

**OIL AND NATURAL GAS EXPLORATION AND PRODUCTION FACILITIES  
AUDIT PROGRAM AGREEMENT**

BETWEEN THE

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

AND

**[COMPANY]**

**I. INTRODUCTION**

1. Environmental auditing plays a critical role in protecting human health and the environment by identifying, correcting, and preventing Violations of environmental laws and regulations.
2. The oil and natural gas exploration and production sector is a dynamic energy-producing industry. Auditing oil and natural gas exploration and production facilities' compliance with environmental laws and regulations is a key way in which oil and natural gas exploration and production companies can help ensure responsible domestic energy production.
3. Concerning [COMPANY'S] oil and natural gas exploration and production facilities in [DESCRIBE FACILITIES' GEOGRAPHIC LOCATION(S)] and listed in Appendix E (Oil and Natural Gas Exploration and Production Facilities Subject to Agreement), [COMPANY] and the United States Environmental Protection Agency (EPA) hereby agree that [COMPANY] shall conduct a self-audit of such Facilities for compliance with the Clean Air Act (Act), its implementing regulations, and federally-approved and -enforceable requirements of applicable State Implementation Plans (SIPs), Federal Implementation Plans (FIPs), or Tribal Implementation Plans (TIPs), including permit requirements and permits, as set forth below (Audit Program). This Audit Program Agreement shall govern the Audit Program.

**II. AUDIT PROGRAM AGREEMENT TERMS**

***Audit Program***

4. After consultation with EPA, [COMPANY] shall conduct an Audit of its Facilities' compliance with agreed upon provisions of the Clean Air Act, its implementing regulations, and federally-approved and -enforceable requirements of applicable SIPs, FIPs, or TIPs, including permit requirements and permits. At a minimum, [COMPANY] shall complete the requirements in Appendix B. The benefits of this Agreement shall only extend to those Facilities listed in Appendix E that [COMPANY] audits pursuant to this Agreement.

### ***Covered Facilities***

5. The Audit Program shall cover the Facilities listed in Appendix E. Should [COMPANY] sell or otherwise Transfer ownership of a Facility or a subset of Facilities listed in Appendix E without completing all Audit Program requirements under this Agreement for the Transferred Facility (or Facilities), including the requirements of Section III and Appendix B, [COMPANY] shall notify EPA as set forth in Section VI and Appendix C.
6. Should [COMPANY] acquire oil and natural gas exploration and production facilities after the Effective Date that it wishes to include in the Audit Program and Agreement, [COMPANY] must notify EPA in writing of [COMPANY'S] intent to expand the Audit Program and Agreement to include the additional facilities within three months of the date of acquisition of the additional facilities. This written notification must be submitted by email to the EPA Technical and Legal Contacts listed in Paragraph 25. The additional facilities will be considered covered by the Audit Program and Agreement unless EPA denies the proposed expansion within 45 Days of receiving [COMPANY'S] written notice.

### ***Schedule***

7. The period for conducting the Audit Program's Audits, and discovering and correcting Violations, shall end [SPECIFIED TIME PERIOD] from the Effective Date. Detailed timeframes for specific Audit Program obligations are contained in Paragraphs 8, 9, 10, 11, and 18, and Appendices B (Vapor Control System Engineering and Design Analysis, Field Survey, and Corrective Action Guidelines) and C (Audit Program Reporting and Recordkeeping Requirements).

### ***Corrective Actions***

8. *Violations Discovered by Completing Appendix B Requirements.* [COMPANY] shall complete the requirements of Appendix B, correct each Violation identified through the Appendix B requirements, and shall take steps necessary to prevent the recurrence of each Violation identified through the Appendix B requirements within 180 Days of discovery. In those instances where [COMPANY] is unable to correct a Violation within this 180-Day timeframe, it shall request an extension of time from EPA in writing before the expiration of the initial 180-Day correction timeframe and provide a revised correction schedule for that Violation, accompanied by a justification for the revised correction schedule. An extension request must be submitted by email to the EPA Technical and Legal Contacts listed in Paragraph 25. Any extension of the 180-Day correction timeframe shall be subject to EPA's approval, which shall not be unreasonably withheld.
9. *Violations Discovered Outside of Completing Appendix B Requirements.* [COMPANY] shall correct each Violation and shall take steps necessary to prevent the recurrence of each Violation within 60 Days of discovery. In those instances where [COMPANY] is unable to correct a Violation within this 60-Day timeframe, it shall request an extension of time from

EPA in writing before the expiration of the initial 60-Day correction timeframe and provide a revised correction schedule for that Violation, accompanied by a justification for the revised correction schedule. An extension request must be submitted by email to the EPA Technical and Legal Contacts listed in Paragraph 25. Any extension of the 60-Day correction timeframe shall be subject to EPA's approval, which shall not be unreasonably withheld.

10. *Immediate and Substantial Endangerment to Public Health or Welfare, or the Environment.* If [COMPANY] discovers a condition(s) that may present an immediate and substantial endangerment to public health or welfare, or the environment, at a Facility (or Facilities), notwithstanding any other language in the Agreement to the contrary, [COMPANY] agrees to address these conditions at all Facilities as expeditiously as possible and promptly take action as may be necessary to protect public health, welfare, and the environment. In addition to [COMPANY'S] existing reporting obligations related to any release of pollutants (e.g., notice to the National Response Center, State Emergency Response Commission(s), Tribal Emergency Response Committees, and Local Emergency Planning Committee(s)), [COMPANY] shall notify EPA (initial notice may be oral) of the condition(s) within 24 hours of discovery of the condition(s), and shall inform EPA in writing within five business days of discovery of proposed remedial action(s) [COMPANY] plans to take and a schedule for performing them.

### ***Reporting and Recordkeeping Requirements***

11. [COMPANY] shall submit required reports and maintain records pursuant to Appendix C.

## **III. GENERAL PROVISIONS**

12. This Agreement and a final EPA determination (Final Determination) in this matter—e.g., a Notice of Determination—issued after [COMPANY'S] completion of the Audit Program and submission of its Final Report shall be the complete resolution of all civil penalty claims for violations of the Clean Air Act (Act), its implementing regulations, and the federally-approved and -enforceable requirements of applicable SIPs, FIPs, or TIPS, including permit requirements and permits, that are timely corrected and disclosed in [COMPANY'S] Final Report to EPA. However, compliance with this Agreement and a subsequently-issued Final Determination shall not be a defense to any actions that EPA may subsequently commence pursuant to federal law, federal regulation, and federally-approved and -enforceable state requirements or authorized program requirements with respect to any Violations that are not timely corrected and disclosed to EPA pursuant to this Agreement. This Agreement and a subsequently-issued Final Determination does not resolve any criminal liability.
13. For purposes of this Agreement, without a trial, administrative hearing, or any adjudication of facts, [COMPANY] admits that EPA has jurisdiction over the subject matter of the terms of this Agreement and any materials submitted to EPA pursuant to this Agreement.

14. [COMPANY] waives any right to contest the Final Determination in a judicial or administrative hearing.
15. [COMPANY'S] disclosure and correction of Violations pursuant to this Agreement shall not constitute an admission of any Violation of the Clean Air Act, its implementing regulations, and federally-approved and -enforceable requirements of applicable SIPs, FIPs, or TIPs for purposes of this Agreement, a subsequently issued Final Determination in this matter, or any other civil, criminal, or administrative proceeding. In consideration of the terms of this Agreement and to resolve any disclosed Violations of the Clean Air Act, its implementing regulations, and federally-approved and -enforceable requirements of applicable SIPs, FIPs, or TIPs, including permit requirements and permits, that [COMPANY] reports to EPA in a Final Report pursuant to Appendix C, Paragraph 3, [COMPANY] agrees to conduct the corrective actions in accordance with Section II and Appendix B.
16. *Authority of Signatories.* The signatories to the Agreement represent that they have the authority to bind the Parties.
17. *Modification.* This Agreement may be modified only by a writing signed by all Parties to the Agreement.
18. *Transferability.* At least 30 Days prior to (a) any proposed transfer of ownership or operation of a Facility or (b) any proposed transaction in which [COMPANY] would sell more than 50 percent of the equity interest in a business that owns or operates a Facility, [COMPANY] shall provide EPA with written notice of the prospective Transfer. After the submission to EPA of the foregoing notice, [COMPANY] and its transferee may jointly request in writing that EPA either: (a) transfer this Agreement in whole and without amendment or modification to the transferee and release [COMPANY] from any remaining obligations under this Agreement; or (b) transfer this Agreement in relevant part without amendment or modification to the transferee, and amend Appendix E to this Agreement to remove those Facilities that have been included in the transferee's Agreement. EPA's agreement to the joint request shall not be unreasonably withheld or denied.
19. *Costs.* The Parties shall bear their own costs of this Agreement, including attorneys' fees.

#### **IV. EFFECT OF AGREEMENT – RESOLUTION OF LIABILITY FOR DISCLOSED AND CORRECTED VIOLATIONS**

20. After [COMPANY'S] submission of the Final Report, EPA will determine the specific Violations that occurred and assess which were satisfactorily corrected. Pursuant to this Audit Program and as an exercise of its enforcement discretion, EPA will then resolve [COMPANY'S] civil penalty liability for the disclosed Violations that are satisfactorily corrected consistent with this Agreement's requirements by not imposing a civil penalty for those disclosed and satisfactorily corrected Violations. EPA will memorialize the disclosed

and satisfactorily corrected Violations that satisfy the terms of this Agreement in a Final Determination.

21. EPA reserves its right to proceed against [COMPANY] for all Violations outside the scope of this Agreement. EPA reserves its right to proceed against [COMPANY] for all Violations within the scope of this Agreement that are not satisfactorily—which includes timely—corrected and disclosed consistent with this Agreement’s requirements. Should EPA receive information that proves or demonstrates that the facts are other than as certified by [COMPANY] in its Final Report, the portion of this Agreement pertaining to the affected Facilities, including the Final Determination and resolution of [COMPANY’S] civil penalty liability, may be voided, or this entire Agreement may be declared null and void at EPA’s election, and EPA may proceed with an enforcement action. In any enforcement action regarding Violations described above in this Paragraph, EPA may enforce applicable provisions of the Clean Air Act, its implementing regulations, federally-approved and -enforceable requirements of applicable SIPs, FIPs, or TIPs, and any other applicable environmental laws, regulations, and permits for which EPA has authority to enforce.
22. Any Violation that [COMPANY] could have identified and disclosed pursuant to this Agreement and did not do so shall not be considered a Violation of this Agreement, but will be an actionable Violation of the Act, its implementing regulations, or the federally-approved and -enforceable requirements of the applicable SIP, FIP, or TIP, including permit requirements and permits, for which EPA may bring a claim or cause of action in accordance with applicable laws and regulations.
23. *Compliance with Applicable Statutory, Regulatory, and Permitting Requirements.* Neither the existence of, nor compliance with, this Agreement relieves [COMPANY] of its obligation of continued compliance with the Act, its implementing regulations, the federally-approved and -enforceable requirements of applicable SIPs, FIPs, TIPs, and any federal and state permits covered by this Agreement, and all other federal, state, tribal, and local laws and regulations.

## V. NOTIFICATIONS

24. [COMPANY’S] Semi-Annual and Final Reports required by Appendix C of this Agreement shall be certified by a responsible [COMPANY] corporate official. The responsible corporate official’s certification statement shall be in the following form:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing Violations.

The responsible corporate official's statement shall also include the date, and the official's name, signature, and title.

25. Except where otherwise provided in this Agreement, whenever this Agreement requires [COMPANY] to give notice or submit reports, information, certifications, or documents (collectively information), the information shall be submitted to the following:

[EPA TECHNICAL CONTACT]

and

[EPA LEGAL CONTACT]

26. Unless otherwise provided in this Agreement, whenever this Agreement requires EPA to provide [COMPANY] with information, the information shall be submitted to the following:

[COMPANY TECHNICAL CONTACT]

and

[COMPANY LEGAL CONTACT]

27. *Notification to State Environmental Agencies.* EPA will notify appropriate state environmental agencies of Violations disclosed and corrected pursuant to this Agreement.

## **VI. INTEGRATION / HEADINGS**

28. This Agreement and its Appendices constitute the final, complete, and exclusive agreement and understanding among the Parties with respect to the requirements embodied in this Agreement. The Parties acknowledge that there are no representations, agreements, or understandings relating to the Agreement other than those expressly contained in this Agreement.
29. Headings to the sections, subsections, paragraphs, and subparagraphs of this Agreement are provided for convenience and do not affect the meaning or interpretation of the Agreement's provisions.

## **VII. APPENDICES**

30. The following Appendices are attached to, incorporated by reference, and considered part of this Agreement:
- A. Definitions;

- B. Vapor Control System Engineering and Design Analysis, Field Survey, and Corrective Action Guidelines;
- C. Audit Program Reporting and Recordkeeping Requirements;
- D. Audit Program Reporting Template; and
- E. [COMPANY] Oil and Natural Gas Exploration and Production Facilities Subject to Agreement.

WE, THE UNDERSIGNED, HEREBY AGREE TO BE BOUND BY THIS AGREEMENT:

For [COMPANY]:

\_\_\_\_\_  
[Name]  
[Title]  
[COMPANY]  
[Street]  
[City, State, Zip]

Date: \_\_\_\_\_

For the United States Environmental Protection Agency:

\_\_\_\_\_  
[Name]  
[Title]  
[Division/Office]  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, D.C. 20460

Date: \_\_\_\_\_



## APPENDIX A

### DEFINITIONS

For purposes of this Agreement, every term expressly defined in this Appendix shall have the meaning given that term herein. Every other term used in this Agreement that is also defined in the Clean Air Act (Act), 42 U.S.C. §§ 7401-7671q, the Act's implementing regulations, or in the federally-approved and -enforceable provisions of the applicable SIPs, FIPs, or TIPs shall mean in this Agreement what the term means under the Act, the implementing regulations, or the federally-approved and -enforceable provisions of the applicable SIPs, FIPs, or TIPs. In the case of a conflict between federal and state definitions, federal definitions shall control.

1. *Agreement* means the Oil and Natural Gas Exploration and Production Facilities Audit Program Agreement between the U.S. Environmental Protection Agency and [COMPANY].
2. *Audit* means a systematic, documented, and objective review by a regulated entity of facility operations and practices related to meeting environmental requirements.
3. *Closed Loop Design Guideline* means engineering design methods, equations, and information used to properly design, install, and optimize a Closed Loop Vapor Control System, including the control device(s) and vapor recovery unit. The Closed Loop Design Guideline incorporates equipment's operational parameters (e.g., manufacturer specifications) and the design of the Vapor Control System.
4. *Closed Loop Vapor Control System* means a Vapor Control System equipped with feedback control loops that continuously measure, control, and record pressure in the Tank System or tanks within the Tank System by controlling the production equipment upstream of the Tank System. A Closed Loop Control System automatically regulates hydrocarbon flow to the Tank System, thereby controlling the vapor flow rate, duration, and frequency to maintain Vapor Control System pressure below the Leak Point of the Vapor Control System pressure relief device(s) as described in the Closed Loop Design Guideline.
5. *Compromised Equipment* means equipment associated with a Vapor Control System that is beginning to show signs of wear beyond normal wear, and that cannot be addressed by cleaning the equipment. Examples include, but are not limited to, cracks or grooves in gaskets, abnormally or heavily corroded equipment, and beveling or other indications of inefficient connection of the thief hatch to the tank.
6. *Day* means a calendar day.
7. *Effective Date* means the date on which EPA signs this Agreement.

8. *Facility or Facilities* means the oil and natural gas exploration and production assets or well sites, including Vapor Control Systems and Tank Systems, that are subject to this Agreement and listed in Appendix E.
9. *IR Camera* means an optical gas imaging infrared camera designed for, and capable of, detecting hydrocarbon and VOC emissions.
10. *IR Camera Inspection* means an inspection of a Vapor Control System using an IR Camera that is conducted by trained personnel who maintain proficiency through regular use of an IR Camera.
11. *Leak Point* means the lowest pressure at which emissions are released from any pressure relief devices, including thief hatches, on a Vapor Control System. The Leak Point may be determined by measurement of the Vapor Control System pressure during pressurization of the Vapor Control System, noting the lowest pressure at which emissions are observed from any Vapor Control System pressure relief device during the field survey. For purposes of establishing the Leak Point for a Closed Loop Control System, the value of the Leak Point must not exceed the lowest rated pressure at which any Vapor Control System pressure relief device is designed to open or relieve pressure.
12. *Malfunction* means any sudden, infrequent, and not reasonably preventable failure of air pollution control equipment, process equipment, or a process to operate in a normal or usual manner. Failures that are caused in part by poor maintenance or careless operation are not malfunctions.
13. *Normal Operations* means all periods of operation, excluding Malfunctions. For storage tanks at well production facilities, Normal Operations include, but are not limited to, liquid dumps from the Separator.
14. *Open Loop Engineering Design Standard* means engineering design methods, equations, and information used to evaluate the capacity and operation of each Open Loop Vapor Control System, the control device(s), and vapor recovery unit consistent with the operational parameters (e.g., manufacturer specifications) and the size and design of the Vapor Control System, including piping, pressure relief valves, and available tank headspace.
15. *Open Loop Modeling Guideline* means the engineering model used to estimate the Potential Minimum Instantaneous Vapor Flow Rate and the Potential Peak Instantaneous Vapor Flow Rate as specified in Appendix B, Paragraph 1. The guideline should consider pressurized hydrocarbon liquid and natural gas samples, equipment inventories, separation equipment operating conditions, and well production rates to model the process flow rates, while incorporating the volume, frequency, and duration of individual dump events or transfers to the atmospheric storage tanks.
16. *Open Loop Vapor Control System* means a Vapor Control System that is not a Closed Loop Vapor Control System.

17. *Parties* means the U.S. Environmental Protection Agency (EPA) and [COMPANY].
18. *Potential Minimum Instantaneous Vapor Flow Rate* means the minimum instantaneous rate of vapors routed to a Vapor Control System during Normal Operations, including flashing, working, and standing losses, as determined using the Open Loop Modeling Guideline developed pursuant to Appendix B, Paragraph 1.
19. *Potential Peak Instantaneous Vapor Flow Rate* means the maximum instantaneous rate of vapors routed to a Vapor Control System during Normal Operations, including flashing, working, and standing losses, as determined using the Open Loop Modeling Guideline developed pursuant to Appendix B, Paragraph 1.
20. *Separator* means a pressurized vessel used for separating a well stream into gaseous and liquid components.
21. *Tank System* means one or more atmospheric tanks that store hydrocarbon liquids and any other interconnected tank (e.g., produced water tank) that share a common Vapor Control System or is/are required by regulation or permit to have a Vapor Control System.
22. *Transfer (Transferred)* means the assignment of ownership, control, or operational responsibility of a Facility or subset of Facilities from [COMPANY] to an entity that is not a party to this Agreement.
23. *Vapor Control System* means the system used to contain, convey, and control vapors from one or more storage tank(s), including flashing, working, and standing losses, as well as any emissions routed to the tank Vapor Control System. A Vapor Control System includes a Tank System, piping to convey vapors from a Tank System to a control device or vapor recovery unit, fittings, connectors, liquid knockout vessels, openings on tanks (e.g., pressure relief valves and thief hatches), and emission control devices.
24. *Violation* means noncompliance with an applicable requirement under the Clean Air Act, its implementing regulations, and federally-approved and -enforceable requirements of applicable SIPs, FIPs, or TIPs, including federal and state permits and permitting requirements.
25. *VOC or VOCs* shall mean volatile organic compounds.
26. *Well Production Operations* means surface operations to produce hydrocarbon liquids or natural gas from a well, but shall not include well maintenance activities (e.g., swabbing).

## APPENDIX B

### VAPOR CONTROL SYSTEM ENGINEERING AND DESIGN ANALYSIS, FIELD SURVEY, AND CORRECTIVE ACTION GUIDELINES

1. *Development of Emissions Determination, Open Loop Modeling Guideline, and Closed Loop Design Guideline.* [COMPANY] shall develop a written emissions determination for each tank subject to this Agreement, and either an Open Loop Modeling Guideline or Closed Loop Design Guideline for all Vapor Control Systems subject to this Agreement.
  - A. An emissions determination shall be calculated using a generally accepted model or calculation methodology to evaluate the applicable regulatory or permitting control requirements for each tank subject to this Agreement. The emissions determination shall consider pressurized hydrocarbon liquid and natural gas samples to determine if a Vapor Control System is required. If a Vapor Control System is required for any tank subject to this Agreement, then [Company] shall develop a written Open Loop Modeling Guideline or Closed Loop Design Guideline for the tank's Vapor Control System.
  - B. The Open Loop Modeling Guideline's purpose is to determine the Potential Minimum Instantaneous Vapor Flow Rate and the Potential Peak Instantaneous Vapor Flow Rate for designing and adequately sizing Vapor Control Systems and to provide procedures for achieving this objective. The Open Loop Modeling Guideline shall address all vapor sources (e.g., atmospheric storage tanks and transfer and loading systems) tied or to be tied into the Vapor Control System.
  - C. The Closed Loop Design Guideline's purpose is to describe the steps necessary to design, install, verify, and operate a Closed Loop Vapor Control System by reading tank pressures and automatically controlling liquid flow and vapor flow to the tanks, thereby ensuring tank pressure does not exceed the Leak Point. The Closed Loop Design Guideline must also describe the steps used to demonstrate that the control device and vapor recovery unit have sufficient capacity to handle the peak vapor flow rate from the Tank System at Leak Point pressure and are operated above their minimum inlet pressure at all times.
  - D. [COMPANY] shall submit a draft emissions determination for each tank subject to this Agreement, and a draft Open Loop Modeling Guideline or Closed Loop Design Guideline for each Vapor Control System subject to this Agreement to EPA for its review and comment no later than 60 Days after the Effective Date. Within 45 Days of [COMPANY'S] submission of the draft Guideline(s), EPA shall inform [COMPANY] of any questions, concerns, or omissions perceived by EPA, and [COMPANY] shall amend the draft Guideline(s) as appropriate.
  - E. [COMPANY] may periodically update the Open Loop Modeling Guideline or Closed Loop Design Guideline as appropriate. Should the Guideline(s) be updated, the use of

the version current at the time of the engineering evaluation is acceptable. Updates to the Guideline(s) do not in and of themselves require [COMPANY] to redo engineering evaluations (*see* Paragraph 4 of this Appendix).

2. *Open Loop Engineering Design Standards.* [COMPANY] shall complete one or more Open Loop Engineering Design Standards for Open Loop Vapor Control Systems to assess the size and operation of the Open Loop Vapor Control Systems. The Open Loop Engineering Design Standards shall include, as appropriate, site-specific equipment considerations affecting Vapor Control System capacity. The Open Loop Engineering Design Standard(s) may apply to Vapor Control Systems at individual Tank Systems or to groupings of Tank Systems as [COMPANY] may determine appropriate.
3. *Vapor Control System Field Survey Standard Operating Procedure (SOP).* [COMPANY] shall prepare a written SOP establishing how it will conduct its Vapor Control System field surveys under this Agreement. The SOP must be submitted to EPA for review and comment 60 Days after the Effective Date and shall include:
  - A. Procedures to inventory and verify the installation and proper operation of the equipment associated with the Vapor Control System;
  - B. Procedures for conducting an IR Camera Inspection of the Vapor Control System during Normal Operations, including while and immediately after hydrocarbon liquids are being sent to the Tank System from all associated Well Production Operations; and
  - C. Procedures for evaluating all Vapor Control System components, including all pressure relief valves, thief hatches, mountings, and gaskets at each tank in the Tank System, and the possibility of upgrading this equipment to reduce the likelihood of VOC emissions.

Within 45 Days of [COMPANY'S] submission of the SOP, EPA shall inform [COMPANY] of any questions, concerns, or omissions perceived by EPA, and [COMPANY] shall amend the SOP as appropriate.

4. *Vapor Control System Engineering Evaluation and Field Survey.* For each Vapor Control System at each Tank System, [COMPANY] shall conduct an engineering evaluation and field survey to ensure all Vapor Control System emissions are routed to a control device or a process, as described below:
  - A. For each Tank System that uses an Open Loop Vapor Control System, the engineering evaluation ensures that the Vapor Control System is adequately designed and sized to handle the Potential Peak Instantaneous Vapor Flow Rate that was calculated through the application of the Open Loop Modeling Guideline and Open Loop Engineering Design Standard (*see* Paragraphs 1 and 2 of this Appendix).

- B. For each Tank System that uses a Closed Loop Vapor Control System, the engineering evaluation ensures all necessary hardware and software to create and operate the Closed Loop Vapor Control System is installed and operating in a manner consistent with the Closed Loop Design Guideline; and
- C. A field survey following the SOP (*see* Paragraph 3 of this Appendix) to ensure each Vapor Control System is not emitting VOCs detected with an IR Camera while and immediately after hydrocarbon liquids are being sent to the Tank System from all associated Well Production Operations. For Closed Loop Vapor Control Systems, [COMPANY] shall demonstrate that the Closed Loop Vapor Control System actively controls tank pressures based on all control points and an IR Camera verification of the Leak Point in a manner consistent with the Closed Loop Design Guideline.

5. *Vapor Control System Modifications, Compromised Equipment, and Verification.*

- A. *Vapor Control System Modifications.* For those Vapor Control Systems that are not adequately designed or sized based on the engineering evaluation (*see* Paragraph 4 of this Appendix) or are found to be emitting VOCs detected with an IR Camera while and immediately after hydrocarbon liquids are being sent to the Tank System from all associated Well Production Operations, [COMPANY] shall:

- i. Make all necessary modifications in accordance with the engineering evaluation and field survey to:
  - a. Increase the capacity of the Vapor Control System to handle the Potential Peak Instantaneous Vapor Flow Rate in accordance with a revised Open Loop Engineering Design Standard;
  - b. Reduce the Potential Peak Instantaneous Vapor Flow Rate (as calculated, accounting for modifications, using the Open Loop Modeling Guideline); or
  - c. Ensure Tank System pressures do not exceed the Leak Point in accordance with a revised Closed Loop Design Guideline.
- ii. Make all necessary modifications to ensure that the control device(s) and vapor recovery unit(s) operate within manufacturer specifications for the device's size and design, in accordance with the Open Loop Engineering Design Standards or the Closed Loop Design Guideline.

- B. *Compromised Equipment.* [COMPANY] shall fix or replace Compromised Equipment associated with the Vapor Control System that may be causing VOC emissions.

C. *Verification.* [COMPANY] shall verify and ensure that each Vapor Control System that has been modified pursuant to Paragraph 5.A or 5.B of this Appendix is adequately designed and sized through application of an Open Loop Engineering Design Standard (*see* Paragraph 2 of this Appendix) or Closed Loop Design Guideline (*see* Paragraph 1.C of this Appendix), and that equipment associated with the Vapor Control System is not causing VOC emissions. [COMPANY] shall conduct a verifying IR Camera Inspection—consistent with the specifications for the initial IR Camera Inspection detailed in Subparagraph 3.B of this Appendix—demonstrating that after completion of the modifications pursuant to Paragraph 5.A or 5.B of this Appendix, the Vapor Control System is adequately designed and that equipment associated with the Vapor Control System is not causing VOC emissions detected with an IR Camera while and immediately after hydrocarbon liquids are being sent to the Tank System from all associated Well Production Operations.

## APPENDIX C

### AUDIT PROGRAM REPORTING AND RECORDKEEPING REQUIREMENTS

#### *Reporting Requirements*

1. *Audit Instruments.* Within 60 Days of the Effective Date, [COMPANY] shall submit to EPA the [COMPANY]-tailored Audit protocols (i.e., outline of planned Audit and planned schedule) and Audit checklists (i.e., lists of actions that [COMPANY] will perform to assess compliance with statutory, regulatory, and permitting requirements), the Guideline(s) (*see* Appendix B, Paragraph 1), and the field survey SOP (*see* Appendix B, Paragraph 3) (collectively Audit Instruments) for the Audits. Within 45 Days of [COMPANY'S] submission of the Audit Instruments, EPA shall inform [COMPANY] of any questions, concerns, or omissions perceived by EPA, and [COMPANY] shall amend the Audit Instruments or otherwise reach agreement with EPA on the Audit Instruments which EPA and [COMPANY] will deem to satisfy the scope of the Audits as set forth in Section IV. If [COMPANY] amends any of its Audit Instruments based on EPA comments, [COMPANY] shall submit the amended Audit Instrument(s) within 30 Days of receiving EPA's comments.
2. *Semi-Annual Reports.* [COMPANY] shall disclose all Violations discovered during the Audits in written disclosure reports to be submitted to EPA on a semi-annual basis during the Audit Program. Each Semi-Annual Report shall be submitted on the 15<sup>th</sup> Day of the month (or the first business day thereafter) after the conclusion of each six-month period following the Effective Date, and shall contain the following information:
  - A. A list of the Facilities audited during the previous six-month period;
  - B. A summary of the Violations discovered;
  - C. A summary of actions taken to correct the discovered Violations (corrective actions);  
and
  - D. A list of any changes to the list of Facilities covered under this Agreement.

This Semi-Annual Reporting requirement terminates once [COMPANY] has submitted its Final Report.

3. *Final Report.* The Final Report shall be submitted no later than 60 Days following the completion of the Audit Program and all corrective actions. The Final Report shall provide, in a cumulative fashion, the following summary information regarding the disclosed and corrected Violations in tabular form<sup>1</sup>:

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<sup>1</sup> See Attachment D (Audit Program Reporting Template).



A. *Facility Compliance*: Provide the following information for each disclosed Violation, if applicable, so that EPA has complete information on the Violations that may have occurred, and on each Facility's compliance record:

- i. Facility name;
- ii. Facility address (street, city, state, and zip code (if appropriate));
- iii. Facility GPS coordinates;
- iv. Facility US Well Number(s) (formerly known as API Well Number);
- v. Facility permitting status and applicable permit number(s);
- vi. Violation;
- vii. Federal statutory citation;
- viii. Federal regulatory citation;
- ix. State statutory and regulatory citations (if applicable);
- x. Date noncompliance began (if known);
- xi. Date of return to compliance;
- xii. All corrective actions taken to return the Facility to compliance; and
- xiii. Indicate whether any corrective actions taken to return the Facility to compliance resulted from the requirements of Appendix B, Paragraph 5.A.

B. *Summary Compliance Information*. Provide the following summary information in narrative form for the entire Audit Program:

- i. Explain all measures taken—and that will be taken in the future—to ensure the disclosed Violations will not be repeated; and
- ii. Estimated cost of returning to compliance (e.g., internal staff or outside consultants' time to become familiar with the regulations, preparing forms and/or permits, submitting forms and/or permits to appropriate agencies, fees collected by the state or other regulatory agencies, and start-up costs for plan implementation or tank monitoring); and

- iii. [COMPANY]-estimated amount of pollutants reduced by all corrective actions (specified by pollutant).

### ***Recordkeeping Requirements***

4. Until at least two years after resolution of this Agreement with a Final Determination, [COMPANY] shall retain, and shall instruct its contractors and agents to preserve, all nonidentical copies of all documents, records, or other information (including documents, records, or other information in electronic form) (hereinafter referred to as Records) in its or its contractors' or agents' possession or control, or that come into its or its contractors' or agents' possession or control, and that directly relate to [COMPANY'S] performance of its obligations under this Agreement. This information-retention requirement applies regardless of any contrary [COMPANY] policies or procedures. At any time during this information-retention period, upon request by EPA, [COMPANY] shall provide copies of any Records required to be maintained under this Agreement.
5. *Business Confidential Documents.* [COMPANY] may assert a business confidentiality claim covering part or all of the Records required to be provided under this Appendix to the extent permitted by and in accordance with 40 C.F.R. § 2.203(b). Records determined to be confidential by EPA will be afforded the protection specified in 40 C.F.R. Part 2, Subpart B. If no claim of business confidentiality accompanies Records when they are submitted to EPA, or if EPA has notified [COMPANY] that the Records are not confidential under 40 C.F.R. Part 2, Subpart B, the public may be given access to the Records without further notice to [COMPANY]. Note: "Emissions Data," as defined at 40 C.F.R. § 2.301(a)(2), is not entitled to treatment as Confidential Business Information.
6. This Agreement in no way limits or affects any right of entry and inspection, or any right to obtain information, held by EPA or the United States pursuant to applicable federal laws, regulations, or permits, nor does it limit or affect any duty or obligation of [COMPANY] to maintain documents, records, or other information imposed by applicable federal, state, tribal, and local laws, regulations, or permits.

## APPENDIX D

### AUDIT PROGRAM REPORTING TEMPLATE

**Facility Compliance:** Provide the following information for each disclosed Violation, if applicable, so that EPA has complete information on the Violations that may have occurred, and on each Facility's compliance record.

| <u>Facility Name</u> | <u>Facility Address (Street, City, State, and Zip Code (If Appropriate))</u> | <u>Facility GPS Coordinates</u> | <u>Facility US Well Number(s) (Formerly Known as API Well Number)</u> | <u>Facility Permitting Status and Applicable Permit Number(s)</u> | <u>Violation - Add a New Entry for Each Violation at the Facility and Provide the Required Information that Follows for Each New Entry</u> | <u>Federal Statutory Citation</u> | <u>Federal Regulatory Citation</u> | <u>State Statutory and Regulatory Citations (If Applicable)</u> | <u>Date Noncompliance Began (If Known)</u> | <u>Date of Return to Compliance</u> | <u>All Corrective Actions Taken to Return Facility to Compliance</u> | <u>Indicate Whether Any Corrective Actions Taken to Return the Facility to Compliance Resulted from the Requirements of Appendix B, Paragraph 5.A</u> |
|----------------------|--|---------------------------------|---|---|--|-----------------------------------|------------------------------------|---|--|-------------------------------------|--|---|
|                      |  |                                 |   |   |  |                                   |                                    |   |  |                                     |  |   |

**APPENDIX E**

**[COMPANY] OIL AND NATURAL GAS EXPLORATION AND  
PRODUCTION FACILITIES SUBJECT TO AGREEMENT**