Bureau of Land Management

Venting & Flaring

Tribal Outreach

May 7, 2014

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Venting & Flaring Tribal Outreach

Reasons for Considering the Various Options

- NTL-4A doesn't reflect current best management practices.
- Recent OIG/GAO Reports suggest progress can be made to minimize waste and promote conservation of produced gas through better management of venting and flaring.
- EPA New Source Performance Standards (NSPS) require new actions to minimize venting and flaring.

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Process and Application

1. Tribal Outreach designed to begin the dialog with interested parties.
2. More Tribal sessions planned for this month in North Dakota, New Mexico and Washington, DC.
3. The BLM will consider existing Federal, tribal, and state rules and industry best practices.

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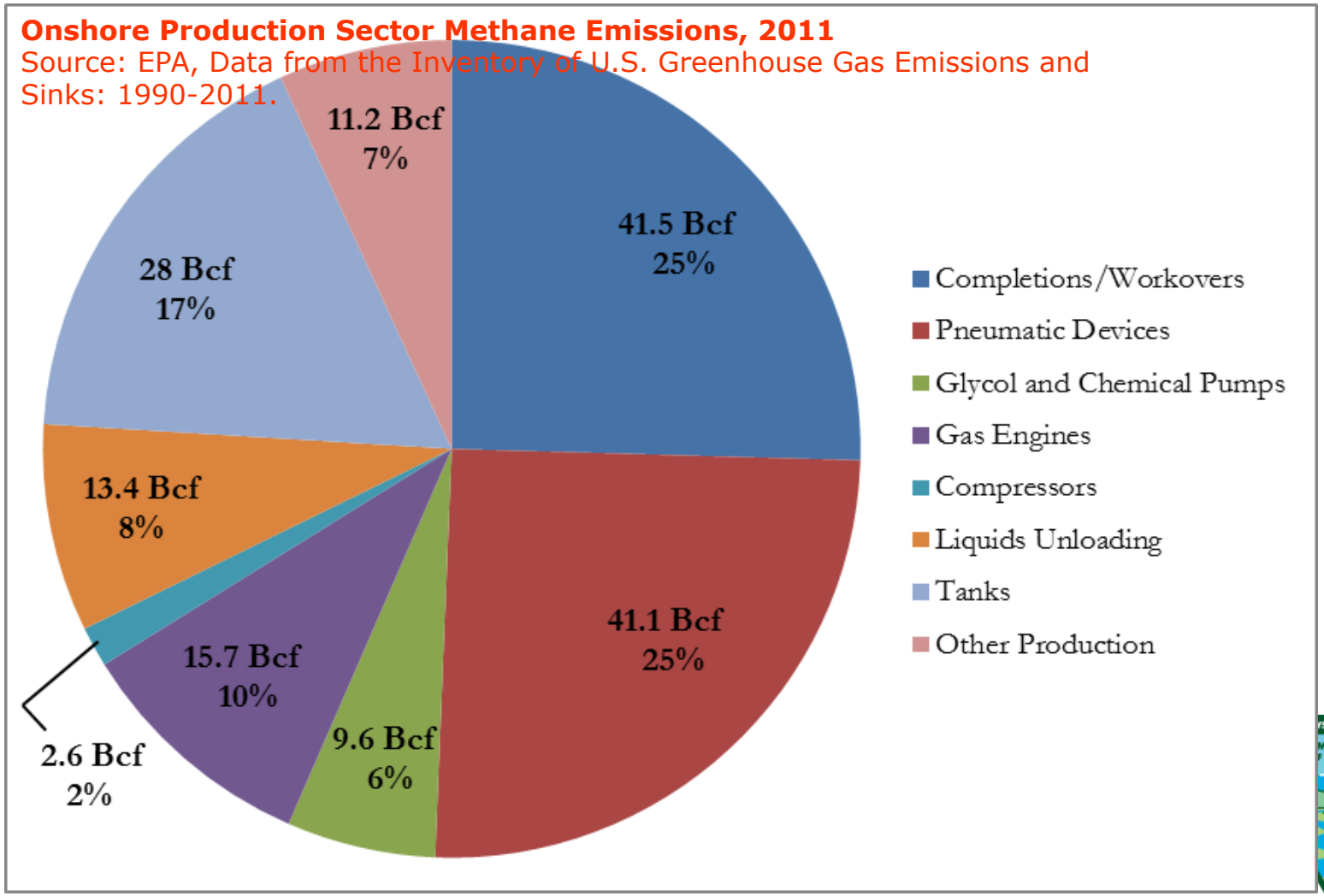
EPA Analysis of Emissions (from all onshore production--not limited to Federal leases)



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Major Topics

- Well completions
- Production tests
- Liquids unloading – Well Purging
- Casing head and associated gases
- Gas conservation plans
- Storage vessel/tank emissions
- Pneumatic devices
- Leak detection and repair

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Ground Rules

- Purpose of the Outreach
  - Solicit views on how to address major topics
  - Not intended to be complete list
  - Keep in mind:
    - Are there others that should be considered?
    - Are some of these unrealistic?
  - We welcome your input (comment period)

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Well Completions

- Defined as:
  - The process to establish production from a well after the production-casing string has been set, cemented, and pressure-tested until the permanent wellhead is installed for production.
- Current BLM policy:
  - "No royalty obligation shall accrue on any produced gas which … is vented or flared with the [Area Oil and Gas] Supervisor's prior authorization or approval during drilling, completing, or producing operations …"

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Well Completions

- Potential options:
  - Place no new requirements on well completions.
  - In certain situations in addition to HF gas wells, consider requirement to:
    - Capture
    - Inject
    - Use
    - Combust
    - Flare

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Production Tests

- Defined as:
  - Tests on an oil or gas well to determine its flow capacity at specific conditions of reservoir and flowing pressures.
- Current BLM policy:
  - Initial Production Test: Venting & flaring authorized up to 30 days or 50 million cubic feet (MMcf) of gas.
  - Evaluation test: Not to exceed 24 hours.

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Production Tests

- Potential options:
  - Extend well completion requirements to production tests.
  - Gas wells: Limit initial well evaluation tests to XX (30) days or XX (20) MMcf of gas and require the use of Best Available Control Technology (BACT).
  - Oil wells: Limit initial well evaluation tests to XX (30) days or XX (10) MMcf of gas.
  - Require operator to be on site during all tests; limit performance tests to the time needed to validate performance.

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Liquids Unloading – Well Purging

- Defined as:
  - Process of opening the well bore to the atmosphere and allowing the reservoir pressure to push the accumulated liquids out of the well bore.
- Current BLM policy:
  - Limits events to 24 hours but does not set cumulative duration limits, i.e., monthly.

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Liquids Unloading – Well Purging

- Potential options:
  - Operator must first attempt to unload liquids without venting.
  - Requiring operator to be on site during the treatment.
  - Must record cause, date, time and duration of the event.
  - Opening well bore to atmosphere as a last resort.
  - For new wells, if and when liquids unloading is necessary, a method other than well purging must be employed.
  - Establish lower cumulative duration limits.

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Casinghead and Associated Gases

- Defined as:
  - The natural gas that is produced from an oil well and is either sold, re-injected, used for production purposes, vented (rarely), or flared, depending on whether the well is connected to a gathering line.
- Current BLM policy:
  - Require operators to receive approval to flare casinghead gas.
  - The BLM considers the total leasehold production (including both oil and gas) as well as the economics of the field-wide plan.

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Casinghead and Associated Gases (1 of 2)

- Potential options:
  - Establish a clear and rigorous economic test that *may* include:
    - Specific rate of return and/or discount rate;
    - Define specific pay-out criteria;
    - Field-wide economics for gas capture and transportation regardless of operator;
  - Consider gas combustion efficiency standard.

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Casinghead and Associated Gases (2 of 2)

- Potential options:
  - If gas conservation is not economic:
    - An operator may only flare with an approved Application to Flare
    - Consider whether the approvals should be valid for a fixed time period and/or consider limitations to the approval term.
    - If valid for a fixed time, subsequent Applications to Flare must have a revised economic analysis that reflects any changes in conditions.
    - When new wells are added to a field that the economics are re-evaluated.

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Gas Conservation Plan

- Defined as:
  - An action plan that eliminates or minimizes venting or flaring of the gas from oil wells.
- Current BLM policy:
  - An action plan that will eliminate venting or flaring of the gas within one year from the date of application.
  - Royalty free during implementation of plan

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Gas Conservation Plan (1 of 2)

- Potential options:
  - With an operator's commitment to install gas gathering infrastructure, then flaring is authorized during the construction time.
  - Restrict number of extensions allowed for approval of flaring.
  - If gas conservation is economic and the infrastructure is not in place, an operator may only flare under an approved Gas Conservation Plan.

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Gas Conservation Plan (2 of 2)

- Potential options:
  - In cases where gas recovery is clearly economic, refine definition of unavoidably lost gas to a fixed time period (causing gas to become royalty bearing thereafter).
  - Conditionally approve APDs if it is clear there will be gas, but infrastructure will be ready 'soon' (i.e. 90 days, 180 days, one year).

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Storage Vessel/Tank Emissions

- Defined as:
  - Gas vapors lost from storage tanks on lease.
- Current BLM policy:
  - Gas vapors released from storage tanks to be unavoidably lost and not royalty-bearing unless the Authorized Officer requires recovery.

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Storage Vessel/Tank Emissions

- Potential options:
  - New wells: Require the capture or combustion of gas vapors from certain tanks.
  - Existing wells: Install combustors or equivalent device for storage vessels with emissions potential greater than X(?) tons per year of volatile organic compounds.
  - Is there another threshold or throughput equivalent that might work better? Safety-related threshold?

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Pneumatic Devices

- Defined as:
  - Devices powered by pressurized natural gas as liquid level controllers, pressure regulators, and valve controllers and other similar devices.
- Current BLM policy:
  - Gas used to power pneumatic devices (regardless of bleed rate) is considered used on lease and not royalty-bearing.

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Pneumatic Devices

- Potential options:
  - New (or replacement) devices: NSPS controls.
  - Existing devices: Requiring replacement of existing pneumatic devices if the cost of replacement, when considering the following, is consistent with economic operation:
    - (a) the reduction in bleed rate,
    - (b) cost of replacement equipment/installation
    - (c) the price of natural gas and
    - (d) the rate and extent of recovery of cost through additional gas capture.
  - How would this be administered?

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Leak Detection and Repair

- Defined as:
  - Programs to identify and repair leaks to reduce gas loss from lease operations.
- Current BLM policy:
  - Does not have a leak detection/monitoring standard.

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Leak Detection and Repair

- Potential options:
  - Operators' periodic inspection of facilities to identify and repair leaks.
  - What threshold might be used to determine which leaks require repair?

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Next Steps

- Comments from Session accepted until May 30
  - Email comments to: BLM_WO_OG_Comments@blm.gov
- Additional Outreach Sessions
  - Three planned
    - Dickinson, ND on May 9
    - Albuquerque, NM on May 7
    - Washington, DC on May 15 (Live streamed)
- See website: *Public Events on Oil and Gas*
  - Under the **Energy** or **Oil & Gas** tabs
  - www.blm.gov/wo/st/en/prog/energy/public_events_on_oil.html

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Questions?

Email comments to:

BLM_WO_OG_Comments@blm.gov

tspisak@blm.gov – 202-912-7311