

US EPA ARCHIVE DOCUMENT



# State Innovation Grant Program: Louisiana

## Louisiana Multimedia Oil and Gas Production Environmental Results Program (2006 Competition)

### The State Innovation Grant Program

In 2002 EPA introduced the State Innovation Grant Program to support efforts led by state environmental agencies to test innovative approaches for achieving better environmental results and improved efficiency in permitting programs. Between 2002 and 2007, the State Innovation Grant program competition awarded over six million dollars to support 35 state projects that test permitting innovation for a variety of regulated entities including several small business sectors. A summary of the awards by year appears in the table below.

State Innovation Grant Program Statistics, 2002-2007			
Competition Year	Proposals Submitted	Proposals Selected	Total Program Funding (\$)
2002/2003	29	6	\$618,000
2004	33	9	\$1.425 Million
2005	26	7	\$1.479 Million
2006	25	6	\$1.243 Million
2007	17	7	\$1.611 Million
<b>Cumulative Total</b>	130	35	\$6.376 Million

"Innovation in Permitting" has been the theme of the State Innovation Grant competition since its inception. In the last three competition cycles states received awards for projects in the following three categories:

- **The Environmental Results Program (ERP)** is an innovative approach to improving environmental performance based on a system of the interlocking tools of compliance assistance, self-certification (sometimes, where permissible, in lieu of permitting), and statistically-based measurement to gauge the performance of an entire business sector. The program utilizes a multimedia approach to encourage small sources to achieve environmental compliance and pollution prevention. (See: <http://www.epa.gov/permits/erp/>)
- **Environmental Management System (EMS)** is a system involving a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. EMSs provide organizations of all types with a structured system and approach for managing environmental and regulatory responsibilities to improve overall environmental performance and stewardship. (See: [www.epa.gov/ems/info/index.htm](http://www.epa.gov/ems/info/index.htm))
- **Performance Track** is a partnership that recognizes top environmental performance among participating US facilities of all types, sizes, and complexity, both public and private. (See: <http://www.epa.gov/performance-track/>)

NCEI has provided awards also for projects testing watershed-based permitting, and for permit process streamlining in past competitions. For more information on the history of the programs, including information on solicitations, state proposals, and project awards, please see the EPA State Innovation Grants website at <http://www.epa.gov/innovation/stategrants>

### Project Background:

Louisiana has over 43,000 active oil and natural gas wells and thousands of facilities that produce, process, and transport oil and natural gas from these sites. This large number of facilities is dominated by small businesses, representing over 70 percent of facilities permitted or otherwise regulated by the Air and Water programs of the Louisiana Department of Environmental Quality (LADEQ). Many of these facilities may not have permits and operate without proper monitoring, record keeping, or best management practices. LADEQ has concerns over the effectiveness of current approaches in achieving environmental improvement in this sector and the resources invested to date in regulating these facilities. This concern is amplified by the impacts of Hurricanes Katrina and Rita on the State's economy, resulting in a reduction in the Department's resources that will continue for the foreseeable future. There is also strong industry interest in LADEQ's adoption of a comprehensive multi-media approach to environmental regulation, and strong community interest in improving facility regulation to protect public health and the environment. In light of these concerns and shrinking resources, the State needed to develop innovative and effective environmental improvement tools.

### Project Description

LADEQ will replace the traditional permitting process with an Environmental Results Program (ERP) and consolidate the air and water permitting and regulatory requirements for the oil and gas production industry into a multi-media, self-certification, compliance assistance, and statistically-based auditing program. The ERP program will further the State's goals of improving environmental stewardship by participating oil and gas production facilities while reducing the permitting and financial burden, and providing regulatory flexibility.

To implement the ERP program for the oil and gas sector, LADEQ will work collaboratively with the Louisiana Department of Natural Resources (LDNR), which also regulates many of the same facilities in this sector, to exchange information on existing wells and processing facilities.

This project consists of three phases:

#### (1) Development of a facility database and stakeholder outreach

LADEQ is developing a database for tracking the identity of all



oil and gas production facilities within the state and their permit compliance data. LADEQ and the LDNR are collaborating with state and local economic development agencies, local chambers of commerce, local community groups, and trade associations to complete this task. Each Agency in this collaboration hopes to reduce the administrative burden associated with collection and management of high-quality compliance data.

### **(2) Measurement of baseline compliance and development and application of compliance assistance materials**

This phase will last approximately one year and will initiate regulatory inspection of a statistically-based sampling of the state's oil and gas facilities to establish an initial assessment of compliance rates. These initial assessments will not be official enforcement inspections, and violations discovered under these assessments will be addressed under the enforcement discretion policy developed under Phase I.

Concurrently, the LADEQ is collaborating with external stakeholders to develop Environmental Business Practice Indicators (EBPI), which will provide information on sector compliance for use by operators and establish compliance and environmental results goals. In addition, inspectors will educate operators and provide facility owners/operators with copies of the self-certification workbook, compliance forms, and fact sheets for their use in returning to, or maintaining compliance, and self-certifying their performance. Training workshops will also be provided for facility operators to help them understand and address all applicable federal and state environmental regulations, as well as requirements of the program, including the adoption of best management practices and pollution prevention and waste reduction methods. Owners/operators will be encouraged to attend these compliance assistance workshops. A web-based system will be implemented to accept and document the submittal of self-certification reports by the state's oil and gas owners and operators.

### **(3) Assessment of compliance improvement through post-compliance inspections**

This phase focuses on implementation of the program and will require approximately one year to complete. During this phase, LADEQ will complete the web-based information system. LADEQ anticipates that, at least initially, it will receive hard copy of the self-certifications from participants and LADEQ staff to review them for completeness and accuracy before they manually enter the information into the database.

Final compliance assessment inspections will be conducted at a statistically selected sample of sites to gather performance measure data for the assessment of the accuracy of self-certifications and to confirm rates of compliance. LADEQ will compare to post-implementation assessment with the baseline compliance data to determine the success of the ERP program in improving environmental performance.

The project will be completed by LADEQ in approximately three years.

## **Connection to EPA's Goals**

This ERP focuses on priority environmental issues by targeting an industry sector with significant potential for environmental releases and emissions. LADEQ's Oil and Gas Sector ERP Program will address EPA's strategic goals (Goal 1) by improving outdoor air quality through the reduction of emissions from oil and gas wells, and (Goal 2) by improving water quality through increased monitoring and regulation of oil and gas wells. The project also supports EPA's strategic goal (Goal 5) of promoting compliance and environmental leadership through innovation.

### **Project Contacts:**

For more specific information on the Arizona State Innovation Grant, please contact one of the individuals below:

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