

EXEC REPORT

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EPA Holds Public Hearing Today On Air Emissions

Texas Alliance of Energy Producers led a group of producers making presentations at a hearing conducted by the Environmental Protection Agency (EPA) today (Monday, August 2) in Arlington regarding air emissions from natural gas facilities. Alliance Executive Vice President **Bill Stevens** made a formal presentation on behalf of the 3,349 members of the Alliance.

EPA's recent action to take over air permitting from the State of Texas has the exploration and production sector of the industry concerned. "These refineries are critical to producers and consumers," Stevens said. "Loss of refining capacity because of air quality regulations will be devastating to Texas producers."

TCEQ Proposes Changes For Oil And Gas Facilities

The Texas Commission on Environmental Quality (TCEQ) on July 28 formally proposed new rules that will amend the regulations that govern oil and gas facility equipment. The proposal opens the Permit by Rule (PBR) and Standard Permit package for formal comments from the public and other stakeholders. The rule proposal updates administrative and technical requirements, and includes enforceable monitoring, sampling, and record keeping requirements.

The TCEQ recently completed phase one of its special inventory to determine the location, number, and type of emissions sources located at upstream and midstream oil and gas operations within the Barnett Shale formation. The TCEQ has received special inventory data from companies that account for more than 99 percent of the 2009 production in the Barnett Shale formation. Phase two will begin this summer, and it will require data on actual emissions, emissions sources, proximity to nearest off-site receptor, existing authorizations, and other information.

For a copy of the proposed changes (Chapter 106 is 169 pages and Chapter 116 is 33 pages), go to <http://www.tceq.state.tx.us/rules/prop.html>. Comments are due by September 17. A public hearing will be held on September 14.

Senate Scheduled To Vote On Energy Bill Wednesday

Senate Majority Leader **Harry Reid** introduced a limited energy bill on Wednesday, July 28, and he has planned a vote on the floor of the Senate on Wednesday, August 4. If passed, the bill would: (1) increase the \$75 million cap on economic damages for offshore incidents; (2) increase the tax on domestic oil from \$0.08/barrel to \$0.45/barrel (Oil Spill Liability Trust Fund); (3) complete disclosure of chemicals used in hydraulic fracturing; (4) government funding (\$3.8 billion) to convert large trucks to run on natural gas and natural gas refueling stations. The bill does not include repeal of percentage depletion, expensing of IDCs and implementation of a cap-and-trade scheme.

U.S. House Narrowly Passes Bill That Repeals Liability Cap

On Friday, July 30, the House passed the Consolidated Land, Energy, and Aquatic Resources Act (HR 3534) by a vote of 209 to 193. The bill's provisions include (1) repeal of \$75 million cap on offshore spill liability and replaced with unlimited liability exposure; (2) sets minimum standards for blowout preventers; (3) approves the reorganization of the Minerals Management Service; (4) establishes requirements for new third-party certification and oversight; and (5) creates an annual conservation fee for all oil and natural gas leases on federal lands (\$2/bbl & \$0.20/mmBtu).