

To: State Air Quality Agency Directors with Oil and Gas Production Operations

From: Concerned Public Health and Environmental Organizations Throughout the Country

Date: October 27, 2009

Re: Aggregation of Emissions from Oil and Gas Operations Under the Federal Clean Air Act

Dear State Air Quality Agency Directors:

As you likely know, the U.S. Environmental Protection Agency (“EPA”) has issued clarifying guidance regarding the issue of aggregating emissions from oil and gas operations under the Prevention of Significant Deterioration (“PSD”) and Title V programs of the federal Clean Air Act. On September 22, 2009, the agency reversed a 2007 memo that discouraged states from aggregating emissions. Subsequently, on October 8, 2009, EPA Administrator Lisa Jackson issued a ruling on a Title V petition holding that states must assess whether oil and natural gas operations should be aggregated in accordance with longstanding EPA policies governing PSD and Title V permitting. Although the ruling objected to the issuance of a Title V permit issued for a natural gas compressor station in Colorado and provides clear guidance that states must conduct more rigorous assessments of oil and gas operations to assure compliance with both PSD and Title V. We have attached the EPA’s September 22 guidance and October 8, 2009 Title V petition ruling for your reference.

We urge you to follow the EPA’s recent guidance and ensure that emissions from oil and gas operations in your states are appropriately aggregated to ensure compliance with PSD and Title V. Such action will significantly enhance public health as well as avoid more difficult choices that could come with future non-attainment designations or other significant air quality issues.

The issue of aggregation is extremely important to ensuring long-term protection and restoration of air quality, public health, and the environment across the United States. Many of you have seen the impact that increased oil and gas development has had on both rural and urban air quality. Rising ozone levels, regional haze, and air toxics concerns are but a few. Many of these observed impacts are linked to the fact that oil and gas operations are individually small, yet collectively large, sources of air pollution.

Aggregation provides an important opportunity to more accurately recognize integrated source operations under the Clean Air Act and ensure that oil and gas operations are regulated on a cumulative basis under PSD and Title V. In particular, it provides an opportunity to determine whether individually small sources of air pollution should be aggregated together as larger sources. To this end, the EPA’s recent guidance and Title V petition ruling provide an important opportunity to immediately begin assessing whether and to what extent pollutant emitting activities related to oil and gas development should be aggregated as single sources in

accordance with the “fundamental criteria for making source determinations[.]” *See* attached September 22, 2009 EPA Memo.

While we recognize that the question of whether to aggregate two or more pollutant emitting activities into a single major stationary source under PSD and Title V is a case-by-case determination, we urge you to conduct a full analysis for oil and gas operations that considers:

- An evaluation of system maps for oil and gas operations, which shows all emission sources owned or operated by individual companies in producing oil and gas fields;
- A determination as to whether and to what extent the various pollution emitting activities are contiguous or adjacent to, and under common control with, permitted or proposed to be permitted facilities;
- An assessment of flow diagrams that show movement of oil and gas from the well sites to processing facilities so that you may determine the nature of the sources’ emissions and determine the interdependency of operations; and
- An analysis of business information regarding the nature of control of operations to determine whether various pollution emitting activity should be considered under common control for purposes of making the source determination.

This guidance was explicitly enumerated by Administrator Jackson in her October 8, 2009 Title V petition ruling and is a reasonable basis upon which to analyze source determinations under the Clean Air Act for oil and gas operations.

We sincerely appreciate your efforts to safeguard clean air and your attention to this matter. Clearly there is much work to be done to ensure adequate protection of air quality in all states. We understand that aggregation of oil and gas operations is a complex issue, but we are confident that states can rise to the challenge. With your leadership, we can make significant progress in addressing many major air quality issues, starting with aggregation of emissions from oil and gas operations under the Clean Air Act.

Again, we urge you to take immediate steps to meet EPA’s recent guidance and ensure that emissions from oil and gas operations in your states are appropriately aggregated to ensure compliance with PSD and Title V. Thank you.

Sincerely,

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