



What Companies Need to Know About Air Permits

Know the facts before drilling a new oil well or changing ownership in Louisiana to stay in compliance and avoid thousands of dollars in fines.

It's a common misconception that applying for a drilling permit and ownership change with the Department of Natural Resources (DNR) is the only requirement prior to drilling a well or purchasing an existing facility. Presently, that is not the case, and ignorance will not serve as a defense and protect companies from violation fines. According to the Environmental Protection Agency (EPA), "the environmental civil liability is strict: it arises simply through the existence of the environmental violation, without regard to what the responsible party knew about the matter." In other words, facility owners are wholly responsible for knowing all environmental regulations subject to a facility and throughout the lifetime of the well.

A prominent Exploration & Production (E&P) company unknowingly operated a major source facility in Louisiana for five years against regulations, unaware of the necessary air and water permits. Upon discovery of their offense, the facility shut down production and voluntarily reported the situation to the Louisiana Department of Environmental Quality (LDEQ) in hopes of obtaining leniency. In response, LDEQ issued a Notice of Potential Penalty (NOPP) to the company for the following failures— obtaining the required permits for operation, submitting Emissions Inventory Summaries, changing ownership of the facility, maintaining storm water records and submitting Discharge Monitoring Reports (DMRs), maintaining a Spill Prevention Plan (SPCC), and reporting two on-site oil spills.

Despite granting leniency for the E&P's voluntary submission, LDEQ still fined the facility \$23,409.88 for its numerous offenses. LDEQ has since stopped offering such leniency to oil and gas companies for violating regulations. Instead, the agency has imposed much steeper fines for each facility that is found to be out of compliance. Each fine is different and calculated based on the severity of the offense, threat to human health and the environment, and length of time operating out of compliance.

Most oil and gas facilities are minor sources that require a standard air permit or an Act 918 exemption from LDEQ. If the operator determines that a production facility is needed at a well site, then an air permit must be acquired prior to construction. Air emissions are estimated from the natural gas combustion, glycol dehydration, and all natural gas venting that will occur at the site. A lot of regulatory experience and knowledge of current environmental policies are needed to perform the required calculations and submit an accurate air permit.

Detailed calculations based on equipment located on-site, current rates of production, and gas samples are used to prepare an emissions report describing the facility's potential to emit pollutants. If the emissions report determines that the site will emit more than 5 tons of volatile organic compounds per year and the aggregate emissions for all criteria pollutants is greater than 15 tons per year, then an air permit application must be submitted to LDEQ.

In addition to permit applications, facility modifications and change of ownership or operator forms must be submitted to LDEQ. Before any equipment is replaced or removed from a site, a permit modification, including updated emissions data, must be submitted and approved prior to making those changes. A change of ownership/operator must be submitted within 60 days of purchasing a new facility.



In order to prepare a complete and representative air permit, the following is required:

1. Facility name and serial numbers of wells flowing into facility.
2. Coordinates of facility location (i.e., latitude and longitude).
3. Names of field contacts (e.g., field coordinator, pumper, etc.).
4. Names of responsible officials (e.g., a Vice President or higher, as this person must sign the permit application).
5. List of all equipment located at the facility, along with their dimensions, capacities, and ratings.
6. Maximum expected throughput for oil, water, and gas.
7. Method and frequency of oil and water transfers.
8. Process description, including the flow process of the facility (e.g. Oil flows to 2-phase high-pressure [HP] separator, gas goes to sales, liquid flows to heater treater, etc.).
9. Representative gas analysis for the site.

Specifically, an air permit consists of a proposed action, process description, Coastal Use Permit review (CUP), Summary of Emissions, environmental impact questions, and volatile organic compounds (VOC) housekeeping plan prepared by an environmental specialist. An Application for Approval of Emissions of Air Pollutants from minor sources, Environmental Inventory Questionnaires (EIQs), and a general Permit Applicability Questionnaire are available from LDEQ and must be submitted. Labeled maps detailing the facility location and surrounding areas are also required, along with a schematic diagram detailing the process and flow of the production facility. Proficiency in programs such as Tanks 4.0, E&P Tanks, GlyCalc, and AmineCalc are necessary to support the calculations.

Generally, any environmental consulting firm can prepare and submit an air permit on your facility's behalf if all the crucial information listed above is available. Most environmental specialists can prepare the permit in a few days for a \$449 fee. The entire packet is ready for submission with the accurate completion of all applicable forms and original signatures from the facility's responsible official (s). The original permit, plus two copies, must then be mailed to LDEQ for review and issuance.

When looking for a firm to handle a facility's comprehensive permitting needs, companies should search for one that is qualified to handle more than just regulatory permitting. A multi-disciplinary firm will be able to handle the necessary requirements from both the Department of Natural Resources (DNR) and LDEQ. This paper emphasizes the requirement of additional permits that extend beyond applying for a Permit to Drill. By following the established guidelines, your company can mitigate the environmental policies governing the construction or extension of a production facility. Performing a due diligence survey in accordance with LDEQ before taking ownership of a production facility is strongly advised to avoid being responsible and fined for past offenses.

As an Environmental Specialist at Fenstermaker, Mariah Lowrey is well-qualified and experienced in preparing air permits for oil and gas facilities. Ms. Lowrey possesses a Bachelors of Science in Environmental Management Systems and Resource Conservation from the Louisiana State University (LSU) in Baton Rouge, LA.

Fenstermaker's purpose with this white paper is to educate facility owners and environmental coordinators about current permitting requirements from the Department of Environmental Quality (DEQ). Our experienced environmental and regulatory specialists are experts in completing a variety of permitting work and environmental documentation. Staying up-to-date on evolving policies from different agencies and organizations, Fenstermaker's environmental team understands the required steps behind an air permit and the importance of obtaining one for a production facility.