BEFORE THE AIR QUALITY CONTROL COMMISSION
STATE OF COLORADO

IN THE MATTER OF PROPOSED REVISIONS TO REGULATION NUMBERS 7 AND REGULATION NUMBER 22
DECEMBER 14-17, 2021 HEARING

THIRD ERRATA SHEET OF THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, AIR POLLUTION CONTROL DIVISION

Air Pollution Control Division's Third Errata Sheet

The Air Pollution Control Division (Division) last submitted a proposed Statement of Basis and Purpose and rule language as part of the Regulations Number 7 and Number 22 rulemaking hearing on December 23, with errata sheets submitted on December 10 and 14, for the December 14-17, 2021, Air Quality Control Commission meeting.

Throughout the rulemaking process, and even continuing through the hearing, the Division has continued to work with various parties, seeking to address parties' concern and finding consensus, highlighted in red, in order to reduce the number of issues on which the Commission must decide. The following revisions have been made to the December 14, 2021, versions of the proposed Regulation Number 7 rule language and proposed Regulation Number 22 rule language.

GUIDE TO COLOR CODING:
No shading – initial proposal, August 31, 2021
Yellow – prehearing statement revision, October 28, 2021
Blue – rebuttal revision, November 23, 2021
Green – first errata, December 10, 2021
Pink – second errata, December 14, 2021
Red – third errata, December 17, 2021

Regulation Number 7, Part D, Section II.G.1.d.(ii)(D)

The Division removed the following provision related to capturing and controlling emissions from well liquids unloading and well swabbing operations. The Division agrees to continue to work with COGCC to find solutions that may include, but may not be limited to, the granting of variances. The Division further notes that other existing language in the proposal addresses the situation sought to be covered by this language.

~~II.G.1.d.(ii)(D) Capturing or utilizing enclosed combustion devices as control devices is not technically feasible, as approved by the Division, and regulations of the Colorado Oil and~~

~~Gas Conservation Commission or Bureau of Land Management do not permit the use of open flares. Owners or operators must demonstrate a good faith effort to obtain a variance from the Colorado Oil and Gas Conservation Commission or Bureau of Land Management before capture or control would not be required.~~

Regulation Number 7, Part D, Sections II.H.1.a.(iv), II.H.1.b.(iv) and Statement of Basis and Purposes, pages 12-13

The Division will support the JIWG's change to Section II.H. and the SBAP, presented in JIWG slides 141 and 142 and duplicated below.

II.H.1.a.(iv) Blowdowns of all equipment and piping not covered by Sections II.H.1.a.(i) through II.H.1.a.(iii) where the physical volume between isolation valves is greater than or equal to fifty (50) cf. This requirement does not apply if the owner or operator can demonstrate that the aggregate uncontrolled actual emissions from blowdowns of all equipment and piping subject to this Section II.H.1.a.(iv) are less than 0.75 tpy VOC and 1.5 tpy methane, provided the owner or operator maintains records of the dates and number of all blowdowns including blowdowns where the physical volume between isolation valves is greater than one (1) cf but less than fifty (50) cf.

II.H.1.b.(iv) Blowdowns of equipment and piping not covered by Sections II.H.1.b.(i) through II.H.1.b.(iii) where the physical volume between isolation valves is greater than or equal to fifty (50) cf. This requirement does not apply if the owner or operator can demonstrate that the aggregate uncontrolled actual emissions from blowdowns of all equipment and piping subject to this Section II.H.1.a.(iv) are less than 1 tpy VOC and 2 tpy methane, provided the owner or operator maintains records of the dates and number of all blowdowns including blowdowns where the physical volume between isolation valves is greater than one (1) cf but less than fifty (50) cf.

In Sections II.H.1.a.(iii) and II.H.1.a.(iv), the Commission understands that capturing or controlling emissions from small blowdown events, either from compressors or other equipment, is often cost prohibitive (when looked at on a per-blowdown or per-equipment basis) and may result in more emissions from the capture and control efforts than what is reduced based upon the fuel source for the capture or recovery equipment. Therefore, the Commission has included that blowdown events from compressors or equipment, where between isolation valves the total volume is less than 50 cubic feet, do not need to be included in emission calculations toward the thresholds nor do they need to be captured or controlled. However, the Commission feels it is important to better understand the frequency and number of such events. If an owner or operator is found not to be keeping the required records relating to blowdown events greater than 1 cubic foot and under 50 cubic feet, the regulatory presumption is that capture or control was required for equipment blowdown events, and noncompliance is not a simple recordkeeping violation. Further, in Sections II.H.1.c.(vii) and II.H.1.c.(viii), the Commission provided that when a source previously not subject to capture or control has emissions that meet or exceed the applicability thresholds, that source will have sixty (60) days from the first day of the month after meeting/exceeding the thresholds to comply with the capture or control requirements. The Commission believes that operators should be tracking emissions such that they can generally predict when a source will exceed thresholds and should prepare accordingly. However, the Commission understands that sometimes unforeseeable events will cause an emissions increase. Under such circumstances, the Commission

encourages operators to reach out to the Division prior to missing a compliance deadline, and directs the Division to work with those operators to ensure capture and recovery begins as soon as practicable, which may be more than 60 days.

The Commission mandated recordkeeping and reporting requirements in Sections II.H.6. and V. applicable to pigging operations and blowdown activities to ensure compliance with and to track the efficacy of the established emission reduction measures. Emissions from pigging and blowdowns must be separately included in Regulation Number 7, Part D, Section V. annual reports. The records for pigging activities must include the total number of pigging events, even if not subject to capture or control. The records must outline the location, date, time, and duration of the blowdown emissions, including records of the date, location, and equipment for which there are blowdown events where the volume between isolation valves is less than 50 cubic feet (but greater than 1 cubic foot for piping and equipment). Where Section II.H.5.b.(i) requires recordkeeping of the pressure of the pigging unit before and after capture and recovery (if applicable) and immediately before emissions to the atmosphere, the Commission is seeking information regarding the volume of gas emitted. Therefore, where capture and recovery techniques are employed, the Commission is seeking the starting pressure of the pigging unit prior to capture and recovery and the pressure of the pigging unit after capture and recovery but before the emission of the residual gas. As an example, if the pigging unit is at 900 psig before sending the gas to a low-pressure line by jumper line and at 50 psig where the remaining residual volume of gas is emitted to atmosphere, the operator would report a starting pressure of 900 psig and an ending pressure of 50 psig. Then, the emissions from the release to atmosphere of the remaining 50 psig down to 0 psig would be recorded as actual emissions as required by Sections II.H.5.b.(ii) and V. Where no capture and recovery techniques are employed, the Commission understands that the ending pressure will always be 0 psig.

Regulation Number 7, Statement of Basis and Purposes, pages 12

The Division provides the following additional discussion and clarification concerning compliance with federal requirements as related to compliance with the Regulation Number 7 pigging and blowdown provisions.

The Commission also provided, in Sections II.H.3.e and II.H.3.f, that capture and recovery is not always required. Capture and recovery is only required during normal operations - i.e. not during malfunctions. And capture and recovery is not required during emergency shutdown systems testing, such as would be required under OSHA's Process Safety Management standard. Further, in Section II.H.3.g, the Commission provided that capture or recovery is not required on certain vessels; however, uncontrolled actual emissions from blowdowns of these vessels (if greater than 50 cf) must be included in the calculations for purposes of the general applicability of control requirements. Operators must look at uncontrolled actual emissions from blowdowns - if a piece of equipment is blown down and the emissions are controlled, the uncontrolled actual emissions from that blowdown event still count toward the applicability threshold. The Commission does not intend that its requirements for capture and control place operators in a situation to choose between compliance with this program and compliance with federal regulatory programs for leak detection. Thus, to the extent there are limited situations where an operator cannot reasonably capture or control the blowdown emissions necessary to fix a leak within the timelines required by federal programs, and under those same federal programs would be prohibited from placing that leak on delay of repair, operators must keep records of these events, and include information about these events on the annual emission reports submitted pursuant to Section V. Under these limited circumstances, compliance with the federal rules will generally not be deemed non-compliance with Section II.H. The Commission further directs the Division to consider whether future revisions to this program are necessary to address this type of conflict or others that may arise in the implementation.

Regulation Number 22, Part B, Section IV.B.7.

The Division revises the following midstream steering committee provision.

III.D.1.f. Identify and describe methods by which midstream segment owners or operators can achieve the emission reductions necessary to comply with the requirements of Section 25-7-105(1)(e)(XIII), C.R.S. (2021), including, but not limited to, equipment replacement, equipment retrofit, equipment shutdown, or electrification. The guidance should also seek to identify and describe issues that must be addressed by operators considering electrification as an emission reduction strategy.

Regulation Number 22, Part B, Section IV.B.7.

The Division revises the following acquisitions provision.

IV.B.7. Acquisitions. Except as provided below, if an owner or operator acquires or takes over operation of an oil or natural gas well in Colorado after January 1, 2025, that owner or operator must meet the greenhouse gas intensity targets in Sections IV.B.2. through IV.B.5. applicable to the intensity operator acquiring the assets.