To: Beeler, Cindy[Beeler.Cindy@epa.gov]
From: McGrath, Shaun
Sent: Thur 3/24/2016 9:53:26 PM
Subject: RE: Edits before I send to Janet and Cynthia?

Good catch on the MINING! Thanks!

From: Beeler, Cindy
Sent: Thursday, March 24, 2016 3:00 PM
To: McGrath, Shaun <McGrath.Shaun@epa.gov>; Rothery, Deirdre <Rothery.Deirdre@epa.gov>; Daly, Carl <Daly.Carl@epa.gov>
Cc: O'Connor, Darcy <oconnor.darcy@epa.gov>; Card, Joan <Card.Joan@epa.gov>
Subject: Re: Edits before I send to Janet and Cynthia?

Looks complete and accurate to me. A couple of minor edits below?

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From: McGrath, Shaun
Sent: Thursday, March 24, 2016 2:33 PM
To: Rothery, Deirdre; Beeler, Cindy; Daly, Carl
Cc: O'Connor, Darcy; Card, Joan
Subject: Edits before I send to Janet and Cynthia?

Read-Out from March 23 Meeting with Governor Herbert re: Oil & Gas

Monument Butte – This meeting included the Governor, UT DEQ and Energy Office officials (was John Baza participating for UDOGM?), BLM State Director, Newfield representatives and attorneys, and EPA. The Governor opened the meeting by saying he was concerned that the approach by BLM and EPA was an overreach to impose regs that are the purview of the State. He also suggested that EPA came in late to the process, that was unfair to Newfield and the process. He further said the depressed oil market makes the imposition of new emission control requirements on Newfield (and the industry) even more difficult. He did acknowledge the shared objectives of responsible energy development that is protective of the air and water (that we need to be good stewards). He advocated that we strive for a "win-win" outcome.

Newfield said that they had committed to Applicant Committed Measures that would reduce emissions, but objected to the approach by BLM/EPA because they believe it inappropriately forces CAA regulation through a NEPA process. Newfield said they would be ready to comply with new CAA rules when they are final and required. With all of the new rules coming down the pike, they see the Monument Butte mitigation plan as just another layer of regulations. They also object because they feel that Newfield is being singled out unfairly, as this approach has never been done before. Finally, there were criticisms expressed of BLM's modeling.

BLM and EPA described the EIS and reasons for the mitigation strategy, and also responded to some of the criticisms, e.g. that EPA came in late to the process, and that we are pushing CAA regulation in a NEPA process. But most importantly, we acknowledged that, although the parties are not yet in agreement on a mitigation strategy, we are very encouraged that all of the parties are back at the table and discussing options. We thanked the Governor for his role in bringing us together, and assured him that we are committed to exploring "win-win" outcomes. The Governor encouraged us to find the win-win, and otherwise seemed satisfied with the meeting.

U&O FIP – Following the Monument Butte discussion, other oil & gas ~~mining~~ company representatives joined the meeting. The Governor opened this discussion in similar fashion, expressing concern that the FIP would result in significant costs to the industry at a down time in the market. He admonished EPA to be more careful of impacts the FIP could have on costs to the industry, and said EPA has not demonstrated clear benefits of the FIP. The Governor also made a strong point that good science must drive the FIP.

EPA provided a presentation that described the reasons for pursuing a FIP, and laid out the goals that we would have for a FIP. We then engaged in Q&A with the Governor and the industry representatives.

The Governor really keyed in on the point we raised that a FIP now would be potentially beneficial should the Uinta Basin be designated non-attainment for Ozone. He reacted to this point by saying that industry would not get any "credit" for early action in advance of a designation, and that this creates a perverse incentive. (This is an issue the Governor has raised before, including (I believe) with the Administrator.) He pushed EPA to do something about this perverse incentive, including seeking modification of the CAA.

The Governor made the same point as in the Monument Butte meeting of needing to be good stewards, and responsibly developing our resources, and also acknowledged the need for a level regulatory playing field.

UT DEQ Director Alan Matheson summed up what we all agreed were the areas of agreement and key outcomes from the discussion: 1) there is a public health issue in the Basin that needs to be addressed (high ozone); 2) we should strive for a level regulatory playing field between oil and gas facilities on Tribal lands vs. state lands; 3) the FIP must be based on good data and science; and 4) the process to develop the FIP must be open, ensuring that industry, the State, the Tribe and all relevant parties have an opportunity to engage.

Shaun L. McGrath

Regional Administrator

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