



pennsylvania

DEPARTMENT OF ENVIRONMENTAL PROTECTION

SECRETARY

March 21, 2011

Dear Sir or Madam:


On February 23, 2011, at 6:15 p.m., a tank fire occurred at Chesapeake Energy's Joseph Powers Farm site in Independence Township, Washington County. The fire began while workers were flow-testing at the active well site, including the separation of wet gas constituents. Three workers were injured, one severely. The Department of Environmental Protection (DEP) has investigated the accident and concluded that the fire was caused by improper management of condensate. Condensate is highly volatile and flammable and the vapors can be explosive under certain conditions. The fire at the Powers Farm was the second such incident within the past year in which improperly managed condensate has produced vapors that ignited at Marcellus shale well locations. Both events caused significant threats to public health, safety, and the environment.

As a result of the safety hazards created by these two incidents, DEP is requesting that all operators drilling wells to produce gas from unconventional formations voluntarily adhere to best practices being utilized in the industry to effectively and safely control condensate vapors. These best practices include developing plans to monitor, contain, control, and remove natural gas condensate at well locations. A responsible plan should have as its goal the control of flammable vapors at the site during all phases of well development and should, at a minimum, include the following best practices:

1. Procedures to identify the presence of condensate vapors at a well site and steps to be taken immediately when detected. These procedures should include internal notifications and directions to shut-in wells until a system to control emissions of condensate vapor is put in place at that well site.
2. Identification of the process and equipment that will be used to prevent spills and manage the emissions of condensate vapors. Where condensate vapors cannot be controlled, this should involve a multi-step separation system designed to ensure vapor destruction or capture. An example of a schematic of the system showing individual treatment units and process flow should be included.
3. An explanation of how the condensate will be safely stored and removed from well sites and the methods/equipment that will be employed to control vapors during these processes.

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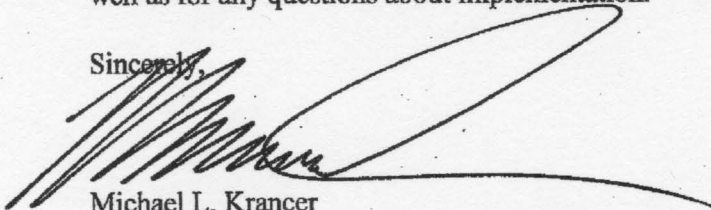
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March 21, 2011

4. An explanation of how the condensate will be properly handled, including whether it is to be managed as a waste or product.
5. A comprehensive on-site monitoring and early detection system, such as personal and ground-level LEL monitors, designed to alert on-site personnel of the presence of an explosive mixture of condensate vapors. The plan must describe the type of monitoring equipment to be used and generally how and where it will be installed.
6. A description of contingency measures to be employed if a discharge or emission takes place during all phases of well development. The plan should provide for immediate notification to DEP and local emergency management and municipal officials in the event of an emergency.
7. Material Safety Data Sheet (MSDS) information on the condensate expected to be produced.

We strongly encourage you to develop and implement a plan as described herein. Please contact Scott Perry, Director of Bureau of Oil and Gas Management, by e-mail at scperry@state.pa.us or by telephone at 717.772.2199, for information about the best practices described in this letter, as well as for any questions about implementation.

Sincerely,



Michael L. Krancer
Acting Secretary

cc: Scott Perry, Director
Bureau of Oil & Gas Management