



John R. Kasich, Governor
Mary Taylor, Lt. Governor
Scott J. Nally, Director

Date: February 15, 2013

To: Interested Parties

Re: Proposed Changes to the General Permits for Oil and Natural Gas Production Wells

The purpose of this letter is to solicit comments from any interested party concerning the Ohio EPA Division of Air Pollution Control's (DAPC's) proposed changes to the permitting of oil and gas well site operations. DAPC is proposing these changes to incorporate recently issued New Source Performance Standards (NSPS), Subpart OOOO, for Crude Oil and Natural Gas Production, Transmission, and Distribution. The NSPS was published final in the Federal Register on August 16, 2012.

Subpart OOOO establishes VOC and SO₂ emissions standards for affected facilities that commence construction, modification, or reconstruction after August 23, 2011. The NSPS establishes new requirements for controlling emissions from flow back operations following hydraulic fracturing or refracturing of a well and new requirements for natural gas-driven pneumatic controllers, compressors, and storage vessels located at each natural gas and oil well site.

DAPC is issuing the following documents for comment today:

1. Modified Model General Permit Qualifying Criteria Document for the existing oil & gas general permit (GP12.1).
2. Modified terms and conditions for the existing oil & gas general permit (General Permit 12.1 Template).
3. New Model General Permit Qualifying Criteria Document for an alternative oil & gas general permit (GP12.2).
4. New terms and conditions for an alternative oil & gas general permit (General Permit 12.2 Template).
5. Revised general permit for roadway and parking area general permit (General Permit 5.1 Template).
6. New Proposed Rules to add a Natural Gas Completion Permit-by-rule for oil & gas well flow back operations.

Each of these documents is described in more detail below.

Revisions to the Existing Oil & Gas General Permit

Items number one and two above are designed to modify the existing oil & gas GP in order to incorporate U.S. EPA's Subpart OOOO. The qualifying criteria document was modified in order to incorporate the Subpart OOOO requirements and to simplify the criteria questions.

Item number three and four above are new qualifying criteria and permit terms and conditions for an alternative general permit for an oil & gas well site. This Qualifying Criteria and GP is identical to the revised original GP except that the allowed sizes of the flare/combustion control device and the total horsepower have been changed. To allow for greater variation in operating scenarios, the flare/combustion device size has been changed from 10 mmBtu per hour to 32 mmBtu per hour and the natural gas engines maximum horsepower has been changed from 1,800 horsepower to 1,000 horsepower. This GP allows the owner/operator to install a larger flare/combustion device if they are willing to live with a tighter limit on total horsepower of the natural gas engines. The result is the same well-site emissions allowed as the original GP.

The fifth document listed above contains a proposed revision to the Unpaved Roadways and Parking Areas GP. We are proposing a minor revision to the GP in order to make it clear that the daily roadway inspections are not needed on days that the roadway is not used. This clarification will eliminate unnecessary inspections. Although we have provided a copy of the changes in GP 5.1, we plan to make the identical changes in the sister GP, 5.2. Both the Title V and non-Title V versions will be changed.

Once we receive comments on the above GP changes, Ohio EPA plans to issue final versions. Once the final versions are available, they will be used for any facilities that request the GPs.

Proposed Permit-by-rule

The fifth document contains proposed rule language to create a Permit-by-Rule (PBR) for well flow back operations. Once this rule becomes effective, oil & gas well-site owners or operators will need to apply for and obtain a PBR prior to beginning any flow back operations. Flow back is the process of removing fracturing fluids from a recently fractured or refractured well. The PBR references the flow back portion of Subpart OOOO.

Below are some answers to some common questions concerning the PBR approach.

What is a Permit-by-Rule?

A Permit-by-rule (PBR) is a form of streamlined permit. It is similar to the GP except that the PBR terms and conditions are contained in a rule, instead of a separate "model" permit. An applicant may elect to obtain a PBR if the air pollution source qualifies for the PBR and if the permittee can

agree to the terms and conditions contained within the PBR. The approval process is very quick in that the rules allow construction once the application is submitted. For more information concerning the PBR process, please see: <http://epa.ohio.gov/dapc/pbr/permitbyrule.aspx>.

Why is Ohio EPA Planning to Require a Permit-by-rule for Flow Back? Isn't Flow Back Already Regulated by U.S. EPA's NSPS?

Ohio EPA has a delegation agreement with U.S. EPA to do various NSPS related work. As part of that agreement, Ohio EPA can be granted the authority to regulate an NSPS. The authority to regulate the NSPS is through the issuance of a permit; and the delegation agreement essentially says that if Ohio EPA issues a permit covering the NSPS, Ohio EPA then has the authority to enforce that NSPS.

There are several advantages to Ohio EPA accepting the authority for an NSPS. First, confusion concerning who permittees should deal with concerning NSPS requirements can be eliminated because Ohio EPA will become the primary regulator for the NSPS. Permittees will typically just need to work with their Ohio permit contact concerning NSPS requirements. Second, any confusion concerning where permittees should send various NSPS report can be eliminated. Once Ohio EPA accepts delegation through a permit, then reports go to Ohio EPA instead of both U.S. EPA and Ohio EPA. Third, if there are any violations to the NSPS, permittees will typically work with Ohio EPA to resolve those violations. This can be easier logistically than working with someone in U.S. EPA's Region V located in Chicago. Although U.S. EPA retains enforcement authority over the NSPS, U.S. EPA will typically allow Ohio EPA to resolve NSPS enforcement related issues. Fourth, Ohio EPA has more inspectors and permit writers in Ohio to inspect these facilities and to verify compliance than does U.S. EPA. Our inspectors and permit writer are going to be able to spend more time on these facilities than U.S. EPA's inspectors. This will improve communication between the permittee and the regulator and will likely result in higher compliance rates and lower air emissions.

What do You Have to do to obtain a PBR?

Review the list of available PBRs in order to determine if a PBR exists for your type of source. If one of the PBRs seems to apply to your source, review the qualifying criteria associated with the PBR. If you meet all of the qualifying criteria, then you qualify to obtain a PBR. You will need to review the source-specific terms and conditions found in the PBR to see if you can accept the terms and conditions. If you meet the qualifying criteria and can accept the terms and conditions, then you can apply for the PBR.

In order to apply for a PBR, you must either (1) provide written notification containing the minimum information outlined in the "General Provisions" section of OAC 3745-31-03 (A)(4)(a); OR

(2) submit a notification form developed by Ohio EPA for that PBR. You can obtain the Ohio EPA notification forms by clicking Ohio EPA's PBR information page:
<http://epa.ohio.gov/dapc/pbr/permitbyrule.aspx> .

Once Ohio EPA receives the application, staff will review it and, if approvable, they will post a notice on the web (see: <http://extapex.epa.state.oh.us/epaxp/f?p=840:11:2082371193753511>) to let you know it has been approved.

Once I submit a PBR application, how long does it take to get it approved?

The PBR rules allow you to install the source once you have submitted the application. Some companies choose to wait until the approval notice is posted on Ohio EPA's web page before they move forward. Most approval notices are posted on the web within two to three weeks.

What are the next steps for the PBR?

Once comments are received on the PBR language, Ohio EPA will review those comments and, if approvable, will process the rule change. Formal rule changes involve a multi-step process that takes at least six months and, in many cases, can take a more than a year. At this point, the decision has not been made as to when the formal rule approval process will begin.

Comments will be accepted through March 22, 2013 and should be sent to the attention of:

Cheryl Suttman at: Ohio EPA Division of Air Pollution Control, 50 West Town Street, Suite 700, Columbus, OH 43215 or via e-mail: cheryl.suttman@epa.state.oh.us; or phone: 614-644-3617

Sincerely,



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