

Memorandum

TO: Coal Bed Methane Portable Generator Owner/Operators

FROM: Dan Olson, Administrator Air Quality Division

DATE: April 25, 2001

RE: Followup to March 16, 2001 meeting with portable generator committee.

We made some progress on March 16. Most of it related to educating the Division on how things really work in the field, articulating some lingering concerns about what happens to equipment already in the inventory, and exchanging thoughts about what terms like owner/operator and temporary mean.

Even though we have received information from some owner/operators, we still don't know how big the inventory is. As has been stated before, that number defines the problem and dictates the possible solutions as well. I was told at the March 16 meeting that there was a reluctance on the part of some owners to provide information that was being requested. There was a fear that significant investments might be put at risk. Something like "If he knows what we have its easier for him to shut us down than if he has to find them". I'll admit that the first communication on this subject last December was unclear as to our intentions and resulted in concerns that apparently still linger. However, I thought the Gillette meeting was more successful. We tried to assure everyone that our intent was to reach a solution and get everyone in compliance with the regulations as far as existing equipment was concerned while at the same time getting "buy in" with our concerns and the concept that new equipment should be more environmentally friendly than uncontrolled diesel. We also started talking about an "application shield" and more recently the term "amnesty" has been mentioned. Perhaps it will settle some concerns if I expand a little on what these terms mean to me.

Application Shield - Normally when the Division receives an application we acknowledge the receipt, do an analysis, perhaps a public notice, and issue a permit (or a waiver). A waiver does not require a public notice, however a permit does. This process can take anywhere from 30 to 120 days depending on the end result - waiver or permit. Wyoming regulations require that a permitting determination (waiver or permit) be made on any activity that releases contaminants into the air before that activity is constructed or operated. We realize that CBM activities, like many traditional oil&gas production activities, can't operate within a very narrow interpretation of the procedural requirements of the regulation. Consequently, we have in other instances developed guidance and procedures that satisfy the *intent* of the law, rather than the *letter* of the law, while allowing industry to proceed with business. Our intent is to do the same with this issue. With that introduction, what is meant by application shield is simply this: Any owner/operator who provides the Division the requested information (the application) can continue doing business as usual with that piece of equipment until such time as we formally define guidance and implement procedures on how we collectively will deal with this issue. The definition will result from coordination with the industry representatives on the generator committee as well as consultation with the Air Quality Advisory Board.

The information that we are requesting on the single page standard AQD form, AQD-GEN1, will be considered a formal application. The form has been updated and posted on the Division's Web Site. Please use this form to submit your information. The owner of the generator is responsible for submitting information to the Division on the generator, regardless of who is using it or where it is being

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used. To prevent duplication, each engine will be assigned an identifier during the permitting process. The identifier will be cross referenced with the engine serial number. Verification of the generator identification number and serial number will be made on a case-by-case basis during field inspections, when such inspections occur.

We would expect all forms to be submitted by June 1, 2001. Those generators purchased prior to February 22, 2001, for which forms are submitted by June 1st, will be shielded from enforcement action for violation of permitting requirements until Division policy on the generators is formalized. This notice is being placed on the Division's Web Site and distributed to PAW, the Division's mailing list, and the Portable Generator Committee.

Amnesty - This term, I think, is referring to the fact that there is an existing fleet of diesel generators out there of varying age, with varying useful lifetimes left, and whose useful lifetimes might even be extended by relatively minor maintenance. The bottom line is - What happens to my investment? This is a fair question and one that deserves an answer. Unfortunately this is also a chicken or the egg question. I need to know more about what is out there before I can give a positive response. I will say, however, that I think I'm more concerned about the future than the present. That I would like to minimize the inflow of more high emitting new engines into the area, while dealing with those that currently exist in a fair and reasonable manner. As to what is fair and reasonable - that is an issue we can discuss and come to agreement on as we go through this process.

I hope this discussion will put some fears of a heavy-handed regulator running amok to rest. We are not interested in punishing folks for not following the letter of the law to this point, causing economic hardship, or overwhelming everyone (us included) with unnecessary bureaucratic paperwork. We are interested in protecting Wyoming's air resource as much as we are able, and having our industry remain viable while operating in compliance with Wyoming's environmental law. That's our bottom line.