



May 2015 eBrief Print Version

Headlines

[GPA legal victory in RICE MACT litigation](#)

[MidContinent GPA hosts safe room dedication](#)

[GPA sends letter of support to Senate for S. 411](#)

[GPA joins 300-plus state and national associations in support of S. 280](#)

[GPA board approves PERC appointments](#)

[GPA chairman appoints E&F Committee members for 2015-2016](#)

[ASTM natural gasoline standard under construction](#)

[State Government Affairs updates](#)

[Apply now for 2016 GPA Convention speaking opportunities](#)

GPA legal victory in RICE MACT litigation

On May 1, the United States Court of Appeals for the District of Columbia Circuit issued its opinion in Delaware Dept. of Natural Resources and Environmental Control v. EPA, the first phase of the litigation involving EPA's 2013 "RICE MACT" rules. Those rules govern emission control standards applicable to reciprocating internal combustion engines (RICE) used as backup generators. The opinion included a great result for GPA on the remote source provision of EPA's 2013 rules.

EPA issued amendments to its RICE MACT rules in 2010 that set stringent emissions standards for area source engines. Those standards applied to many engines used by GPA members at compressor stations, processing plants and related operations. The rule would have required the installation of costly emission control equipment on affected engines. GPA challenged the 2010 rules on the grounds that such stringent standards were unwarranted for engines in our industry. Through protracted settlement discussions, we convinced EPA to prepare and eventually promulgate separate standards for "remote engines." The remote engine provisions required maintenance-based work practices instead of a numeric standard requiring add-on emission controls. The 2013 rule in which EPA enacted the remote engine provisions was the subject of this litigation.

The State of Delaware, industry and environmental organizations, and an industry intervenor challenged the 2013 rules. GPA participated in the litigation as an intervenor-respondent, meaning we joined the litigation to help EPA defend the remote provisions. Delaware was the only petitioner to challenge the remote area provision. The other parties challenged other issues that are not generally relevant to GPA members. Crucially, the state failed to allege that its air quality was, in fact, impacted by emissions from any remote source. For that reason, the court concluded that Delaware lacked standing to challenge the remote source provision. As a result, the remote engine provision was upheld by the court and remains in place.

This is a significant win for GPA. Delaware still has a right to appeal the decision. It can do so in two ways. First, Delaware can ask the three-judge panel that heard the case or the full court (i.e., the "en banc" court) to review the decision. Second, Delaware can ask the U.S. Supreme Court to review the decision, but we do not believe Delaware will appeal the decision. If an appeal is filed, GPA believes there is very little chance the decision will be overturned. GPA will notify members if an appeal is filed. In the likely event it is not, litigation over the remote engine provision will be complete.

MidContinent GPA hosts safe room dedication

MidContinent GPA recently donated \$15,000 to make a safe room a reality for Aline-Cleo Elementary School, which is

located in northwest Oklahoma. Representatives from the chapter joined more than 80 Aline-Cleo Elementary School students, grades pre-K through sixth, in the school's gymnasium earlier this month to celebrate its new safe room. Oklahoma City's News 9 storm tracker Marty Logan gave a severe weather safety presentation to students as part of the assembly.

Logan, a retired lieutenant from the Woodward, Okla., Fire Department has been tracking storms for News 9 for more than 20 years. He instructed students about safety related to floods, lightning, tornadoes and shelter.

Shelter construction was originally scheduled for May or June, but in late February, the school district learned of a pre-constructed safe room that could be transported from Joplin, Mo., to the Aline-Cleo school and be available immediately.

The shelter was delivered to the school in mid-March and was one of 31 shelters originally built to protect children at temporary schools constructed in Joplin after an EF5 tornado destroyed or damaged 10 Joplin School District buildings in May 2011. The approximately 200 sq. ft. concrete and steel shelter features 8-inch thick walls and weighs about 70,000 pounds; it is made to withstand winds in excess of 250 miles per hour.

In early April, voters in the Aline-Cleo Public Schools District approved a bond issue that will help fund an additional safe room to provide a safe place for every student, teacher and staff person. Superintendent Barry Nault said that because of Midcontinent GPA's support, procurement of this shelter was a great first step toward protecting the entire school, and the additional shelter will be in place before the start of the next school year.

GPA sends letter of support to Senate for S. 411, The Natural Gas Gathering Enhancement Act

On May 14, GPA sent a letter to Senator John Barrasso (R-WY) and Senator Heidi Heitkamp (D-ND) in support of S. 411, the Natural Gas Gathering Enhancement Act, and thanking them for their leadership on this issue.

Although GPA supports S.411, GPA believes the bill can be enhanced with two needed additions. The first is editing the definition of "gathering lines" to include all the lines that may be used for gathering. Specifically, GPA members frequently run up to three lines in their gathering line systems, one for natural gas, one for water, and one for oil. Our members need all three lines for their processing operations. Any effort to improve permit streamlining for natural gas operations on federal land and Native American lands would need to include all three lines for the permit streamlining to have the most impact since all three lines are needed for a gas gathering system. The second suggested edit is improving the bill to make the term "compressor" plural. A number of gathering systems run on multiple compressors, so leaving the term "compressor" singular could potentially only address a portion of a gathering line.

The bill also sets deadlines for, and expedites the permitting of, natural gas gathering lines located on federal land and Native American land. The siting of natural gas gathering lines located on federal land and Native American land can be challenging due to permitting delays. Depending on the needed infrastructure, an inability to obtain required rights-of-way permits on federal or Native American lands can lead to venting and flaring of oil and gas wells, whether or not the wells are located on federal land or Native American land. Expediting right-of-way permits on federal and Native American lands for natural gas gathering lines will reduce the need for venting and flaring and would thereby reduce emissions. Furthermore, expediting permits will increase economic development, provide a safe mode of transportation, and provide the needed energy infrastructure that is critical to ensuring America's energy security.

The Senate Energy and Natural Resources Committee is working on a comprehensive energy bill. S. 411 could be included in that bill and potentially could be marked up next month.

GPA joins 300-plus state and national associations in support of S. 280

GPA signed on to a multi-industry letter on May 4 that was signed by a coalition of 302 groups strongly supporting S. 280, the Federal Permitting Improvement Act of 2015. The Senate Homeland Security and Governmental Affairs Committee passed S. 280 by a vote of 12 -1 this month. This critical piece of legislation would provide a streamlined process for developers to obtain environmental permits and approvals for their projects in a timely and efficient manner, allowing jobs to be created and the economy to grow.

The Federal Permitting Improvement Act of 2015 would improve the environmental review and permitting process by:

- Coordinating responsibilities among multiple agencies involved in environmental reviews to ensure that “the trains run on time;”
- Providing for concurrent reviews by agencies, rather than serial reviews;
- Allowing state-level environmental reviews to be used where the state has done a competent job, thereby avoiding needless duplication of state work by federal reviewers;
- Requiring that agencies involve themselves in the process early and comment early, avoiding eleventh-hour objections that can restart the entire review timetable;
- Establishing a reasonable process for determining the scope of project alternatives, so that the environmental review does not devolve into an endless quest to evaluate infeasible alternatives;
- Creating an online “dashboard” to track projects during the environmental review and permitting process; and
- Reducing the statute of limitations to challenge an environmental review under the National Environmental Policy Act from six years to 150 days.

GPA also supported the House version of this legislation, H.R. 348, the RAPID Act, which recently passed the House Judiciary Committee.

GPA board approves PERC appointments

In keeping up with its administrative duties, at its meeting in San Antonio, Texas, the GPA board of directors approved the following producer representative appointments to the Propane Education and Research Council (PERC):

- Appointment of Kasib Abdullah representing BP
- Reappointment of Sam Hawley representing Enterprise
- Reappointment of Bruce Leonard representing Targa Resources

The Propane Education & Research Council is a check-off program established, operated and funded by the propane industry. The Council is a 21-member board appointed by the National Propane Gas Association and GPA. An advisory committee made up of industry volunteers provides advice and recommendations concerning plans and programs. The Council's programs are funded by an assessment levied on each gallon of propane gas at the point it is odorized or imported in the United States.

GPA chairman appoints E&F Committee members for 2015-2016

GPA Chairman John Mollenkopf, MarkWest Energy, has finalized his appointments for the 2015-2016 GPA Executive and Finance (E&F) Committee. The committee is made up of GPA officers and five appointed representatives and has the responsibility of recommending actions to the board and acting in its stead when it is unable to meet. Appointees serve one-year terms but can be reappointed to serve multiple terms.

Officers include:

- Past Chairman Joel Moxley, Crestwood Midstream Partners
- Chairman-Elect Wouter van Kempen, DCP Midstream
- Vice Chairman Paul Brewer, Enable Midstream Partners
- Vice Chairman Bill Ward, Superior Pipeline
- Vice Chairman Bob Purgason, Williams

Appointed representatives include:

- Robert Mitchell, Carrera Gas Companies
- Bill Ordemann, Enterprise
- Terry Spencer, ONEOK
- Doug Coleman, Prism Midstream
- Mike Heim, Targa Resources

ASTM natural gasoline standard under construction

The American Society for Testing and Materials (ASTM) subcommittee D02.A is working on a specification for natural gasoline to be used as a blendstock in ASTM D5798 *Standard Specification for Ethanol Fuel Blends for Flexible-Fuel Automotive Spark-Ignition Engines* and as a denaturant in ASTM D4806 *Standard Specification for Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive Spark-Ignition Engine Fuel*. In the last round of the standard's review, GPA was successful getting a scope statement to explicitly state that this natural gasoline standard was not to be a market specification, regulatory reference, nor to be used to specifying natural gasoline for anything other than Ethanol Flex Fuel blendstock or denatured fuel ethanol denaturant. GPA and the Environmental Protection Agency (EPA) have begun discussions stemming from EPA's inclusion of regulatory requirements in the ASTM Natural

Gasoline Standard's Appendix. The requirements are speculation of what requirements will be in 2017 and list sulfur and benzene limits and include a test for elements besides carbon, hydrogen, oxygen, nitrogen and sulfur.

State Government Affairs updates

GPA strongly lobbies against Oklahoma gathering/processing regulation language

During the final few weeks of session, GPA learned that language to regulate gathering and processing was being proposed to Senate leadership by the Oklahoma Independent Producers Association (OIPA). GPA sent a letter to OIPA questioning their last-minute efforts and requesting to engage GPA in an open dialogue on the issue. OIPA has yet to provide a response. GPA then produced talking points against detailing the history of this issue and the current law that was agreed upon more than 11 years ago. GPA specifically worked the halls of the capitol along with member companies. OIPA proposed including the language in SB 356, a Title 52 shell bill originally drafted by Senator Crain (Tulsa). The Oklahoma Corporation Commission also informed Senate leadership that they did not support the bill. GPA and other industry members watched SB 356 closely during the last few days of session where it died in conference committee without ever seeing the proposed language. GPA will be closely involved with the House and Senate leadership during the summer, should an interim study be requested. GPA will be actively engaged and lobby against this effort.

GPA supports Oklahoma HB 1962

GPA advocated for the passage of HB 1962, which has been signed by the governor. HB 1962 confirms that all tangible personal property, including oil and gas, is eligible for the Freeport Exemption (Section 6A of Article X of the Oklahoma Constitution) if it is held for less than 9 months for assembly, processing, manufacturing or storage and then sold out of state. The bill was introduced due to assertions by county assessors that oil and gas is not tangible personal property and was taxable.

Oklahoma HB 1963 – ad valorem taxation update

GPA joined the Oklahoma Chamber of Commerce to successfully advocate for passage of HB 1963, and the governor signed the bill on May 5. The bill includes language that protects a property owner's information submitted at the administrative level when going to appeal at a higher court. It also provides that during an appeal, the amount of taxes payable by the taxpayer shall not exceed the amount currently specified on the tax rolls and shall not exceed the amount the assessor submitted to the Board of Equalization.

Texas HB 40 – preemption

HB 40 was originally drafted by the oil lobby in response to Denton's fracking ban. GPA testified asking for clarification and the intention of the bill, specifically whether it was intended to allow local regulation of pipelines. A note of intent on the Senate floor expressly stated that the bill's intent was not to regulate pipelines. View remarks between Senator Hinojosa and Senator Fraser about the intent of HB 40 to include pipelines in its coverage, published in the Senate Journal. The bill passed off of the Senate floor and was signed by the governor.

Texas SB 1812

GPA registered against SB 1812, which requires anyone with the power of eminent domain to register yearly with the Texas Comptroller. The bill will go to the governor for his signature. Under negotiations of SB 18 in 2009, a common carrier or a crude oil pipe has the power of condemnation and was required to register with the Texas Comptroller. Under SB 1812, the requirement would be yearly, and if the entity fails to register, a penalty of \$1,000 will be assessed for the first 30 days of non-compliance, an additional \$1,000 for the next 30 days, followed by the ability of the comptroller to sue the entity if the entity continues to remain unregistered. The Comptroller will also post on its web site the names of entities failing to register. The rules will be written after session.

Oklahoma preemption bill

After many negotiation meetings, SB 809 was signed by Oklahoma Governor Mary Fallin. The bill allows for municipalities, counties and other political subdivisions to establish "reasonable" setbacks and fencing requirements for oil and gas well site locations, but may not prohibit or ban an oil and gas operations, including flow and gathering lines or pipeline infrastructure.

Texas HB 2117 – taxing affecting oil and gas compressors

Texas HB 2177, related to the definition of "heavy equipment" for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory, died. HB 2117 clarified that compressors are heavy equipment and profit from rental should be taxed. HB 2117 would have set precedent in the courthouse that other oil and gas heavy equipment that is rented should be taxed.

Apply now for 2016 GPA Convention speaking opportunities

Are you interested in sharing your expertise with midstream industry decision makers? We're looking for speakers for the 2016 GPA Convention, scheduled for April 10 -13 in New Orleans, Louisiana. Our open Call for Papers process brings some of the best industry experts to present at our conference each year, and that could be you. More information is below, but please note that **the deadline to submit your abstract is Oct. 22, 2015.**

What we're looking for

Midstream topics (gas processing, gas gathering, fractionation, storage and transportation) that are relevant, timely and informative, relating, but not limited, to these activities:

- * Alternative energy
- * Compliance
- * Computer technology
- * Environmental
- * Facilities design
- * Gas and product treating
- * Legislative, regulatory & safety
- * Liquefied natural gas
- * Natural gas liquids business or market perspective
- * Operations & maintenance
- * Pipeline safety
- * Project economics and finance
- * Research
- * Technical data development
- * Technology developments in gas processing
- * Technology to improve operations
- * Training
- * Unconventional gas
- * Worldwide developments

What we aren't looking for

The primary focus of the GPA Convention is sharing knowledge and best practices to benefit the midstream industry as a whole. With that in mind, we are not looking for overly commercial papers with regard to a specific company or service. We receive some great abstracts every year that contain valuable information but aren't selected because they are too commercial.

How topics/papers are selected

As abstracts come in, members of the GPA Program Committee review each one and select the most appropriate and relevant papers for each convention session. GPA Program Committee members represent more than 40 different midstream industry companies that face the same challenges and opportunities that you do.

How to be considered

All authors who send a 200-250 word abstract to GPA by Oct. 22 will be considered as a potential presenter at the 2015 GPA Convention. Abstracts submitted early will be given priority consideration. [Submit your abstract here.](#)

For more information about next year's conference, visit www.GPAconvention.org.

GPA/GPSA Calendar

June 24 – North Texas GPA Golf Tournament

July 9 – Chapter Leadership Meeting

July 17 – Rocky Mountain GPA Golf Tournament

Gas Processors Association
Sixty Sixty American Plaza, Suite 700
Tulsa, Oklahoma 74135
(918) 493-3872

www.GPAGlobal.org
GPA@GPAGlobal.org
