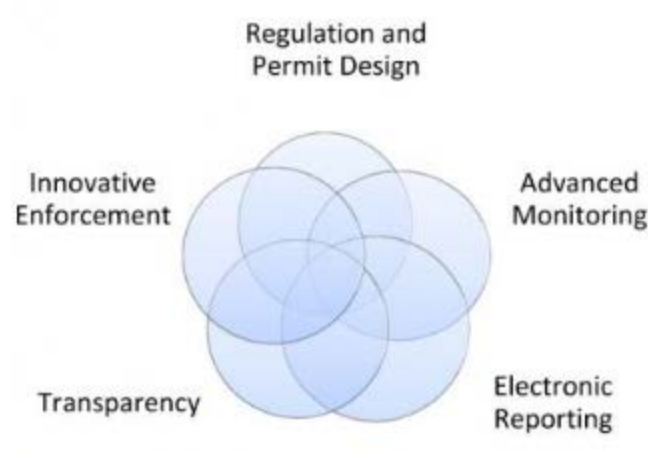


EPA's Ongoing Enforcement Initiative and the Next Generation Compliance Program

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We are watching and so can you... EPA's Next Generation Compliance

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Next Gen Compliance

Most data from this presentation can be found at <http://www2.epa.gov/compliance/next-generation-compliance>

The screenshot shows the EPA website's 'Next Generation Compliance' page. The header includes the EPA logo, the text 'United States Environmental Protection Agency', and language options: Español, 中文: 繁體版, 中文: 简体版, Tiếng Việt, and 한국어. A navigation bar contains 'Learn the Issues', 'Science & Technology', 'Laws & Regulations', and 'About EPA'. A search bar is labeled 'Search EPA.gov'. The main content area features a 'Compliance' sidebar with links to 'Compliance Home', 'How We Monitor Compliance', 'Compliance Monitoring Programs', and various programs like CAA, CERCLA, CWA, FIFRA, RCRA, SDWA, and TSCA. The main text area has a breadcrumb trail: 'You are here: EPA Home » Compliance » Next Generation Compliance'. The title is 'Next Generation Compliance'. The text states: 'Today's pollution challenges require a modern approach to compliance, taking advantage of new tools and approaches while strengthening vigorous enforcement of environmental laws. Next Generation Compliance is EPA's integrated strategy to do that, designed to bring together the best thinking from inside and outside EPA.' A quote reads: 'Next Generation Compliance delivers the benefits of environmental laws.' Below this, a diagram shows 'Regulation and Permit Design' as one of the components.

Next Gen Compliance

- Vision
- Components of the Strategy
- Enforcement Examples

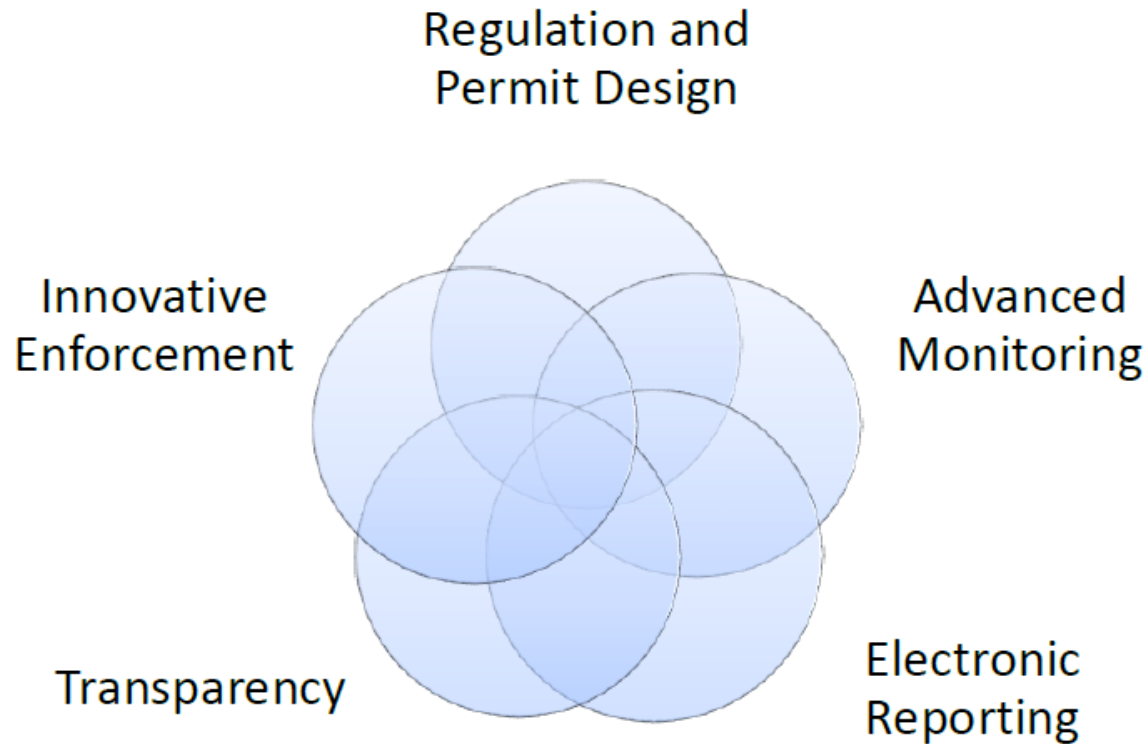


EPA's Vision



Next Generation Compliance is an integrated strategy, designed to bring together the best thinking from inside and outside EPA on how to structure regulations and permits combined with new monitoring and information technology, expanded transparency, and innovative enforcement...It will better motivate the regulated community to comply with environmental laws and inform the public about their performance.

Components of the Strategy



More Effective Regulations and Permits

- Design more effective regulations and permits with Next Generation Compliance principles and tools so we reduce pollution and achieve higher compliance.
- “Regulations and permits that are clear, as easy to implement as possible, and that **contain self reinforcing drivers for better performance** help to move us toward improved compliance as the ‘default’ option.”
- Oil & Gas example: NSPS Subpart OOOOa proposed on September 18, 2015, specifically the Optical Gas Imaging

Next Gen for NSPS Subpart 0000a

- EPA requested comments on the following:
 - Professional Engineer Certification of Closed Vent System and Control Device Design and Installation
 - 3rd party OGI Audits
 - 3rd party Reports Sent Directly to EPA
 - Electronic Reporting
 - Posting Compliance Information on Company Websites
 - Geospatial Data Imbedded in Digital Photos on OGI



Advanced Monitoring

- Make better use of existing pollution monitoring technologies and investigate new ones to help government, industry, and the **public identify pollution problems** and help solve them.
- Oil & Gas example: IR Cameras



Electronic Reporting

- Shift to electronic reporting in regulations and permits so that we have more accurate, complete, and timely information on pollution sources, pollution, and compliance, enhance communication with regulated entities, and move our programs into the 21st century.
- Oil & Gas example: NSPS electronic reporting rule proposed on March 20, 2015
 - Performance tests, excess emission reports and possibly LDAR



**U.S. Environmental Protection
Agency**

Central Data Exchange

Expanded Transparency

- Make the information we have today more accessible, and make new information obtained from advanced monitoring and electronic reporting publicly available.



- Oil & Gas example: enhance the existing ECHO public database to include more environmental performance data and real-time monitoring data

Innovative Enforcement

- Use Next Generation Compliance principles and tools in our enforcement planning and cases.
- Expand other Next Gen components in agreed orders
 - Electronic Reporting
 - Continuous Monitoring
 - Third party verification
- Oil & Gas example: Noble Energy Consent Decree in Denver-Julesburg Basin



Next Gen Compliance

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Noble Energy Consent Decree

- Noble Energy Operates several oil and gas production sites in the Denver-Julesburg Basin. Some of the production sites are located in the nonattainment area surrounding Denver.
- Settlement covers more than 3,400 tank batteries that are connected to approximately 2,400 vapor control systems, which represent essentially all of Noble's vapor control systems in the nonattainment area.
- Settlement resolves alleged past violations of Colorado's Regulation 7 requirements relating to installation, operation, maintenance, design, and sizing of vapor control systems at condensate storage tanks.

Noble Energy Consent Decree

\$73.5 MM in penalties and injunctive relief

- \$60 MM in injunctive relief
- \$4.5 MM in NOx and VOC reduction projects
- \$4 MM on federal and state supplemental environmental projects
- \$4.95 MM in civil penalties split between EPA and the state of Colorado.

Next Gen Compliance Elements

- A **third-party auditor** will review Noble's engineering evaluations of the vapor control systems at all tank systems and perform infrared camera inspections at a cross-section of the tank systems.
- Noble will install **Next Generation** pressure monitors with **continuous data reporting** on a cross-section of the tank systems to verify that storage tanks are not experiencing increased pressure readings indicative of tank over-pressurization that could cause VOC emissions.
- Noble will prepare and **publicly post reports** containing useful information on its vapor control system engineering evaluations and modifications, intended to provide other companies with the opportunity to learn from Noble's findings and apply them to their own storage tanks, helping to reduce emissions.

Other Next Gen Enforcement

1. **U.S. v. Sunoco (Philadelphia, NJ)** - conduct fenceline emissions monitoring upwind and downwind of the refinery (two monitors) and post the monitoring data each week publicly. Maintain data on the site for five years.
2. **U.S. v. BP Whiting (Whiting, IN)** - must report its continuous emission monitoring data quarterly on a public web site. BP will also install, operate and maintain a \$2 million fence line monitoring system. Data from the system must be available to the public by posting the information weekly on a publicly-accessible website.
3. **U.S. v. Chevron Puerto Rico, LLC (Puerto Rico)** – to resolve RCRA violations associated with USTs, Chevron has installed a centralized monitoring system at approximately 142 Chevron-owned service stations. The centralized system integrates monitoring of each station's UST systems with 24/7/365 surveillance of release detection including sensor status and alarms.

Other Next Gen Enforcement

4. **U.S. v. BP Exploration (North Slope, AK)** – as a result of a crude oil spill, the Consent Decree included requiring all reports and information required under the Consent Decree to be placed in a secure web-based electronic portal accessible to EPA and third-party oversight by an independent monitoring contractor to manage pipeline integrity.
5. **U.S. v. Murphy Oil USA, Inc (Meraux, LA and Superior, WI)** - to resolve violations of the Clean Air Act at its petroleum refineries, Murphy installed an ambient monitoring system in the nearby community. In addition to getting monitoring in place for an affected community, this settlement set the now-current standard of making the info publicly available on a website in near-real time.

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<https://www.surveymonkey.com/r/2015OGENV>

Conference participants are eligible for up to 13 contact hours 1.3 CEUs. Forms will be available after lunch on Wednesday at the registration area.

Return completed forms at the conclusion of the conference.