Denver Metro/North Front Range Ozone Nonattainment Area SIP Planning Efforts (& the Role of Oil and Gas)

> WRAP O&G Working Group August 8, 2017

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MODERATE AREA STATE IMPLEMENTATION PLAN (SIP) FOR THE 2008 OZONE STANDARD (75 ppb)

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2008 8-Hour Ozone Standard

Marginal Nonattainment Area

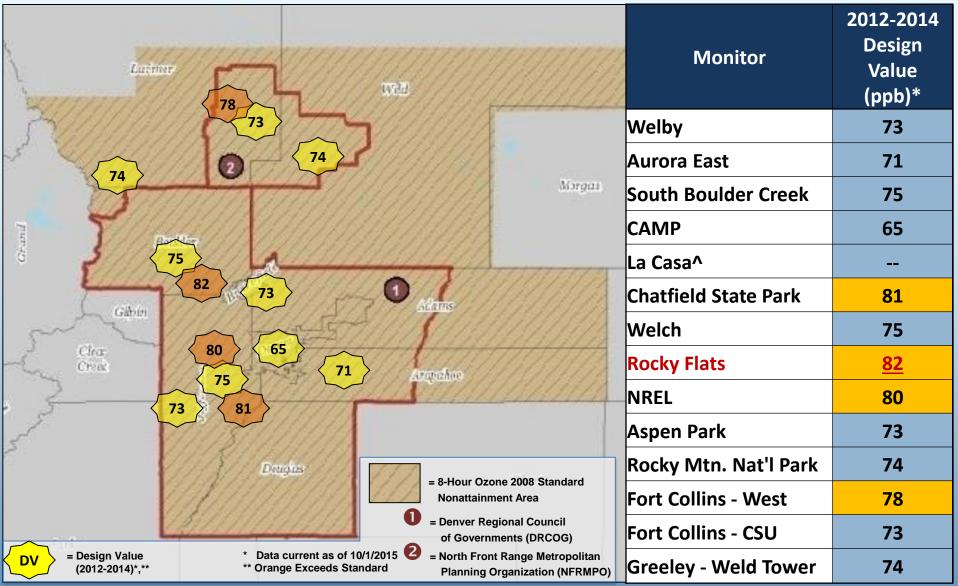
- Designation July 2012
- Attainment deadline July 2015
 - Based on 2012-2014 monitoring data → did not attain

Moderate Nonattainment Area

- Bump-up to next highest classification Published in FR May 2016
- Attainment deadline July 2018
 - Based on 2015-2017 monitoring data
- Required SIP revision that meets Moderate area obligations per:
 - Clean Air Act Sec. 182(b)
 - EPA's SIP Requirements Rule for the 2008 Ozone Standard (March 2015)

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2012-2014 Design Values



Map Modified from FHWA (www.fhwa.dot.gov/environment/air_quality/conformity/reference/maps/ozone_2008/co_denver.cfm); ^ On-line in 2013, 3-years of data not available.

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Required SIP Elements

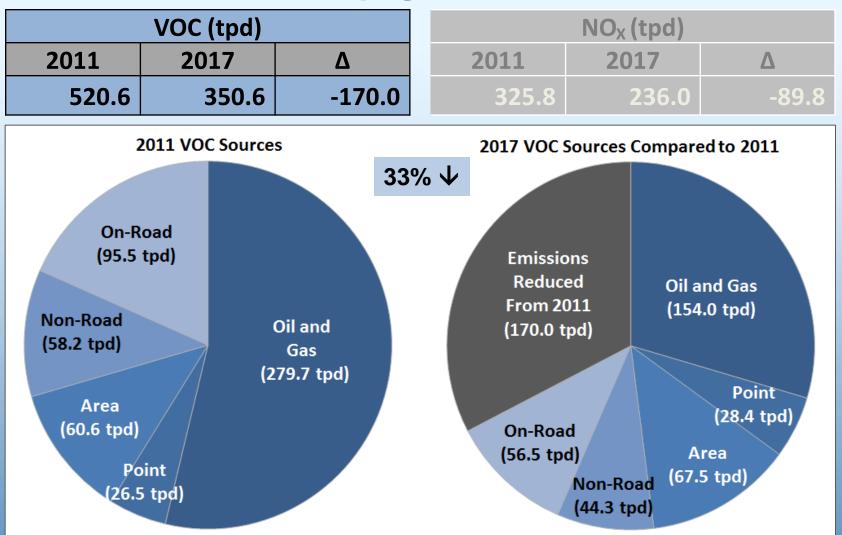
- 2011 Base Year & 2017 Future Year Emissions Inventories
- Reasonable Further Progress (RFP) Demonstration
 - 15% reduction in VOC emissions by 2017
- Attainment Demonstration And Weight of Evidence Analysis
- Reasonably Available Control Measures (RACM) Analysis
 - Technologically and economically feasible measures
- Stationary Source Control Programs
 - Reasonably Available Control Technology (RACT) for existing sources
 - Nonattainment New Source Review (NSR) for new sources
- Motor Vehicle Inspection and Maintenance (IM) Program
- Contingency Measures Plan
- Motor Vehicle Emissions Budgets (MVEB)



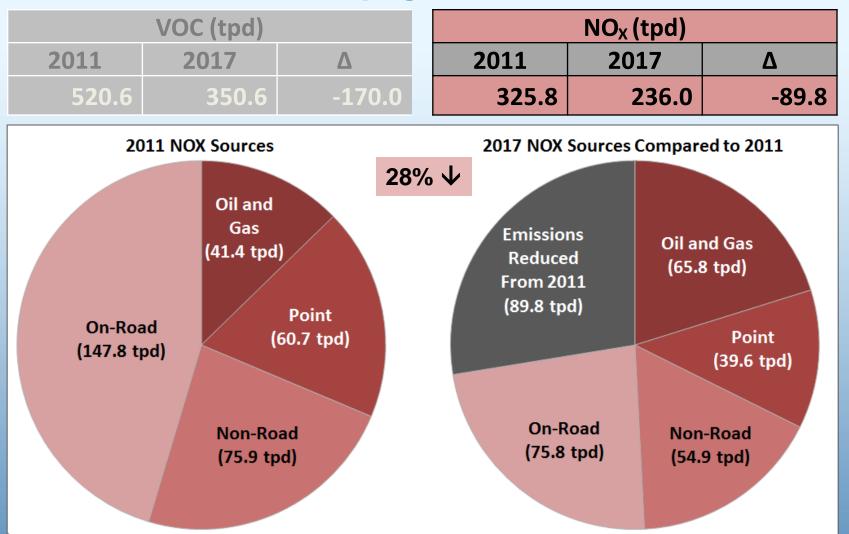
Emission Inventory Categories

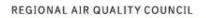
- Oil and gas sources
 - Point sources
 - Condensate tanks
 - Area sources
- Point sources
 - Includes power plants, combustion boilers, industrial processes
- Area sources
 - Wide range of VOC source categories
- Non-road mobile sources
 - Locomotives, aircraft, construction equipment, small engines
- On-road mobile sources
 - Light-duty vehicles
 - Heavy-duty vehicles

2011 and 2017 VOC Emissions Inventory All Anthropogenic Sources



2011 and 2017 NO_X Emissions Inventory All Anthropogenic Sources





Control Measures in 2017 Inventory

- Federal On-Road and Non-Road Mobile Source Standards/Regulations
 - Light-duty vehicle and fuel standards
 - Heavy-duty vehicle and fuel standards
 - Non-road engine standards
- Inspection and Maintenance Program
 - AQCC Regulation No. 11 Remove state-only requirement for Larimer and Weld counties
- Oil and Gas Regulations
 - AQCC Regulation No. 7 existing and new revisions to Sec. XII
- 7.8 Reid Vapor Pressure (RVP) with 1 PSI Ethanol Waiver (8.8 RVP)
- Stage I Vapor Recovery at Gas Stations
- Power Plant Emissions Reductions Clean Air Clean Jobs & Regional Haze
 - AQCC Regulation No. 3
- Other Stationary Source Regulations
 - AQCC Regulation No. 3, No. 6, and No. 7

Previously Adopted Regulation No. 7 Provisions

- Proper operation and maintenance of air pollution control equipment (XII.C.1.a.)
- Storage, processing, and handling operations shall minimize leakage of VOCs to the maximum extent practicable (XII.C.1.b.)
- Air pollution control equipment must meet a 95%+ control efficiency (XII.C.1.c.)
- Combustion devices must be enclosed with no visible emissions (XII.C.1.d.)
- 90% system-wide control for condensate tanks (> 2 tpy) (XII.D.2.a.(x))
- Leak detection and repair (LDAR) at Gas Processing Plants (XII.G.1.)
- 90% reduction of VOCs for flash separator/tank vents on glycol natural gas dehydrators (XII.H.1.)
- Monitoring, recordkeeping and reporting (XII.E., XII.F.)

Newly Adopted Regulation No. 7 Provisions in SIP

Auto-Igniters (XII.C.1.e)

- Section XII.C.1.e is currently State-Only and requires that all combustion devices used to control emissions of VOCs from certain oil and gas facilities shall be equipped with and operate an auto-igniter
- Propose to include in federally enforceable SIP
- Audio, Visual, Olfactory (AVO) Inspections (XII. and XVII.C.1.d)
 - Section XII requires visual inspection of condensate tanks and is part of the Ozone SIP
 - Section XVII.C.1.d requires broader AVO inspections of storage tanks (condensate, crude, produced water) and any associated equipment, but is a State-Only requirement
 - Propose to strengthen SIP control strategy by adding AVO requirement for condensate tanks in Section XII as an enforceable part of the SIP

2011 and 2017 Emissions Inventory Oil and Gas – Condensate Tanks

VOC (tpd)			NO _x (tpd)		
2011	2017	Δ	2011	2017	Δ
216.0	78.7	-137.3	1.1	0.6	-0.5

Data provided by top 6 producers (85% of industry production)

- Production in 2014 and projected 2017
- Horizontal/vertical wells and stages of separation
- Site-specific emission factors for each type of well and separation
- Estimates for remainder of industry based on top producers
- Emission estimates factor in:
 - Advances in well design and technology
 - Federal regulations
 - AQCC Reg. No.7 (components of 2014 rule & 90% system-wide control)
 - Rule effectiveness (83% for Stage 1 separators, 86% for Stage 2-3)

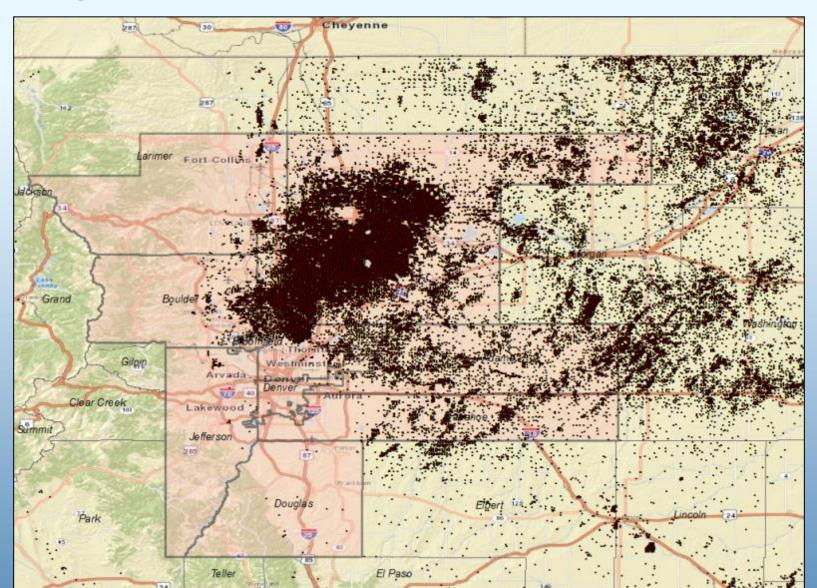
2011 and 2017 Emissions Inventory Condensate Tanks – VOC Emissions

Well Type	Stages of Separation	2014 Oil Production (bbl)	2017 Oil Production (bbl)	Uncontrolled 2014 Emission Factors (lbs/bbl)	2017 Uncontrolled Emissions (tpd)	2017 Controlled Emissions* (tpd)	
	tankless	10,217,913	52,247,476	0.00	0.00	0.00	
	1	13,431,681	9,853,200	7.27	98.15	24.83	
Horizontal	2	20,177,237	46,720,020	2.01	128.85	29.12	
	3	26,382,023	26,689,883	0.96	35.22	7.96	
	Total	70,208,854	135,510,578		262.22	61.91	
	1	7,762,587	6,099,598	9.67	80.80	20.44	
Vertical	2	3,006,421	2,045,998	7.71	21.60	4.88	
Vertical	3	12,732	0		0.00	0.00	
	Total	10,781,740	8,145,596		102.40	25.32	
TOTAL 9-COUNTY		80,990,594	143,656,174		364.63	87.24	
TOTAL NONATTAINMENT AREA (90.2%)		73,049,467	129,570,686		328.88	78.68	
* Assumes 90% system-wide control;				Reduction from 2011		137.32	
83% Rule Effectiveness (RE) for 1 Stage;				(216 tpd VOC)		64%	
0.00/	86% RE for 2 and 3 Stage						

86% RE for 2 and 3 Stage

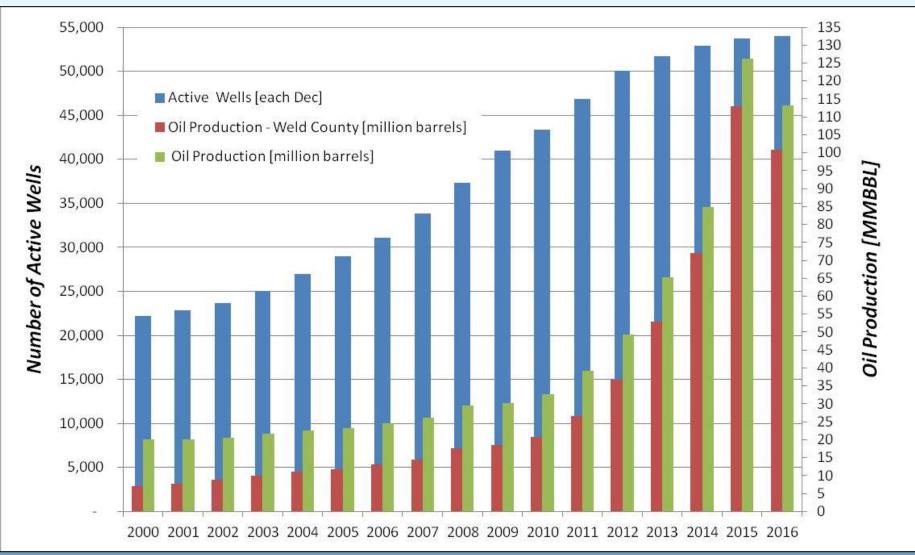
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Significant Number of Wells in DM/NFR



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Colorado Annual Oil Production + Active Wells



Source: Air Pollution Control Division (APCD) July 2017

2011 and 2017 Emissions Inventory Oil and Gas – Point Sources

VOC (tpd)			NO _x (tpd)		
2011	2017	Δ	2011	2017	Δ
14.8	16.3	1.5	17.0	19.7	2.7

Sources

- External Combustion Boilers
- Industrial Processes
- Internal Combustion Sources
- Petroleum and Solvent Evaporation
- Based on 2014 APEN emission inventory
- Emissions grown by increase in oil production 2014-2017
- IC Engines factor in federal/state controls

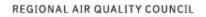
2011 and 2017 Emissions Inventory Oil and Gas – Area Sources

VOC (tpd)				NO _x (tpd)		
2011	2017	Δ	2011	2017	Δ	
48.9	59.0	10.0	22.2	44.7	22.5	

- Includes a wide variety of sources:
 - Engines, truck loading, pneumatic devices, fugitives, completions, blowdowns
- Data provided by top 5 of 6 producers
 - Estimates for remainder based on top producers and scaled up by either production or well count depending on source
 - Estimates based on current industry practice and requirements of state and federal rules
 - Assumed 60% reduction for fugitives (based on EPA RACT); applied to based on 2011 survey on fugitives estimates



REASONABLY AVAILABLE CONTROL TECHNOLOGY (RACT) ANALYSIS



2017 RACT Analysis

- For a Moderate Ozone Nonattainment Area
 - Major Source Threshold = 100+ tons per year (tpy)
 - Reasonably Available Control Technology (RACT) Analyses must be conducted for all 'Major Sources' of NOx or VOC as part of SIP
- 46 Major Sources in Nonattainment Area
 - Included oil and gas, breweries, boilers, engines, shale kilns, glass melters, etc.
- RACT Analyses must be completed by December 2017
 - Colorado has been meeting with major sources to provide guidance
- Rulemaking to establish categorical RACT for major sources will occur 2018 – 2019
 - To be based on data gather from RACT analysis process
- NOTE: If region is bumped-up to a Serious Nonattainment Area, major source threshold goes down to 50 tpy → 390 more sources to be considered 'major'; 95% will be oil and gas facilities



OIL AND GAS CONTROL TECHNIQUES GUIDELINES (CTG) RULEMAKING



Oil & Gas CTG Rulemaking

- EPA finalized a control techniques guidelines (CTG) for oil and natural gas VOC emissions late 2016
- EPA has provided states 2 years from final CTG to submit a RACT SIP for sources covered under the CTG
- The Colorado Air Pollution Control Division (APCD) has been collaborating with stakeholders to develop oil & gas RACT consistent with:
 - CTG
 - NSPS OOOOa
 - BLM venting and flaring rules
 - AQCC Reg. 7
- AQCC hearing scheduled for October 2017; legislative review in 2018

Oil & Gas CTG Rulemaking

Emission Sources	<u>Reg. 7</u>	<u>CTG</u>
Storage vessels	Yes (XII, XVII)	Yes
Compressors	Yes (XVII)	Yes
Pneumatic controllers	Yes (XVIII)	Yes
Pneumatic pumps	No	Yes
Equipment leaks at natural gas plants	Yes (XII)	Yes
Fugitive emissions – well sites and compressor stations	Yes (XVII)	Yes
Liquids unloading	Yes (XVII)	No



Oil & Gas CTG Rulemaking

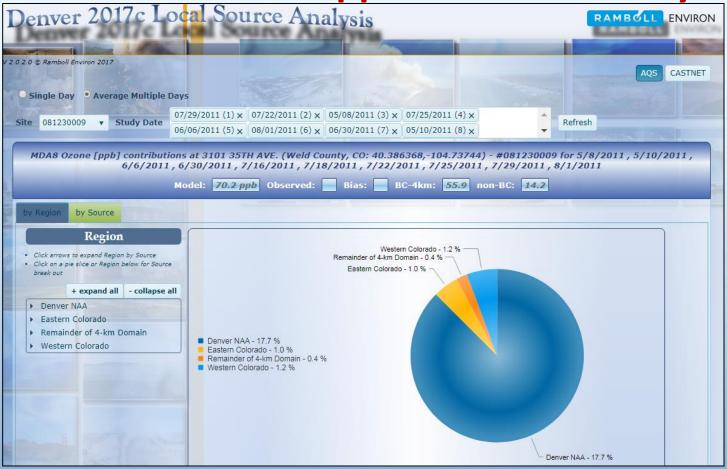
- Leak detection and repair (LDAR) program inspections
 - Threshold for inspection of well production facilities
 - Inspection frequency
 - Comparability to CTG
- Alternative monitoring methods
- Pneumatic controller inspections
 - Program design
 - Task force
 - Reevaluation
- Requirements for no-bleed pneumatic controllers
- Requirements for repairing leaks
- Reporting and recordkeeping
- Compliance deadlines
- Cost estimates for some facilities



2017 SOURCE APPORTIONMENT MODELING

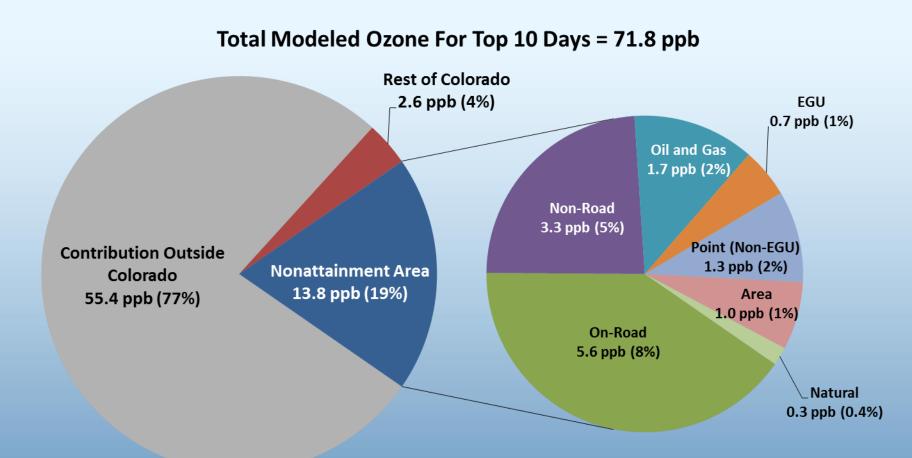
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2017 Local Source Apportionment Analyses



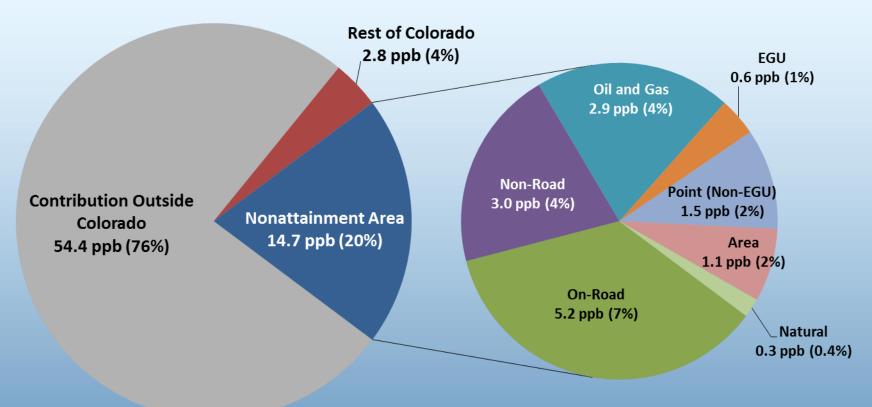
- Based on SIP Modeling platform
- Local source contribution available for every day at every monitor
- https://ims.environcorp.com/DenverLSA/Results/PostAQS

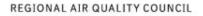
2017 Local Source Apportionment Analyses Chatfield



2017 Local Source Apportionment Analyses

Total Modeled Ozone For Top 10 Days = 71.9 ppb

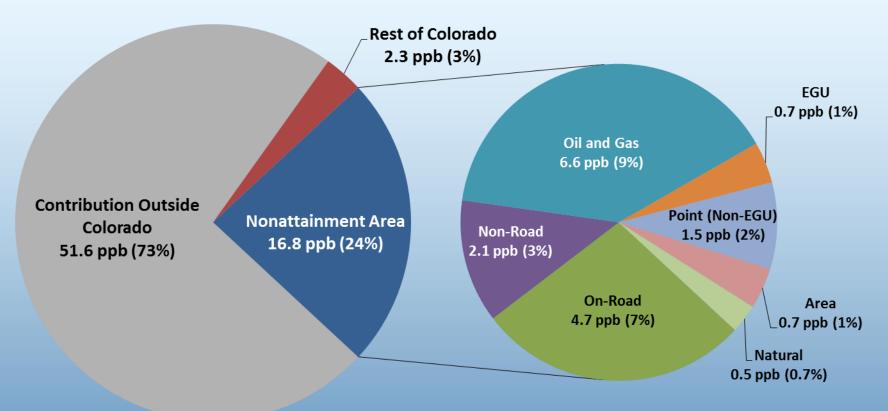




2017 Local Source Apportionment Analyses

Fort Collins West

Total Modeled Ozone For Top 10 Days = 70.7 ppb





Contact Information

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