

**PROPOSED AIR REGULATIONS TO HAVE BROAD IMPACT AND HIGH COST
FOR FRACKING AND OIL PRODUCTION: LAWSUITS AND STAYS LIKELY**

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In response to a court-imposed deadline, on July 28, 2011, U.S. EPA proposed Clean Air Act regulations covering a broad array of oil and gas production activities. While existing “New Source Performance Standards,” and “Maximum Achievable Contained Technology” regulations governing upstream and midstream oil and gas activities govern predominantly natural gas processing plants, the proposed regulation would govern fracking, oil and gas compressors, separators, pneumatic controllers and storage vessels, and delete the current exemption for small glycol dehydrators. U.S. EPA estimates that the proposed rule will effect 11,400 new wells that are fracked each year as well as 14,000 wells that are refracked each year. Among other things, the rule requires the use of “green completions” to separate gas and liquid hydrocarbons from well development flowback. It also requires that an owner or operator intending to complete a gas well using hydraulic fracking or refracking must notify U.S. EPA at least 30 days before each completion or recompletion. U.S. EPA estimates that implementation of the proposed requirement would cost \$754 million in 2015. However, U.S. EPA also estimates that capture and resale of condensate would save \$783 million, yielding a net savings to the industry of \$29 million. This presentation will explain the broad scope and impacts of the proposed rule as well as likely legal actions in the future.

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