

MINUTES

REGIONAL AIR QUALITY COUNCIL

Thursday, September 7, 2006

RAQC MEMBERS/ALTERNATES PRESENT:

Jim Scherer, *CHAIRMAN*
Randy Ahrens, *City & County of Broomfield*
Dennis Arfmann, *Hogan and Hartson*
Theresa Donahue, *Citizen*
George Gerstle, *Colo. Dept. of Transportation*
Doug Lempke, *Colo. Dept. Public Health & Environment*
Sue Sandstom, *City of Aurora*
Dave Sladek, *TheClayton Group*
Melanie Worley, *Douglas County/DRCOG*

RAQC MEMBERS NOT IN ATTENDANCE:

Dennis Ellis, *Colo. Dept. Public Health & Environment*
Tom Norton, *Colo. Dept. of Transportation*

OTHERS PRESENT:

Ken Lloyd, RAQC; Misty Howell, RAQC; Sara O'Keefe, RAQC; Sarah Schmitz, RAQC; Sarah Sullivan, RAQC; Gerald Dilley, RAQC; Rich Mauro, DRCOG; Patrick Reddy, APCD; Lisa Silva, APCD; Doug Decker, APCD; Ken Wonstolen, Colorado Oil & Gas Association; Curtis Rueter, Noble Energy; John Jacus, Davis Graham & Stubbs, LLP; and Jeremy Nichols, Rocky Mountain Clean Air Action.

The meeting was called to order at 3:05 p.m. by Chairman Jim Scherer. A quorum was present.

Approval of Agenda and Minutes

Theresa Donahue moved to approve the agenda. Seconded by Dennis Arfmann. Motion passed.

George Gerstle moved to approve the minutes. Seconded by Theresa Donahue. Motion passed.

Informational Items

Chairman

None.

Executive Director

Ken Lloyd informed Council that Jim would be out of the country for the November 1 meeting and suggested the meeting be moved to November 9. After discussion, Council agreed to move the meeting.

Ken reported that Margie Perkins officially announced her retirement from the Colorado Department of Public Health & Environment. She will be leaving in December. Paul Tourangeau has been selected to succeed Margie Perkins as Director of the Air Pollution Control Division.

Ken announced that Sarah Schmitz was married in September.

Committees

None.

Members

Dennis Arfmann asked for an update on the HB1302 stakeholder process. Ken Lloyd indicated that a stakeholder meeting was held in August. Doug Decker, APCD, is taking the lead with the stakeholder group. The APCD is working on a plan to submit to the AQCC. Doug Decker stated another meeting is being planned for early October.

Melanie Worley thanked Gerald Dilley for his assistance in gathering information for an EPA Committee with which she is involved.

Ken Lloyd indicated EPA's national Air Quality Management committee, on which Jim Scherer participated, is working to streamline the air quality SIP process. Patrick Cummins, former RAQC staff and current director of the Western Regional Air Partnership, chairs the committee. At a meeting in Denver in early August, Ken gave a presentation on Denver air quality history and accomplishments which was well received.

Public Comment and Discussion

None.

2006 Ozone Season Update

Ken Lloyd provided an update on the 2006 ozone season. He explained there were 49 alerts issued in 2006, which is the most since the program started in 1999. There were 9 days with readings equal to or greater than 85 ppb and 10 additional days with readings greater than 80 ppb.

Ken outlined the prognosis for the 2007 season:

- Continue “Let’s Take Care of Our Summer Air” public awareness program
- Continued fleet turn over to cleaner cars and trucks
- Possible additional controls on oil and gas industry
- Possible implementation of HB 1302 high emitter program

EPA will make designations based on 2005-07 averages. If the area attains the standard, EPA will officially designate as an attainment area. A 10-year maintenance plan will be due by 2011, but it is expected to be complete by 2008-09. If the area exceeds the standard, EPA will designate the area nonattainment in April 2008 and a nonattainment SIP will be due to EPA by April 2009.

Council had discussion on the implications of a maintenance plan versus a nonattainment plan.

Proposed Revisions to Regulation No. 7 Regarding the Oil & Gas Industry

Lisa Silva, APCD, updated the Council on the proposed revisions to Regulation No. 7. She provided background information on current controls for condensate tanks and growth of flash emissions and the effects on the Early Action Compact.

Pat Reddy, APCD Meteorologist, discussed back trajectories for high ozone concentration sites to illustrate where ozone precursors come from and the conditions which cause them to chemically react and create ozone. These back trajectories are an important component to understanding whether the direction of the air coming into the metro area is predictable.

Lisa Silva outlined the proposed revisions to Regulation No. 7 as proposed in August:

- For EAC Area Flash Emissions:
 - Further reduce VOC emissions
 - Condensate tanks emitting 11tpy VOC or greater – required to control emissions to 95%, commencing May 1, 2007;
 - Condensate tanks emitting 6 tpy VOC or greater – required to control emissions to 95%, commencing May 1, 2012; and
 - Condensate tanks serving wells newly drilled, re-completed or stimulated wells after 4/30/07 must be controlled to 95% during the first 90 days of production.
- Statewide application (outside EAC area):
 - Tanks emitting greater than or equal to 20 tpy VOC – controlled to 95% efficiency beginning May 1, 2008; and
 - Condensate tanks serving wells newly drilled, re-completed or stimulated wells after 4/30/08 must be controlled to 95% during the first 90 days of production.
- Statewide application (including EAC area):
 - Glycol dehydration units emitting greater than or equal to 15 tpy VOC must reduce emissions 90%; and
 - New or relocated natural gas-fired RICE must meet latest emission standard for NO_x, CO, NMHC.

Lisa reviewed the costs associated with the controls. She explained the benefits of the statewide regulation, which included reducing ozone and precursors transported to the EAC area.

Ken Wonstolen, Colorado Oil & Gas Association, provided to Council written preliminary comments regarding reconsideration of Regulation No. 7. He emphasized that COGA members have participated as parties to the rule making, supported the adoption of the original rule on flash emissions, as well as spending significant funds to install flash emission controls that reduce area VOC emissions by approximately 50%.

He stated that while there have been compliance issues initially, the four largest producers of condensate in the ozone control area, representing over 80% of the total production from the field, achieved compliance with the 2005 ozone season flash emission reduction requirement.

He outlined COGA's concerns relating to source apportionment and cost effectiveness.

Curtis Rueter, Noble Energy, provided graphical information which showed flash emissions in proportion to oil growth. Oil production growth is projected to be flat for the next five years.

John Jacus, Davis Graham & Stubbs LLP, provided a handout on Rule Effectiveness considerations for oil and gas operations subject to Regulation No. 7. The handout included new guidance from EPA. This guidance creates five ranges of rule effectiveness based on factors listed in each range. Based on the factors listed, Range 3 (81-86%) is the best fit for oil and gas operations at the present time. COGA members believe operations could move into Range 2 (87-93%) given the proposed 2012 control requirements.

Jeremy Nichols, Rocky Mountain Clean Air Action, stated he would like to see the State's plan adopted. He urged the Council to consider the health implications and expressed concern with the compliance rate. He further stated that the reactivity issue needs to be addressed.

Mr. Nichols said his petition to vacate the Early Action Compact is still active; however, he is working through the process and is prepared to withdraw the petition if State improvements are achieved.

Ken Lloyd asked Council for direction and focus for the pre-hearing process. Direction from Council included:

- The bottom line is to stay in compliance with the EAC
- Regarding the EAC
 - Stay within the limit of 91 tpd;
 - Support the statewide rule plan if evidence shows that it benefits the EAC area
 - Drive discussion to find out if there is a connection; and
 - Keep flexibility in implementing program so that energy development proceeds in the most cost-effective manner.

The hearing is scheduled for November 16 and 17. Pre-hearing meetings begin in two weeks.

Consideration of Audit of 2005 Financial Statements

Dennis Arfmann moved to accept the audit. Seconded by George Gerstle.

There was discussion on how to correct the segregation of duties finding, without hiring additional staff.

Motion passed.

Adjournment

There being no further business before the Council, the meeting was adjourned at 5:30 p.m. The next meeting will be on Thursday, November 9, 2006.