

VENTURA COUNTY APCD

DRAFT STAFF REPORT

PROPOSED AMENDMENTS TO RULE 71, CRUDE OIL AND REACTIVE ORGANIC COMPOUND LIQUIDS

October 2023

BACKGROUND

Rule 71 was adopted on June 20, 1978. The rule contains the definitions used in the crude oil and reactive organic compound (ROC) liquid series of rules including Rules 71.1, 71.2, 71.3, 71.4, and 71.5. Rule 71 was revised in March and July of 1979 due to revisions to Rules 71.1 and 71.2.

On October 4, 1988, Rule 71 was revised to include the special definitions required for revised Rule 71.1 and new Rule 71.4. The new terms included "Containment Berm," "Drilling operations pit," "Emergency Pit," "First stage production sump," "Petroleum material," "Pit," "Pond," "Produced Water," "Second and third stage sump," "Sump," "Tank," "Wastewater separator," and "Well cellar."

On September 26, 1989, Rule 71 was revised to clarify the rule's applicability and add definitions of the new terms used in Rule 71.2 including "Appropriate analyzer," "Automatic Bleeder Vent," "Gasoline," "Leak," "Modified Reid vapor pressure," "Reactive organic compound liquid," "Storage tank," and "Submerged fill pipe."

On September 11, 1990, Rule 71 was revised to incorporate definitions for new terms used in Rule 71.3 including "Bottom-Loaded," "Loading Facility," and "ROC Liquid Delivery Vessel." Additionally, the definition for "Leak" was revised.

On June 8, 1993, Rules 71 and 71.4 were revised to require definitively the covering of "pits" and "ponds" at crude oil pipeline facilities and wastewater treatment plants. This was accomplished by (1) deleting the words "prior to custody transfer" from Section A, Applicability in Rule 71.4 and (2) deleting the phrase "from emergencies and from drilling and petroleum production process" from the definition of "pit" in Rule 71. Additional changes to Rule 71 included adding to the definition of "petroleum material" the sentence: "This definition does not include refined petroleum liquids such as lube oils or gasoline," and adding a definition for "Crude oil" as it appears in Rule 2, definitions.

On December 13, 1994, Rule 71 was revised to include the definitions for new Rule 71.5. The amendments to Rule 71 included definitions for new terms including "Flash tank," "Glycol dehydrator," "Glycol regenerator vent," "Lean glycol," "Natural gas," "Rich glycol," "Separator," and "Smokeless flare."

On May 11, 2021, Rule 71 was revised to add a definition for "Background" to mirror the language used in Rule 74.10. Additionally, "Leak" was redefined to be any major gas leak, minor gas leak, major liquid leak, or minor liquid leak. Definitions were also added for "Major Gas Leak", "Major Liquid Leak", "Minor Gas Leak", and "Minor Liquid Leak" to improve consistency with Rule 74.10.

PROPOSED RULE REVISIONS

Revisions to Rule 71 are being proposed in conjunction with the proposed revisions to Rule 74.10, Components at Crude Oil and Natural Gas Production Facilities, Pipeline Transfer Stations, and Natural Gas Production, Storage and Processing Facilities. The amendments to Rule 74.10 will enhance the existing inspection and maintenance programs to further control emissions of ROCs and methane (CH_4) from leaks. The District was required to review Rule 74.10 by California Assembly Bill 617 (AB 617)¹. Air districts in nonattainment areas are required by AB 617 to adopt an expedited schedule to implement the most current Best Available Retrofit Control Technology (BARCT) emission limits on industrial sources that are subject to the State Cap-and-Trade program.

In addition, the U.S. Environmental Protection Agency (EPA) established Reasonably Available Control Technology (RACT) requirements for the oil and natural gas industry subject to the agency's 2016 Control Techniques Guidelines

(CTG) for the Oil and Gas Industry.² To address the 2016 CTG, the California Air Resources Board (CARB) adopted the Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities Regulation (CARB GHG)³, which establishes methane emission standards for crude oil and natural gas sources. CARB GHG defaults to local air district rules for some categories of emission sources.

The proposed revisions to Rule 71 include the addition of definitions for the terms "Component," "EPA Method 21 Instrument/Instrumentation," "Fitting," "Natural Gas Processing Facility," "Optical Gas Imaging (OGI)," and "Well." Additionally, revisions to existing definitions are proposed for "Crude Oil," "Leak," "Major Gas Leak," "Minor Gas Leak," "Natural Gas," "Produced water," "Separator," and "Sump." These new and revised definitions are proposed to maintain consistency with the proposed revisions to Rule 74.10.

EMISSIONS REDUCTIONS / COST EFFECTIVENESS

Health & Safety Code § 40703 states that the district must consider, and make public, "the cost-effectiveness of a control measure." The costs of the revisions to Rule 71 have been included in the cost effectiveness evaluation for

the proposed changes Rule 74.10 which are proposed at the same time. The incremental cost effectiveness for the amendments to Rule 74.10 and 71 are also included in the staff report for 74.10.

¹ AB 617, Garcia, C., Chapter 136, Statutes of 2017, https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB617

² Control Techniques Guidelines for the Oil and Natural Gas Industry, October 20, 2016, <https://www.epa.gov/sites/default/files/2016-10/documents/2016-ctg-oil-and-gas.pdf>

³ California Code of Regulations, Title 17, Division 3, Chapter 1, Subchapter 10 Climate Change, Article 4, Sub article 13: Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities, October 2018, <https://ww2.arb.ca.gov/sites/default/files/2020-03/2017%20Final%20Reg%20Orders%20GHG%20Emission%20Standards.pdf>

SOCIOECONOMIC IMPACT ANALYSIS

Assembly Bill 2061 (Polanco), which went into effect on January 1, 1992, requires that the Air Pollution Control District Board (APCD Board) consider the socioeconomic impact of any new rule or amendment to an existing rule if air quality or emission limits are affected. The proposed revisions to Rule 71 are not expected to significantly affect air quality in Ventura County. The proposed amendment is

administrative in nature and has no socioeconomic or economic impact on industries.

The proposed revisions to Rule 71 are not based on any AQMP control measure. The amendments are not needed to attain both the state and federal ozone standard or to carry out any other state requirement.

ENVIRONMENTAL IMPACTS OF METHODS OF COMPLIANCE / CEQA

Methods of Compliance

California Public Resources Code § 21159 requires the District to perform an environmental analysis of the reasonably foreseeable methods of compliance if the proposed rule requires "the installation of pollution control equipment, or [specifies] a performance standard or treatment requirement..." The proposed revisions to Rule 71 are administrative in nature and involve no

pollution control equipment. Therefore, an analysis is not required.

CEQA Requirements

Staff has determined that adoption of the proposed revision to Rule 71 is exempt from the requirements of the CEQA under Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that there is no possibility that these changes may have a significant effect on the environment.

ANALYSIS OF EXISTING FEDERAL AND DISTRICT REGULATIONS

California Health & Safety Code Section 40727.2(a) requires districts to provide a written analysis of existing regulations prior to adopting, amending, or repealing a regulation. Section 40727.2(a) states:

"In complying with Section 40727, the district shall prepare a written analysis as required by this section. In the analysis, the district shall identify all existing federal air pollution control requirements, including, but not limited to, emission control standards

constituting best available control technology for new or modified equipment, that apply to the same equipment or source type as the rule or regulation proposed for adoption or modification by the district. The analysis shall also identify any of that district's existing or proposed rules and regulations that apply to the same equipment or source type, and all air pollution control requirements and guidelines that apply to the same equipment or source type and of which

the district has been informed pursuant to subdivision (b)."

The proposed revisions to Rule 71 include no emission control standards; therefore, the

requirements of Health & Safety Code§ 40727.2(a) are satisfied pursuant to Health & Safety Code § 40727.2(g).

MEETINGS AND COMMENTS

Public Workshop – August 29, 2023

A public workshop was held to present the proposed amendments to Rule 74.10 and Rule 71. The focus of the meeting was on the proposed changes to Rule 74.10 as those revisions reflect the most recent BARCT

requirements. The proposed amendments to Rule 71 are administrative in nature and were presented for informational purposes. The public had no comment on the proposed Rule 71 revisions.