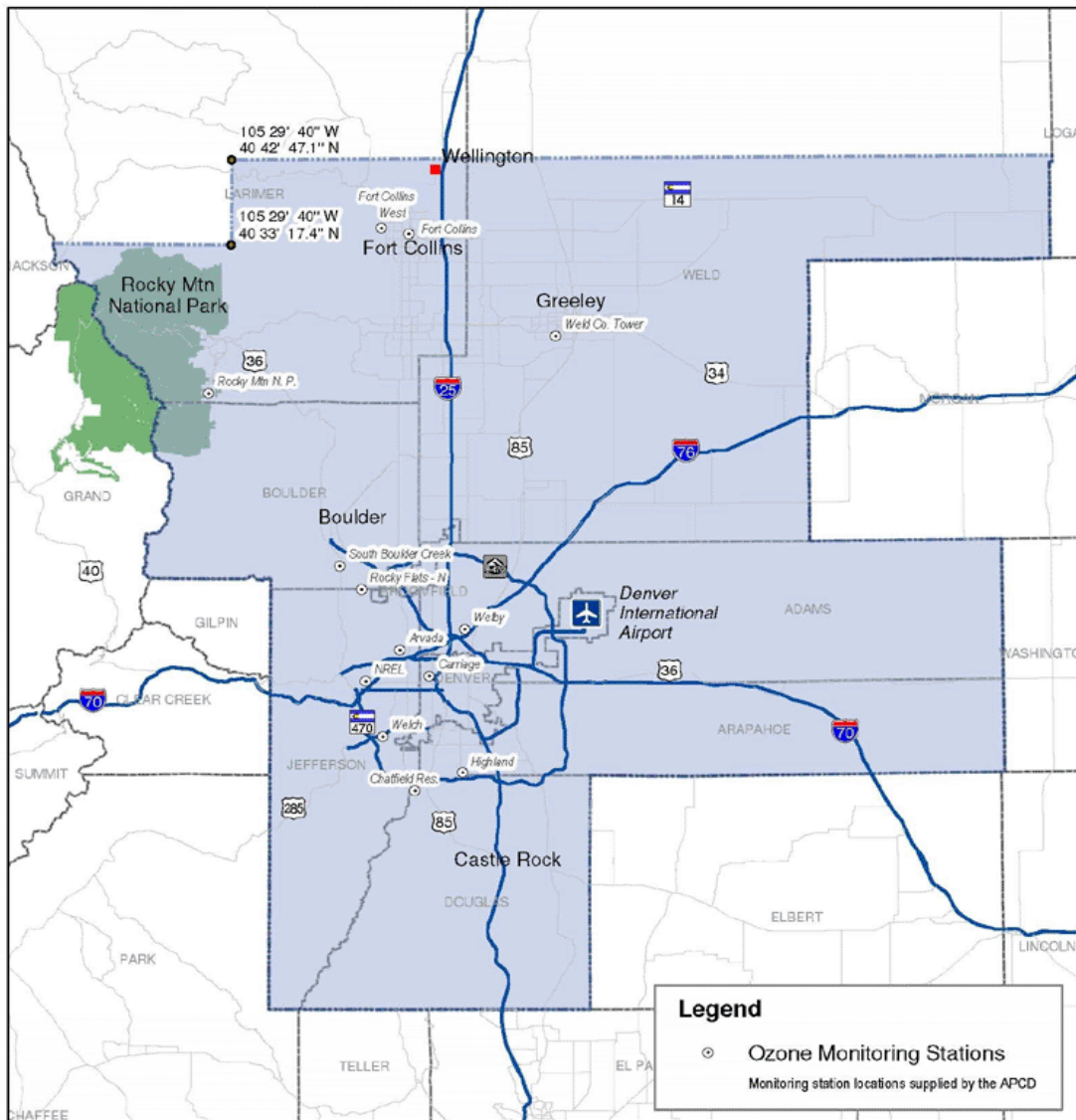




Condensate Tank Control Proposal for the Front Range Ozone Nonattainment Area

May 13, 2008

Air Pollution Control Division



Denver-Boulder-Greeley-Fort Collins, Colorado
Eight-Hour Ozone Control Area





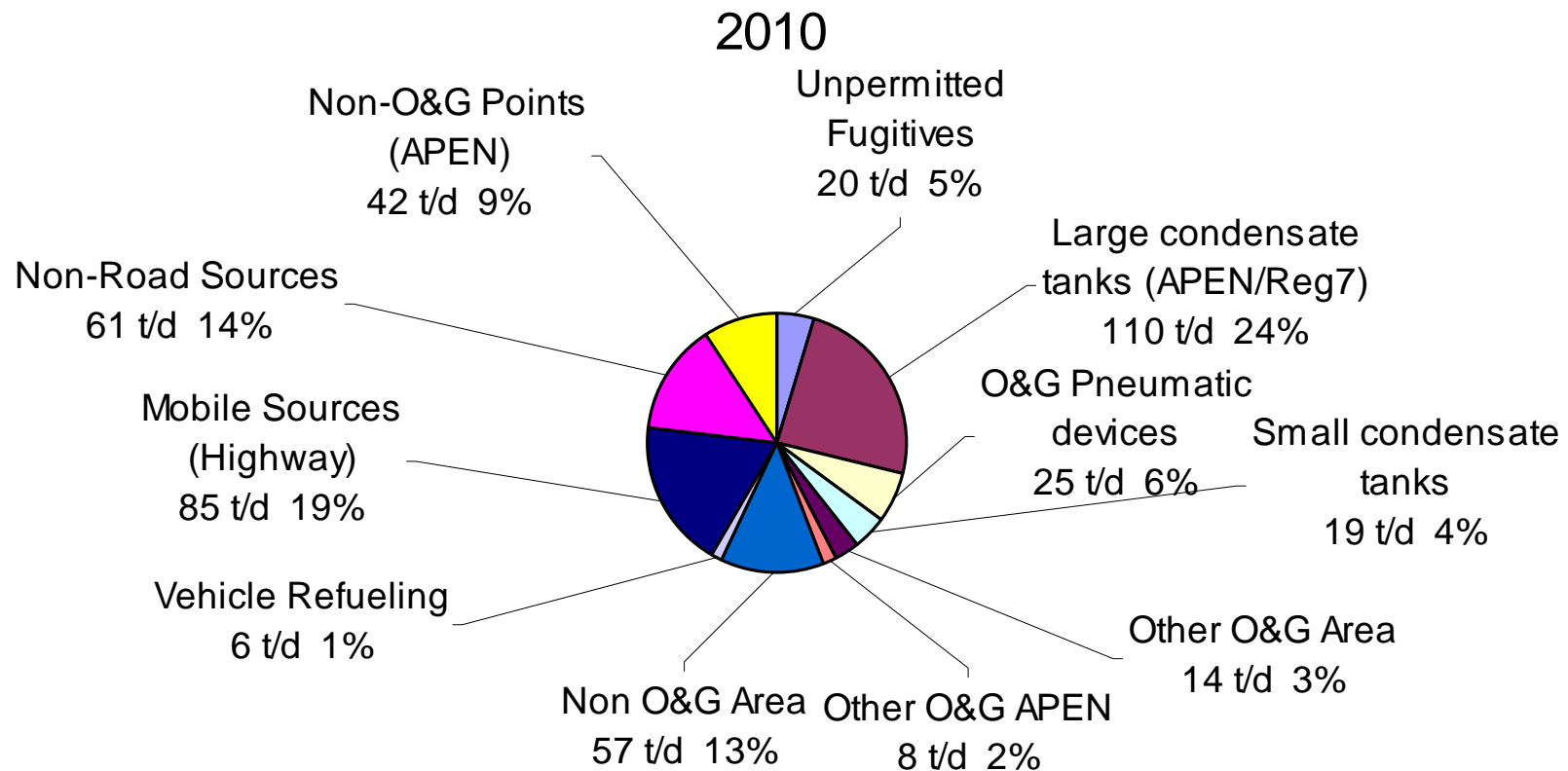
Overview

- Current Regulation No. 7 requirements for 2007 and beyond:
 - 75% system-wide emissions control for the ozone season
 - 70% system-wide emissions control for the non-ozone season
- 100+ tons/day of potential VOC reductions from condensate tanks still remain



Front Range NAA VOC Emissions – 2010

(3% reduction since 2006)





Rationale for Increasing Emission Control Requirements Through a Threshold Approach

- “Practical Enforceability” is the key
 - Simplification - 1 system to manage – no blending of the threshold and system-wide approaches
 - Certainty – compliance will be easier for all operators, especially smaller operators
 - Easier tracking – APCD will know where all devices are at all times
 - Enforcement certainty for sources and APCD – electronic monitoring
 - Equity with other source categories - 2 tpy



General Regulation No. 7 Revisions

- Oil and Gas operations regulatory language re-organized (Section XII.)
- For tanks - 730 bbl/yr exemption to be removed effective 2/2009
- APCD proposes to transition from the current % control program for condensate tanks to a threshold control approach by 2010





New/Modified Condensate Tank Control Proposal

- Effective 2/2009, emissions for the first 90 days of operations to be controlled by 98% (RACT)
 - Auto ignitors required
 - Re-frac's/stimulation considered a new operation
- Effective 2/2009, all new/modified tanks with 2 tpy or greater VOC emissions to be controlled by 98% (RACT)
 - Auto ignitors and surveillance required



Existing Condensate Tank Control Proposal

- All existing condensate tanks with 2 tpy or greater VOC emissions to eventually be controlled by 98%
 - System-wide approach remains through April 30, 2010
 - % control increases from 75% to 80% for 2009 summer season
 - 2 to 5 tpy tanks become part of the system for 2009
 - Threshold approach for tanks begins May 2010
 - 5/1/2010: 10 tpy or greater tanks to be controlled - auto ignitors and surveillance also required
 - 5/1/2011: 5 tpy or greater tanks to be controlled - auto ignitors and surveillance also required
 - 5/1/2012: 2 tpy or greater tanks to be controlled - auto ignitors and surveillance required



If System-Wide Approach is Maintained

- Present compliance difficulties will remain
- There will be confusion as the two approaches converge and intersect
 - All new tanks would be under the threshold approach
 - All existing tanks would be under the system-wide approach
- Under either approach, APCD intends to propose that controls eventually apply to all tanks with emissions 2 tpy or greater
 - This would equate to 98% control system-wide by 2012