

CARB Approves New Emissions Regulations

On March 23, 2017, the California Air Resources Board (CARB) approved new regulations on greenhouse gas emissions from oil and natural gas production and storage facilities. The regulations, which focus on methane emissions, represent the most aggressive effort by any U.S. jurisdiction to regulate greenhouse gas emissions from oil and natural gas production.

The regulations will apply to both new and existing oil and gas production facilities and are generally more stringent and broader than the federal requirements enacted by the outgoing Obama administration. Facilities covered by the rule will include:

- Oil and Gas Production, Processing, and Storage
- Gathering and Boosting Stations
- Natural Gas Underground Storage
- Compressor Stations

The new regulatory requirements will take effect as soon as January 1, 2018. Programs identified for early implementation include:

- Flash testing to determine annual methane emissions from separator and tank systems
- Leak Detection and Repair (LDAR) requirements, including daily leak inspections and quarterly testing to check components for leaks
- Monitoring requirements for underground natural gas storage
- Registration and permitting of covered sources

Additional requirements will take effect in 2019 and 2020. The regulations allow for implementation either by CARB or by local air districts. CARB is encouraging implementation at the air district level and has developed a model agreement to facilitate the coordination of enforcement efforts.

The regulations will increase operating costs for oil and gas companies operating in California and may require capital expenditures on new emission control systems for some operators. Given the relatively short timeline for implementing the regulations, affected companies should move quickly to ensure they can meet the deadlines for compliance.

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