

"There's no production because there's no pipeline, and the road network isn't as extensive as in the rest of the Varyegan area," Labbe said.

VNG asked Anglo-Suisse to help collate existing geological, geophysical, and well data, then help VNG mark

boundaries separating the blocks.

Available information includes several thousand kilometers of seismic data, interpretations of well logs, pressure tests, and flow analyses.

"When it's all put together, there'll be a good bit of data

for companies to go on," Labbe said.

To develop Northern Lights acreage, VNG is considering joint ventures, joint stock companies, and other options.

A delegation of 20 senior Russian officials, headed by

Sivac, will be in Houston Sept. 20-27 for more talks about the Northern Lights plan. While the Russians are in town, Labbe said, Anglo-Suisse and VNG also will be putting final touches on Golden Mammoth joint venture documents. ■

Industry opposes tightening RCRA rules

The U.S. oil industry has warned Congress that a strict approach in reauthorizing the Resource Conservation and Recovery Act (RCRA) could shut down 80% of the country's oil wells and 75% of its gas wells.

Industry officials told the Senate environmental protection subcommittee, during a hearing on RCRA reauthorization, the current mix of state and federal rules is the best way to control the oil industry's production wastes.

Oil and gas wastes and produced fluids are not regulated under RCRA. The Environmental Protection Agency recommended in 1987 that they not be.

About 98% of the wastes are salt water, and 1.6% are drilling muds.

Legislation before the subcommittee would not stiffen RCRA rules for oil wastes, but environmentalists are urging the panel to take a tougher approach.

Sen. Max Baucus (D-Mont.), subcommittee chairman, agreed with them. "It seems to me there is a problem with oil field wastes. The question is, what is the solution?"

Adequate protection

Larry Bell, vice-president of engineering for ARCO Oil & Gas Co., testified for the American Petroleum Institute and MidContinent Oil and Gas Association.

Bell said the current state regulation of production wastes "works well, it responds to reality, and is fully capable of meeting newly identified needs."

Although the pending legislation, Senate bill 976, would exclude oil and gas wastes from its new industrial waste

standards, Bell said Gruy Engineering Corp., Dallas, has estimated if they were included "it would force the shutting in of 500,000 or 80% of our oil wells and 200,000 or 75% of our nation's gas wells.

"We would lose 13% of our oil reserves and 9% of our gas reserves. Oil production would plummet 20% in the first year. Tens of thousands of jobs would be lost."

He added such a rule would cost the oil industry \$50-60 billion in compliance costs.

"Because others have proposed that the current exemption be repealed for associated wastes, we also ran that case on the Gruy model using very conservative assumptions," Bell said.

"If only a small portion of the associated wastes tested hazardous, 78% of our nation's oil wells and 59% of our gas wells would be shut in, with significant reserve and production losses."

Denise Bode, Independent Petroleum Association of America president, said tighter RCRA rules would shut in most stripper wells.

She said the Appalachian Energy Group, nine oil and gas trade organizations in 10 Appalachian states, estimated added costs of only \$200/year/well would force operators to plug 46,000 wells.

She said, "The application of RCRA to some or all production wastes will not discernibly improve the environment beyond what the existing regulatory structure can do and will overwhelm the capacity of existing RCRA waste facilities."

Bode said tougher regulation would run contrary to the administration's National En-

ergy Strategy, which is aimed at preserving the nation's energy production as much as possible.

State's efforts

Timothy Dowd, executive director of the Interstate Oil and Gas Compact Commission, said, "Production wastes are presently regulated, and the environment is presently protected. A federal program will be wasteful and burdensome.

"logcc's member states have been responsible for regulating the oil and gas industry for more than 60 years and have been in the forefront in demonstrating the interest and ability of the state regulatory agencies to adequately protect human health and the environment.

"Some persons have publicly asserted that, because there is no federal program for E&P wastes, these wastes are not currently regulated. This is simply untrue and ignores the efforts made by state governments that are vigorously regulating and upgrading regulations to ensure the protection of human health and the environment."

Robert Krueger, a member of the Texas Railroad Commission, warned that legislation classifying production wastes as industrial waste would "sweep like a scythe through the oil and gas fields, leveling derricks, and crippling the educational and operational budgets of oil and gas producing states."

He noted logcc, with EPA, has developed a report on the necessary elements for an effective state oil and gas regulatory program.

"logcc is continuing to support the states' efforts by collecting the states' regulations

into a central database system, developing a training program to further educate state field inspection personnel in environmental issues, and coordinating a state review project.

"As a result of this work, a peer review process has begun so that each state has the opportunity to have its regulatory program judged by its peers from comparable states."

Krueger also said, "In reality, oil and gas wastes pose no significant threat to public health and the environment when they are properly managed. They are relatively low in toxicity, state and federal programs have protected the environment, and there have been remarkably few damage cases documented by EPA."

Disagreements

Chris Shuey, with the Southwest Research and Information Center, Albuquerque, called oil and gas wastes "the most gaping loophole" in RCRA's regulatory scheme.

"Wastes generated during exploration and production for oil and gas constitute the largest category by volume of solid wastes generated annually in the U.S.

"More than 2.8 billion tons of oil field wastes are generated every year, an amount that is equal to 25% of all the wastes generated annually in the U.S."

He said oil field wastes contain dangerously high levels of benzene and other organic contaminants, radioactive isotopes, and heavy metal and salt forming elements.

"Every year oil field pits kill hundreds of thousands of birds and migrating waterfowl

that mistake oily pit wastes for fresh water ponds. In 1989 alone, the U.S. Fish and Wildlife Service estimated that more than twice the number of birds killed in the Exxon Valdez accident, more than 500,000, perished in oil and gas pits in just four oil

producing states: Texas, New Mexico, Oklahoma, and Kansas.

William Fontenot, an environmental specialist with the Louisiana attorney general's Office, also argued for tighter controls.

He said states need feder-

al help, and existing lenient state programs are far from adequate to control hazardous wastes at well sites.

Fontenot said Louisiana has identified 1,000 well sites where there is naturally occurring radioactive waste, and there may be another

9,000 such sites in the state. "Every major operator has serious problems," he said.

He said EPA's 1987 report advising against regulation of oil and gas wastes was flawed because "the consultants were told to limit what they looked at."

Iroquois: PSC lacks authority for penalty

The New York Public Service Commission lacks authority to impose a threatened \$1.1 million penalty for environmental violations by Iroquois Gas Transmission System and five contractors.

That's what Iroquois argued in its response to an Aug. 21 PSC order covering 11 alleged violations of the commission's certificate and of the company's environmental management and construction plan (EM&CP).

Iroquois bases its argument on its status as a federally regulated interstate pipeline. In addition, Iroquois has responded to the particulars of the violations, saying the facts alleged in the order are "seriously misstated." The violations related to wetlands protection and slash burning (OGJ, Sept. 2, p. 33).

When these facts are corrected, Iroquois said, it becomes clear no violation occurred of either the certificate or the EM&CP.

Even as it prepared its Sept. 5 response, the company let a contract for the project's final spread, 9 miles on Long Island.

Michael Curran & Associates, Houston, and Otis Eastern Service Inc., Wellsville, N.Y., began work last week on the portion through Huntington and Smithtown, N.Y. Contract value was set at \$6.4 million.

Iroquois Pres. Robert J. Reid said direct deliveries to Long Island are on target for early 1992 despite many stop work orders issued this spring and summer by the PSC for various environmental violations.

Precedent cited

In making its argument, Iroquois cited last year's Sec-

ond Circuit Court of Appeals' decision in National Fuel Gas Supply vs. Public Service Commission. The court found, said Iroquois' response to the show cause order, that the Natural Gas Act (NGA) preempts enforcement of Article VII of New York's Public Service Law against a regulated interstate pipeline.

In that case, the court cited the possibility of a penalty against National Fuel as an action that might "prevent construction of federally approved interstate gas facilities." And such action, said Iroquois, "would therefore be precluded by the comprehensive and preemptive scope of the NGA." That decision "clearly forecloses the PSC from enforcing a penalty action against Iroquois."

Ed Collins, PSC spokesman, said the commission staff will take "an appropriate amount of time" to analyze Iroquois' response and make recommendations to the commission.

At that time, the commission will decide whether to go into state court seeking penalties. Those could exceed \$1.1 million, depending on how long the staff determines each violation lasted. Penalties are set at a maximum of \$100,000/day/violation.

Company actions

Iroquois contends it has consistently acted responsibly in all the instances cited in the order.

In the breaching of the Spread 3 beaver dam and subsequent draining of a protected wetland, Iroquois said the dam was only temporarily breached and surface water level in the wetland was temporarily lowered. There was

"no damage to the wetland or the beaver lodge itself."

Iroquois further said such ponds have been drained by Spread 1 contractor Murphy Bros. with full consent of the PSC staff. In any case, the company contends the lodge, which is the protected environmental feature listed in the EM&CP, was not damaged.

Further, the dam was repaired by the contractors at Iroquois' direction within 2 days. Although the wetland's surface was lowered, the wetland was in no sense destroyed as the show cause order alleges, Iroquois' response said.

Iroquois further denies that any PSC staff stop work order was ignored. A July 12 oral order to stop all clearing of wetlands on Spread 3 was obeyed. Clearing resumed only on July 19 when a written stop work order, received

July 17 by Iroquois, was lifted.

PSC had issued 10 citations for 11 violations. Two of the violations allegedly occurred in this wetlands incident. The remaining nine citations involved violations of rules on proper slash burning.

In those incidents, Iroquois said one landowner gave permission for a burn pile to be located nearby and did not file a complaint.

In another instance, a burn pile was moved away from one house in which an asthmatic child lived but too near another house whose owners could not be contacted.

A PSC inspector filed a complaint, and the burn pile was later moved to an authorized location, Iroquois said.

Iroquois further said that, contrary to claims in the PSC order, all the cited burning instances were supervised. ■

SPR reaches capacity target

The Department of Energy has reached the national goal, set in 1978, of creating 750 million bbl of storage space for the U.S. Strategic Petroleum Reserve.

Currently 570 million bbl of oil are in storage at six SPR sites in Texas and Louisiana.

Congress last year enacted a bill requiring DOE to expand the SPR to 1 billion bbl. DOE is studying four salt domes in Louisiana and four in Texas to determine the best candidates for the added storage. It expects to select sites in September 1992.

DOE reached the 750 million bbl target with completion of the final storage caverns at the Big Hill site near

Winnie, Tex. Development of the 14 cavern site began in October 1987. Big Hill now holds 16 million bbl of oil.

Each of the 11.5 million bbl caverns at Big Hill is 200 ft wide and about 200 ft tall.

DOE created the caverns by injecting water into salt domes to dissolve the salt. Creation of the Big Hill caverns required continuous pumping of water for nearly 2½ years.

DOE recently enlarged a cavern at its Bayou Choctaw site near Baton Rouge to 17 million bbl from 11 million bbl, boosting capacity at that site to 72 million bbl. Bayou Choctaw currently holds 47 million bbl. ■