

*Oil & Gas***Oil, Gas Firms Could Avoid EPA Penalties by Admitting Violations**

Oil and gas producers that choose to report past environmental violations at drilling sites, and related assets that they acquire, may dodge penalties under an audit program that the EPA plans to expand.

The Environmental Protection Agency would build upon a self-audit program that has been in place since 2008 to foster compliance and reward companies that do make an effort to meet environmental laws, Patrick Traylor, deputy assistant EPA administrator for enforcement and compliance assurance, told the Environmental Council of the States during a March 20 panel discussion on encouraging oil and gas compliance in St. Paul, Minn.

The EPA initiative is a positive step, questions linger the details, Roy Hartstein, vice president for strategic solutions at Southwestern Energy Co., the third largest producer of natural gas in the continental U.S., told Bloomberg Environment. He said he wanted to see “the mechanics of how this program will work.”

The nuts and bolts of how the program would work for the oil and gas sector is an issue that the EPA has

just begun to work out, Traylor said, acknowledging that it takes time to write out audit agreements. He assured state officials that the credible threat of enforcement would remain in the background.

Self-auditing is a positive step in an era of shrinking budgets, Dave Glatt, co-chairman of the ECOS shale oil and gas caucus and environmental health chief for the North Dakota Department of Health, said.

“The challenge for the EPA is to apply the audit policy that currently applies to single manufacturing facilities to multiple oil and gas facilities,” Traylor said, adding that the EPA will be looking to states that have self-auditing programs in place.

The agency doesn’t want to measure compliance by how many notices of violations are filed with the Justice Department, Traylor said.

“These are good tracking tools, but not a measure of compliance,” he said.

By AMENA H. SAIYID

To contact the reporter on this story: Amena H. Saiyid in St. Paul, Minn., at asaiyid@bloombergenvironment.com

To contact the editor responsible for this story: Rachael Daigle at rdaigle@bloombergenvironment.com

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