

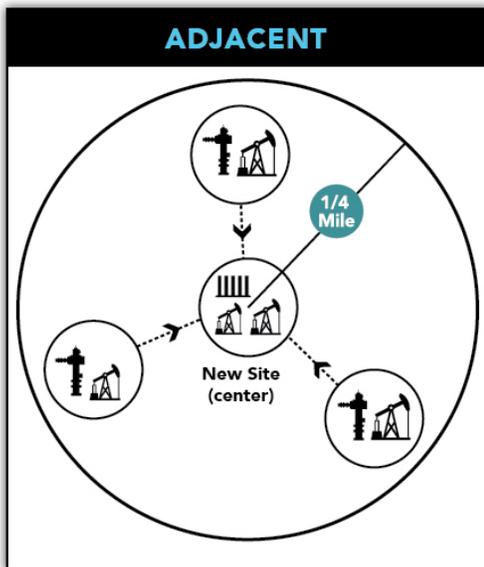
Clarification of Air Permitting Rules for the Oil and Gas Industry: Fact Sheet

Summary of Action

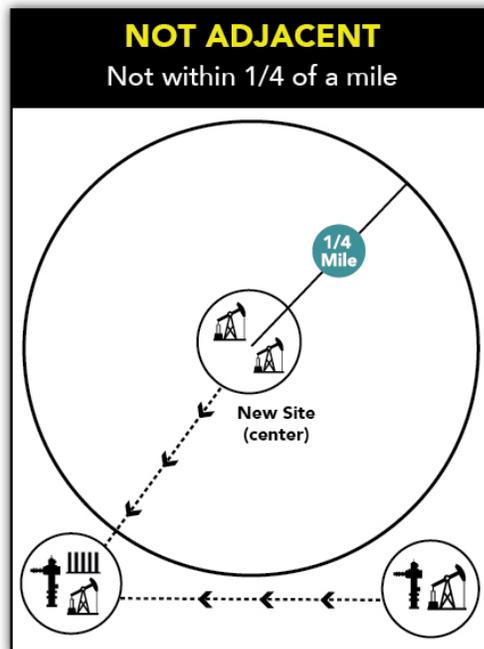
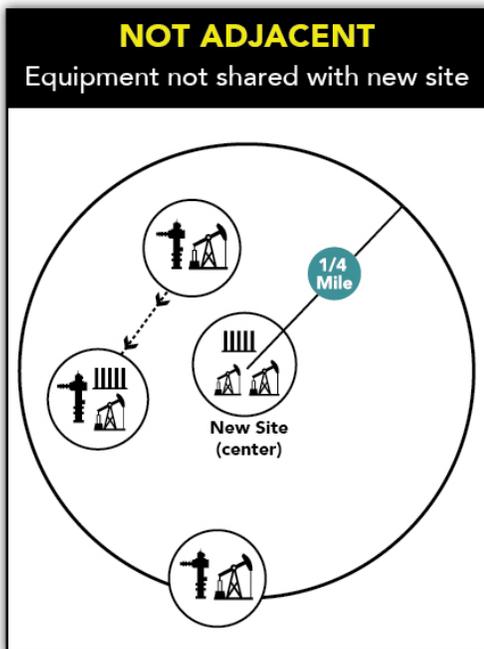
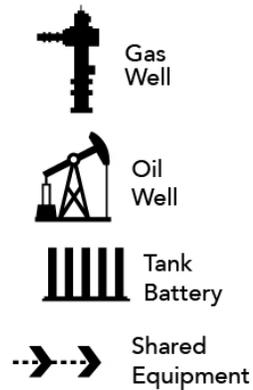
- On May 12, 2016, the U.S. Environmental Protection Agency (EPA) issued a final rule to clarify the agency's air permitting rules as they apply to the oil and natural gas industry. The clarifications are part of a package of final rules that together will reduce emissions of methane and smog-forming volatile organic compounds (VOCs) from new and modified oil and gas sources, while providing greater certainty about Clean Air Act permitting requirements for industry.
- The final "Source Determination Rule" clarifies when oil and gas equipment and activities must be deemed a single source when determining whether major source permitting programs apply. The programs are the Prevention of Significant Deterioration (PSD) and Nonattainment New Source Review preconstruction permitting programs, and the Title V Operating permits program.
- By defining the term "adjacent," the rule specifies that equipment and activities in the oil and gas sector that are under common control will be considered part of the same source if they are located near each other – specifically, if they are located on the same site or on sites that share equipment and are within ¼ mile of each other. EPA previously addressed this definition through policy interpretation and guidance.
- EPA uses three key factors to determine whether a source needs a permit and the type of permit required. The factors are whether equipment and activities are:
 - In the same industrial grouping (defined by standard industrial classification code, or "SIC code"),
 - Under the control of the same person/people, and
 - Located on contiguous or adjacent properties.
- The final rule applies to equipment and activities used for onshore oil and natural gas production, and for natural gas processing. It does not apply to offshore operations.
- The following graphic provides simplified examples of when activities and equipment would be considered adjacent, or not adjacent under the final rule.

Adjacent Equipment in the Oil and Gas Industry: Simplified Examples

New or modified equipment/activities are "adjacent" if they are on the same site, or on sites that share equipment and are within 1/4 mile of each other.



LEGEND



About EPA's Air Permitting Programs

- New Source Review is a Clean Air Act program that requires industrial facilities to install modern pollution control equipment when they are built or when they make a change that would result in a significant emissions increase. The program accomplishes this by requiring owners or operators to obtain permits that limit air emissions before they begin construction. For that reason, NSR is commonly referred to as the “preconstruction permitting program.”
- The purpose of the NSR program is to protect public health and the environment, even as new industrial facilities are built and existing facilities expand. Specifically, its purpose is to ensure that air quality:
 - Does not worsen where the air is currently unhealthy to breathe (nonattainment areas), and
 - Is not significantly degraded where the air is currently clean (attainment areas).
 - The program also requires that the most effective pollution controls be considered when new sources of pollution are built or sources are modified.
- Permits in nonattainment areas are known as NNSR permits; permits in attainment areas are known as PSD permits. PSD and NNSR permits often are issued by state or local permitting agencies.
- Title V operating permits are legally enforceable documents that permitting agencies issue to pollution sources after the source has begun to operate. These permits are designed to improve compliance by clarifying what facilities (also called “sources”) must do to control air pollution. Title V permits include both federal and federally enforceable state regulations that apply to a particular source.

More Information

- To read the final Source Determination rule, along with other rules for the oil and gas industry, visit <https://www3.epa.gov/airquality/oilandgas/actions.html>
- For information on the New Source Review permitting program, see <https://www.epa.gov/nsr>
- Information on the Title V Operating Permits program is available at <https://www.epa.gov/title-v-operating-permits>