


To: Jim Provenza, Chair  
and Members of the Board of Directors

From: Mat Ehrhardt, P.E., Executive Director/APCO 

Date: July 14, 2021

**Subject: Regulation of Natural Gas Production**

Recommended Action

This is an informational report only.

Background

Natural gas production is a source of methane, a greenhouse gas, and VOC emissions in the Air District. The California Air Resources Board (CARB) adopted the Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities, effective October 2017, in order to reduce emissions of methane, a greenhouse gas from oil and gas production and storage facilities. On January 10, 2018 the Board authorized the APCO to enter into a MOA with CARB to accept grant funding to implement the regulation on behalf of CARB. Subsequently a public hearing was held on October 9, 2019 to adopt District Rule 3.26, Oil and Gas Registration.

Since adoption of Rule 3.26, District staff have worked with natural gas producers and operators of the Pleasant Creek Natural Gas Storage Facility to register the facilities with the California Air Resources Board, meet regulatory equipment standards, and perform regular leak inspections on their equipment. District Staff regularly review leak detection reports for all registered facilities and inspect those facilities with stationary source permits. Ongoing goals for this program are to perform regular inspections on all natural gas production facilities within the District, including those facilities with inactive, or non-producing, natural gas wells. Future changes to CARB's Oil and Gas Regulation and to EPA's New Source Performance Standards (NSPS) for the Oil and Natural Gas Industry may require that the District Oil and Gas program be updated.

Recently, substantial public focus has been directed towards leaking natural gas wells, specifically those deemed orphan wells. Orphan natural gas wells are those with no responsible party or those that have been abandoned by the responsible party. Access to these types of wells in order to perform leak detection can be difficult for District Staff, as they often require obtaining permission from the property owner. In most cases, orphan wells will require intervention from the California Geologic Energy Management Division (CalGEM) in order to properly plug and abandon the well. While there are currently no orphan wells located within the District, CalGEM may deem wells to be orphaned when operators become nonresponsive.