

Publications

Oil and Gas Alert: U.S. EPA Releases Draft New Owner Clean Air Act Audit Program for Oil and Natural Gas Exploration and Production Facilities

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On May 4, 2018, U.S. EPA released an updated draft audit program agreement that will be available to new owners of oil and natural gas exploration and production facilities.

The **Draft Agreement** allows an acquirer of exploration and production facilities to conduct an environmental audit of the new facilities to determine whether any potential Clean Air Act violations exist. Under the Draft Agreement, U.S. EPA will not seek civil penalties for those violations that are identified (and corrected) by the acquirer. To take advantage of the Draft Agreement, the acquirer must notify U.S. EPA within six months of the date of acquisition, must not have been responsible in any way for environmental compliance at the acquired facilities, and must not share ownership or a corporate parent with the acquired facilities.

The time period in which the audit must be generally conducted and violations corrected is negotiable, but U.S. EPA notes that it “will be primarily based on the number of facilities subject to the agreement and the scope of the audit.” The Draft Agreement also requires that violations unrelated to engineering and/or design issues be corrected within 60 days, subject to extension with U.S. EPA’s approval.

U.S. EPA will accept comments on the Draft Agreement until June 4, 2018. Please contact us with any questions or assistance regarding the submission of comments, or your audit or acquisition obligations and opportunities.