

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In The Matter Of:

Range Resources-Appalachia, LLC	:	Violations of 25 Pa Code §§ 127.11,
3000 Town Center Boulevard	:	127.402 and the Air Pollution
Canonsburg, PA 15317	:	Control Act

CONSENT ASSESSMENT OF CIVIL PENALTY

This Consent Assessment of Civil Penalty (“CACP”) is entered into this 9th day of April 2020, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection (“Department”), and Range Resources-Appalachia, LLC (“Range”).

The Department has found and determined the following:

A. The Department is the agency with the duty and authority to administer and enforce the Air Pollution Control Act, Act of January 8, 1960, P.L. 2119 (1959), *as amended*, 35 P.S. §§ 4001 – 4015 (“Air Pollution Control Act”); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. § 510-17 (“Administrative Code”); and the rules and regulations (“rules and regulations”) promulgated thereunder.

B. Range is a Delaware limited liability company that maintains a business address of 3000 Town Center Boulevard, Canonsburg, PA 15317. Range is a “person” as that term is defined in Section 3 of the Air Pollution Control Act, 35 P.S. § 4003.

C. Range owns and operates the Costanzo 1H & 2H unconventional natural gas well pad located in Mount Pleasant Township, Washington County (“Costanzo Site”) and the Cross Creek County Park 6H & 8H unconventional natural gas well pad located in Cross Creek Township, Washington County (“CCCP Site”). The Costanzo Site and CCCP Site each contain,

inter alia, storage tanks which may emit volatile organic compounds (“VOCs”) to the atmosphere.

Installation and Operation of Title V Facilities

D. An *air contamination source* is defined in 25 Pa. Code § 121.1 as “any place, facility or equipment, stationary or mobile, at, from or by reason of which there is emitted into the outdoor atmosphere any air contaminant.”

E. 25 Pa. Code Chapter 127 identifies sources and classes of sources that are exempt from plan approval or plan approval and permitting requirements.

F. The Department’s guidance document, Document No. 275-2101-003 (“Guidance Document”), published in connection with 25 Pa. Code § 127.14(a)(8), exempts “Existing oil and gas exploration, development, and production facilities and associated equipment and operations constructed prior to August 10, 2013.”

G. The Guidance Document further states, in part:

2. The addition of any source that would subject the facility to major source New Source Review or Prevention of Significant Deterioration, Title V or Reasonably Available Control Technology (RACT) requirements shall comply with plan approval requirements, even if such sources are within a category in the above list.

H. The storage tanks at the Costanzo and CCCP Sites were constructed prior to August 10, 2013.

I. Pursuant to 25 Pa. Code § 135.3, Range timely submitted to the Department on an annual basis air emissions data for the Costanzo and CCCP Sites (collectively, “Emission Reports”). For calendar years 2013, 2014, and 2015, VOC emissions from storage tanks at the Costanzo and CCCP Sites were calculated for the Emission Reports using the Vazquez-Beggs Equation (“VB Calculation”).

J. The Vazquez-Beggs Equation is listed as a generally accepted calculation methodology for VOC emissions from storage tanks in the Department’s “Compliance Demonstration Instructions for the Category No. 38 Air Quality Permit Exemption Criteria” document.

K. Range reported to the Department that in connection with an internal self-audit, Range voluntarily recalculated VOC emissions using a different generally accepted methodology, the HYSYS simulation (“HYSYS Calculation”). Range reported the results of the recalculated VOC emissions to the Department on August 21, 2015.

L. For reporting years 2013, 2014, and 2015, facility-wide VOC emissions in tons per year (“tpy”) from the Costanzo Site using the VB Calculation and HYSYS Calculation identified the following variance:

Year	2013	2014	2015
VB Calculation VOC (tpy)	63.6	54.9	2.91
HYSYS Calculation VOC (tpy)	56.7	73.2	41.6

M. For reporting years 2013, 2014, and 2015, facility-wide VOC emissions in tpy from the CCCP Site using the VB Calculation and HYSYS Calculation identified the following variance:

Year	2013	2014	2015
VB Calculation VOC (tpy)	46.38	40.91	0.01
HYSYS Calculation VOC (tpy)	47.9	61.9	3.1

N. VOC emissions from the Costanzo Site exceeded 50 tpy in 2013 and 2014 using either the VB Calculation or the HYSYS Calculation. The Costanzo Site had the potential-to-emit¹ VOCs at a rate of over 50 tpy for a portion of 2015.

O. VOC emissions from the CCCP Site using the HYSYS Calculation exceeded 50 tpy in 2014. The CCCP Site had the potential-to-emit VOCs at a rate of over 50 tpy for a portion of 2015.

P. The Costanzo and CCCP Sites are each located within the Northeast Ozone Transport Region, which was established pursuant to Section 184 of the Clean Air Act (42 U.S.C.A. § 7511c).

Q. In accordance with 25 Pa. Code § 121.1, for ozone transport regions established under Section 184 of the Clean Air Act, a source with the potential-to-emit 50 tpy or more of VOCs is a *Title V facility*.

R. The Costanzo Site was a *Title V facility* in 2013, 2014, and portion of 2015.

S. The CCCP Site was a *Title V facility* in 2014 and a portion of 2015.

T. The Costanzo and CCCP Sites did not qualify for an exemption from air quality permitting requirements in 25 Pa. Code Chapter 127 when each site was a *Title V facility*.

U. 25 Pa. Code § 127.11 states in relevant part, “[A] person may not cause or permit the construction or modification of an air contamination source... or the installation of an air cleaning device on an air contamination source, unless the construction, modification, reactivation or installation has been approved by the Department.”

¹ Defined in 25 Pa. Code § 121.1 as “the maximum capacity of a source to emit a pollutant under its physical and operational design [...]”

V. 25 Pa. Code § 127.402(a) states, “A person may not operate a stationary air contamination source unless the Department has issued to the person a permit to operate the source under this article....”

W. Section 6.1 of the Air Pollution Control Act states in relevant part:

(a) No person shall construct, assemble, install or modify any stationary air contamination source, or install thereon any air pollution control equipment or device unless such person has applied to and received written plan approval from the department to do so

* * *

(b) (1) No person shall operate any stationary air contamination source unless the department shall have issued to such person a permit to operate such source under the provisions of this section [...].

X. Range violated 25 Pa. Code § 127.11 and Section 6.1(a) of the Air Pollution Control Act by causing or permitting the construction or modification of the sources at the Costanzo and CCCP Sites without authorization from the Department.

Y. Range violated 25 Pa. Code § 127.402(a) and Section 6.1(b)(1) of the Air Pollution Control Act by operating the storage tanks at the Costanzo and CCCP Sites without authorization.

Installation of Air Cleaning Devices

Z. In August 2015, Range installed enclosed burner units on the storage tanks at the Costanzo and CCCP Sites to reduce VOC emissions following Range’s recalculation of the VOC emission as identified in Paragraphs K through M, above.

AA. Range did not apply for or receive authorization to install the enclosed burner unit air cleaning devices at the Costanzo and CCCP Sites.

AB. Range violated 25 Pa. Code § 127.11 and Section 6.1(a) of the Air Pollution Control Act by installing enclosed burner unit air cleaning devices on the storage tanks at the Costanzo and CCCP Sites in August 2015 without authorization.

AC. Installation of the enclosed burner units at the Costanzo and CCCP Sites reduced each site's facility-wide potential-to-emit VOCs to less than 50 tpy. Following installation of the enclosed burner units, the Costanzo and CCCP Sites are each, as of August 2015, no longer a *Title V facility*.

AD. The Guidance Document states, in connection with Exemption No. 38(b), the following for existing oil and gas exploration, development, and production facilities and associated equipment and operations authorized to operate under exemption criteria dated August 10, 2013 but prior to August 8, 2018 the following:

(d) Unconventional wells, wellheads, and associated equipment, provided the applicable exemption criteria specified in subparagraphs i, ii, iii, iv, and v are met.

* * *

ii. Storage vessels/storage tanks or other equipment equipped with VOC emission controls achieving emission reduction of 95% or greater. Compliance will be demonstrated consistent with 40 CFR Part 60, Subpart OOOO, as applicable, or an alternative test method approved by the Department.

AE. The enclosed burner units installed at the Costanzo and CCCP Sites can achieve VOC emission reduction of 95% or greater from the storage tanks.

AF. Provided that Range complies with all of the applicable exemption criteria of Exemption No. 38(b), the Costanzo and CCCP Sites qualify for exemption from plan approval and permitting requirements in 25 Pa. Code Chapter 127 after August 2015.

Title V Emissions Fees

AG. 25 Pa. Code § 127.705 states in relevant part, “The owner or operator of a Title V facility ... shall pay an annual Title V emission fee ... for each ton of a regulated pollutant actually emitted from the facility.”

AH. 25 Pa. Code § 127.707 states in relevant part:

An air contamination source that fails to pay the fees within the time frame established by the act or by this chapter shall pay a penalty of 50% of the fee amount, plus interest on the fee amount computed in accordance with 26 U.S.C.A. § 6621(a)(2) (relating to determination of rate of interest) from the date the fee was required to be paid.

AI. The Costanzo Site was a *Title V facility* subject to annual Title V emission fees in 2013, 2014, and a portion of 2015. The CCCP Site was a *Title V facility* subject to annual Title V emission fees in 2014 and a portion of 2015.

AJ. Range has not paid any annual Title V emission fees pursuant to 25 Pa. Code § 127.705 for the Costanzo Site or the CCCP Site.

AK. Range violated 25 Pa. Code § 127.705 by failing to pay annual Title V emission fees for the Costanzo and CCCP Sites.

AL. Pursuant to Section 6.3(h)(2) of the Air Pollution Control Act, 35 P.S. § 4006.3(h)(2), unpaid fees and associated interest and penalty may be collected through the civil penalty assessment procedure under Section 9.1 of the Air Pollution Control Act, 35 P.S. § 4009.1.

AM. The violations identified in Paragraphs X, Y, AB, and AK, above, constitute unlawful conduct under Section 8 of the Air Pollution Control Act, 35 P.S. § 4008, and a public nuisance under Section 13 of the Air Pollution Control Act, 35 P.S. § 4013, and subject Range to a claim for civil penalties under Section 9.1 of the Air Pollution Control Act, 35 P.S. § 4009.1.

After full and complete negotiations of all matters set forth in this CACP and upon mutual exchange of the covenants herein, the parties desiring to avoid litigation and intending to be legally bound, it is hereby ASSESSED by the Department and AGREED to by Range as follows:

1. Assessment.

a. In resolution of the Department's claim for civil penalties, which the Department is authorized to pursue under Section 9.1 of the Air Pollution Control Act, 35 P.S. § 4009.1, the Department hereby assesses a civil penalty of One Hundred Fifty-Five Thousand and Six Hundred Dollars (\$155,600.00), which Range hereby agrees to pay.

b. In resolution for the Department's claim for fees, civil penalties, and interest, which the Department is authorized to pursue under Section 6.3(h)(2) of the Air Pollution Control Act, 35 P.S. §§4006.3, and to assess under Section 9.1 of the Air Pollution Control Act, 35 P.S. § 4009.1, the Department hereby assesses a fee of Twenty-Five Thousand One Hundred Dollars (\$25,100.00), a civil penalty of Twelve Thousand Five Hundred and Fifty Dollars (\$12,550.00), and interest of Five Thousand Six Hundred and Seventy Dollars (\$5,670.00) for a total of Forty-Three Thousand Three Hundred and Twenty Dollars (\$43,320.00), which Range hereby agrees to pay.

c. The total amount of penalties, fees, and interest assessed in this paragraph is One Hundred Ninety-Eight Thousand and Nine Hundred and Twenty Dollars (\$198,920.00).

2. Civil Penalty Settlement. Upon signing this CACP, Range shall pay the civil penalties, fees, and interest assessed in Paragraph 1, above. This payment is in settlement of the Department's claim for civil penalties for the violations set forth in Paragraphs X, Y, AB, and AK, above, and the unpaid fees identified in Paragraph AJ, above, and associated interest and

penalty. The payment shall be by corporate check or the like, made payable to “Commonwealth of Pennsylvania, Clean Air Fund” and sent to the Air Quality Program Manager, Department of Environmental Protection, 400 Waterfront Drive Pittsburgh, PA 15222-4745.

3. Findings.

a. Range agrees that the findings in Paragraphs A through Q, U through W, Z through AA, AC through AH, AJ, and AL are true and correct, and, in any matter or proceeding involving Range and the Department, Range shall not challenge the accuracy or validity of these findings.

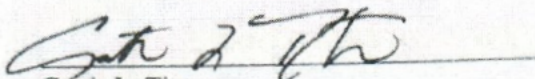
b. The parties do not authorize any other persons to use the findings in this CACP in any matter or proceeding.

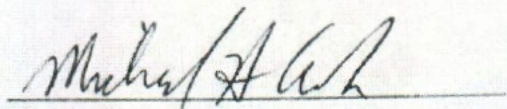
4. Reservation of Rights. The Department reserves all other rights with respect to any matter addressed by this CACP, including the right to require abatement of any conditions resulting from the events described in the Findings. Range reserves the right to challenge any action which the Department may take but waives the right to challenge the content or validity of this CACP.

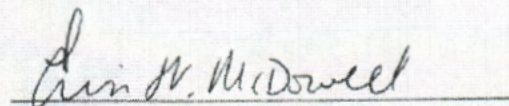
5. Execution of Agreement. This CACP may be signed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument and may be transmitted electronically via portable document format (.pdf).

IN WITNESS WHEREOF, the parties have caused this CACP to be executed by their duly authorized representatives. The undersigned representatives of Range certify, under penalty of law, as provided by 18 Pa. C. S. § 4904, that they are authorized to execute this CACP on behalf of Range, that Range consents to the entry of this CACP as an ASSESSMENT of the Department; that Range hereby knowingly waives any right to a hearing under the statutes referenced in this CACP; and that Range knowingly waives its right to appeal this CACP, which rights may be available under Section 4 of the Environmental Hearing Board Act, Act of July 13, 1988, P.L. 530, 35 P.S. § 7514; the Administrative Agency Law, 2 Pa. C.S. § 103(a) and Chapters 5A and 7A; or any other provision of law. Signature by Range's attorney certifies only that the agreement has been signed after consulting with counsel.

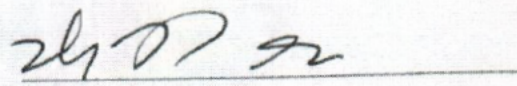
FOR RANGE RESOURCES-APPALACHIA,
LLC:

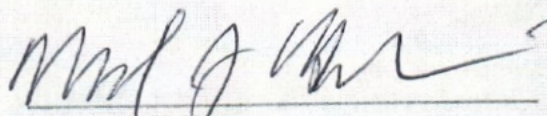

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