

Sincerely,



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cc: Andrew Spielman, Chair, Regional Air Quality Council
Cynthia Peterson, Chair, Air Quality Control Commission