**State of Utah**

**Administrative Rule Analysis**

Revised November 2021

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| **Notice of Proposed Rule** |
| **TYPE OF RULE:**  New \_\_\_; Amendment \_X\_\_; Repeal \_\_\_; Repeal and Reenact \_\_\_ |
|  | **Title No. - Rule No. - Section No.** |
| **Utah Admin. Code Ref (R no.):** | **R307-509** | **Filing ID (Office Use Only)** |
| **Changed to Admin. Code Ref. (R no.):** | **R** |

**Agency Information**

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| **1. Department:** | Department of Environmental Quality |
| **Agency:** | Division of Air Quality |
| **Room no.:** |  |
| **Building:** | MASOB |
| **Street address:** | 195 North 1950 West |
| **City, state and zip:** | Salt Lake City, Utah 84116 |
| **Mailing address:** | P.O. Box 144820 |
| **City, state and zip:** | Salt Lake City, Utah 84114-4820 |
| **Contact person(s):** |
| **Name:** | **Phone:** | **Email:** |
| Bo Wood | 385-499-3416 | rwood@utah.gov |
| Sheila Vance | 801-518-3132 | svance@utah.gov |
| Please address questions regarding information on this notice to the agency. |

**General Information**

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| **2. Rule or section catchline:** |
| R307-509. Oil and Gas Industry: Leak Detection and Repair Requirements  |
| **3. Purpose of the new rule or reason for the change** (Why is the agency submitting this filing?)**:** |
| These amendments are necessary to align current oil and gas rules with new data from studies and compliance inspections. These changes reflect more accurate emission calculations that indicate a previous underestimation of VOC emissions from tanks and other components. The proposed changes will ensure the protection of air quality standards and improve compliance with required emission controls.  |
| **4. Summary of the new rule or change** (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule)**:** |
| The amended rule defines “shut-in or temporarily abandoned” wells, eliminates a previously granted exemption for those with an approval order issued under R307-401, modifies requirements for leak testing to require one test during the months of September, October, November, or December, that tests occur no more than seven months apart, and that testing occurs within seven days of a previously “shut-in” well becoming operational.  |

**Fiscal Information**

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| **5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:** |
| **A) State budget:** |
| The fiscal impact from these amendments on the state budget for FY22, FY23, and FY24 is estimated to be between a benefit of $9,400 and a cost of $21,620. There are 94 facilities that have an exemption through their approval order and it’s their choice to either keep the approval order or switch to permit-by-rule. Cancelling an existing approval order requires producers to enroll in the permit-by-rule system. The one-time fee to cancel an approval order ranges from $220 to $550. This could increase state revenue by between $20,680 and $51,700, but is offset by the elimination of the $150 approval order annual fee per facility - $14,400 total. The number of facilities that will choose to move to the permit-by-rule system is unknown, but the incentive structure makes switching cost effective in less than 4 years. The exact cost for each facility to switch is also unknown, but DAQ anticipates that the fiscal impact on the state budget will fall within the range outlined above. |
| **B) Local governments:** |
| This rule change is not expected to have any fiscal impact on local governments because it does not apply to them. |
| **C) Small businesses** ("small business" means a business employing 1-49 persons)**:** |
| This rule change is not expected to have a fiscal impact on small businesses because it adjusts the timing of leak detection and repair requirements, but does not increase the frequency of required inspections. |
| **D) Non-small businesses** ("non-small business" means a business employing 50 or more persons)**:** |
| This rule change is not expected to have a fiscal impact on non-small businesses because it adjusts the timing of leak detection and repair requirements, but does not increase the frequency of required inspections. |
| **E) Persons other than small businesses, non-small businesses, state, or local government entities** ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an ***agency***)**:** |
| This rule change is not expected to have any fiscal impact on persons other than small businesses, non-small businesses, state, or local government entities because it only applies to businesses in the oil and gas industry. |
| **F) Compliance costs for affected persons** (How much will it cost an impacted entity to adhere to this rule or its changes?)**:** |
| This rule change will not have a compliance cost for affected persons. |
| **G) Comments by the department head on the fiscal impact this rule may have on businesses** (Include the name and title of the department head): |
| After a thorough analysis and engagement with impacted parties, the Division of Air Quality has determined that this proposed rule amendment will not result in a fiscal impact to businesses, because the amendments adjust the timing of leak detection and repair, but do not change the frequency of the required inspections.Kimberly D. Shelley, Executive Director of the Utah Department of Environmental Quality  |
| **6. A) Regulatory Impact Summary Table** (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.) |
| **Regulatory Impact Table** |
| **Fiscal Cost** | **FY2022** | **FY2023** | **FY2024** |
| State Government | $0 | $0 | $0 |
| Local Governments | $0 | $0 | $0 |
| Small Businesses | $0 | $0 | $0 |
| Non-Small Businesses | $0 | $0 | $0 |
| Other Persons | $0 | $0 | $0 |
| **Total Fiscal Cost** | **$0** | **$0** | **$0** |
| **Fiscal Benefits** |  |  |  |
| State Government | $0 | $0 | $0 |
| Local Governments | $0 | $0 | $0 |
| Small Businesses | $0 | $0 | $0 |
| Non-Small Businesses | $0 | $0 | $0 |
| Other Persons | $0 | $0 | $0 |
| **Total Fiscal Benefits** | **$0** | **$0** | **$0** |
| **Net Fiscal Benefits** | **$0** | **$0** | **$0** |
| **B) Department head approval of regulatory impact analysis:** |
| The Executive Director of the Department of Environmental Quality, Kim Shelley, has reviewed and approved this fiscal analysis. |

**Citation Information**

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| **7. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:** |
| 19-2-104 |  |  |
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**Incorporations by Reference Information**

(If this rule incorporates more than two items by reference, please include additional tables.)

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| **8. A) This rule adds, updates, or removes the following title of materials incorporated by references** (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*)**:** |
|  | **First Incorporation** |
| **Official Title of Materials Incorporated (from title page)** |  |
| **Publisher** |  |
| **Date Issued** |  |
| **Issue, or version** |  |

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| **B) This rule adds, updates, or removes the following title of materials incorporated by references** (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*)**:** |
|  | **Second Incorporation** |
| **Official Title of Materials Incorporated (from title page)** |  |
| **Publisher** |  |
| **Date Issued** |  |
| **Issue, or version** |  |

**Public Notice Information**

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| **9. The public may submit written or oral comments to the agency identified in box 1.** (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.) |
| **A) Comments will be accepted until** (mm/dd/yyyy)**:** | 5/31/2022 |
| **B) A public hearing (optional) will be held:** |
| **On** (mm/dd/yyyy)**:** | **At** (hh:mm AM/PM)**:** | **At** (place)**:** |
| May 24, 2022 | 1:00PM | https://meet.google.com/ozt-syme-rum?hs=122&authuser=0 |
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| **10. This rule change MAY become effective on** (mm/dd/yyyy)**:** | 07/07/2022 |
| NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date. To make this rule effective, the agency must submit a Notice of Effective Date to the Office of Administrative Rules on or before the date designated in Box 10. |

**Agency Authorization Information**

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| **To the agency**: Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the *Utah State Bulletin* and delaying the first possible effective date. |
| **Agency head or designee, and title:** | Bryce C. Bird, Director | **Date** (mm/dd/yyyy)**:** | 04/06/2022 |

**R307. Environmental Quality, Air Quality.**

**R307-509. Oil and Gas Industry: Leak Detection and Repair Requirements.**

**R307-509-1. Purpose.**

 Rule R307-509 establishes requirements for conducting leak detection and repairs at well sites to control emissions of volatile organic compounds.

**R307-509-2. Definitions.**

 "Difficult-to-Monitor" means difficult-to-monitor as defined 40 CFR 60.5397a, which is incorporated by reference in Rule R307-210.

 "Fugitive emissions" are considered any visible emissions observed using optical gas imaging or a Method 21 instrument reading of 500 ppm or greater.

 "Fugitive emissions component" means any component that has the potential to emit fugitive emissions of VOC, including [~~but not limited to~~] valves, connectors, pressure relief devices, open-ended lines, flanges, covers and closed vent systems, thief hatches or other openings, compressors, instruments, and meters.

 "Shut-in or temporarily abandoned" means a well that is closed off such that it stops producing for longer than seven calendar days.

 "Unsafe-to-Monitor" means unsafe-to-monitor as defined 40 CFR 60.5397a, which is incorporated by reference in Rule R307-210.

**R307-509-3. Applicability.**

 (1) Rule R307-509 applies to each fugitive emissions component at a well site as defined in 40 CFR 60.5430a, Subpart OOOOa, Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution and [~~is required to~~]shall control emissions in accordance with Rules R307-506 and R307-507.

 (a) A source meeting the requirements of 40 CFR 60.5397a is meeting the requirements of this rule.

 ([~~b~~]2) Rule R307-509 does not apply to a fugitive emissions component at a well that is shut-in or temporarily abandoned.[~~Sources subject to R307-509, are subject until the well is shut in.~~

 ~~(c) R307-509 does not apply to a fugitive emissions component that is subject to an approval order issued under R307-401-8.~~]

**R307-509-4. Leak Detection and Repair Requirements.**

 (1) Applicable sources shall comply with the following:

 (a) The owner or operator shall develop an emissions monitoring plan that shall be available upon request to review for each individual well site. At a minimum, the plan shall include:

 (i) monitoring frequency;

 (ii) monitoring technique and equipment;

 (iii) procedures and timeframes for identifying and repairing leaks;

 (iv) recordkeeping practices; and

 (v) calibration and maintenance procedures for monitoring equipment.

 (b) The plan shall address monitoring for difficult-to-monitor and unsafe-to-monitor components.

 (c) The owner or operator shall conduct monitoring surveys on site to observe each fugitive emissions component for fugitive emissions.

 (d) Monitoring surveys shall be conducted according to the following schedule:

 (i) [~~No later than 365 days after January 1, 2018, or n~~]No later than 60 days after startup of production, as defined in 40 CFR 60 Subpart OOOOa Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution[~~, whichever is later~~].

 (ii) Semiannually after the initial monitoring survey. Consecutive semiannual monitoring surveys shall be conducted at least four months apart and no more than seven months apart. A fugitive emission component subject to Rule R307-509 in Duchesne and Uintah counties must perform one monitoring survey during the months of September, October, November or December.

 (iii) Annually after the initial monitoring survey for "difficult-to-monitor" components.

 (iv) As required by the owner or operator's monitoring plan for "unsafe-to-monitor" components.

 (v) Within seven days of a well site becoming operational after being shut-in or temporarily abandoned.

 (e) Monitoring surveys shall be conducted using one or both of the following to detect fugitive emissions:

 (i) Optical gas imaging (OGI) equipment. OGI equipment shall be capable of imaging gases in the spectral range for the compound of highest concentration in the potential fugitive emissions source.

 (ii) Monitoring equipment that meets U.S. EPA Method 21, 40 CFR Part 60, Appendix A.

 (f) If fugitive emissions are detected at any time, the owner or operator shall repair the fugitive emissions component as soon as possible but no later than 15 calendar days after detection. If the repair or replacement is technically infeasible, would require a vent blowdown, a well shutdown or well shut-in, or would be unsafe to repair during operation of the unit, the repair or replacement shall be completed during the next well shutdown, well shut-in, after an unscheduled, planned or emergency vent blowdown or within 24 months, whichever is earlier.

 (g) The owner or operator shall resurvey the repaired or replaced fugitive emission component no later than 30 calendar days after the fugitive emission component was repaired.

**R307-509-5. Recordkeeping.**

 (1) The owner or operator shall maintain records of the emissions monitoring plan. These records shall be retained for the life of the well site.

 (2) The owner or operator shall maintain records of the monitoring surveys, repairs, and resurveys. These records shall be retained for a minimum of three years.

**KEY: air pollution, oil, gas**

**Date of Last Change: 2022[~~March 5, 2018~~]**

**Authorizing, and Implemented or Interpreted Law: 19-2-104(1)(a)**

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