

percent consists of toxic priority pollutants (or 642 pounds).

Due to limitations with the data base, EPA is currently only able to estimate an achievable toxicity limit in the range of 100,000 ppm (SPP) to one million ppm (SPP). As described earlier under "Additional Technologies Considered" of this section, EPA is continuing to evaluate toxicity test results and volumes and other data for drilling fluids used and discharged in Cook Inlet in an effort to derive a more specific limitation. A supplemental notice presenting the data and soliciting comment would be necessary prior to promulgation.

Option 3 would cost the industry \$3.9 million annually and result in the reduction of 23 million pounds of pollutants being discharged per year (or 7375 in toxic pounds equivalents). Zero discharge of drilling fluids and drill cuttings is widely practiced in other coastal areas other than Cook Inlet, including the Gulf of Mexico, California, and the North Slope of Alaska. In Cook Inlet, zero discharge is not currently practiced but for a small amount of drilling fluids (approximately one percent) that do not meet permit limits. Zero discharge is technologically available because operators are able to comply with zero discharge by either disposing of their drilling fluids and drill cuttings onshore or by grinding and injecting the waste. The costs of this option would result in a 2.7 percent reduction in the estimated lifetime production for Cook Inlet platforms, which would not significantly reduce the profit potential for these operators. Thus, EPA believes these costs are economically achievable. However, concerns have been raised that zero discharge would interfere with drilling operations, in part because the weather conditions and tidal fluctuations in the Inlet pose logistical difficulties for drilling waste transportation especially during winter months. In addition, while Option 3 would result in the removal of 23 million pounds of pollutants per year, less than 0.02 percent of which are toxic pollutants, the \$3.9 million annually incurred by industry to remove the 3760 pounds of priority toxic pollutants indicates that this option is not cost effective. (See EPA's cost effectiveness report entitled Cost Effectiveness Analysis of Effluent Limitations Guidelines and Standards for the Coastal Oil and Gas Industry in the rulemaking record for this proposal and additional discussion in Section VII of this preamble.) In Cook Inlet, operators are not currently practicing zero discharge. EPA estimates that to comply with a total zero discharge

requirement, 24 percent of the drilling fluids and drill cuttings would be ground and injected into dedicated wells, and 76 percent would be disposed of onshore.

EPA is soliciting comments on whether the drilling fluids and cuttings volumes removed by these options are de minimus, and on the effect that weather and transportation logistics, cost effectiveness, and other factors (e.g., types of fluids used and their composition, toxicity values, etc.) may have on the applicability, achievability and practicality of both Options 2 and 3.

EPA does not expect any new source development wells drilled in Cook Inlet in the seven years following the scheduled promulgation of this rule. This is because all development wells are expected to be drilled from existing platforms in Cook Inlet. According to the definition of new sources, these wells would be existing sources. Additionally, any drillings that may occur in the recently discovered Sunfish formation in Upper Cook Inlet, are projected to be exploratory wells, which are also existing sources according to the new source definition. Thus, no costs will be attributed to NSPS in Cook Inlet because no new sources are projected for this area. However, in the case that a new source would be drilled in Cook Inlet, EPA has determined that zero discharge would not pose a significant barrier to entry for the drilling project. The same options are being considered for NSPS as for BAT, and again, no one preferred NSPS option is being selected in this proposal. Costs may be less than BAT because process modifications can be incorporated into the drilling rig design prior to its installation rather than retrofitting an existing operation. Whenever EPA determines that BAT is economically achievable, equivalent NSPS requirements would also be economically achievable, and cause no significant barrier to entry. EPA solicits comments on whether NSPS should be more stringent than BAT for Cook Inlet drilling fluids and cuttings.

EPA also finds the non-water quality environmental impacts of Option 2 and zero discharge (Option 3) to be acceptable. Again, non-water quality environmental impacts attributable to this rule would occur only in Cook Inlet. The air emissions and energy requirements associated with waste transportation were calculated for the two operators expected to utilize onshore landfill disposal to accommodate the wastes from their drilling operations. For the remaining two operators who will be drilling and

do not have access to onshore disposal, EPA has calculated the air emissions and energy requirements resulting from grinding and injection to meet zero discharge. EPA has found that these non-water quality environmental impacts represent only a very small fraction of the total air emissions and energy requirements from normal operations, and that these non-water quality environmental impacts are acceptable. As stated above, EPA does not expect any new sources to be initiated in Cook Inlet. EPA, however, believes that the non-water quality environmental impacts resulting from any such activity would be equal to or less than those anticipated for existing sources, which EPA has found acceptable.

8. PSES and PSNS

Section 307 of the CWA authorizes EPA to develop pretreatment standards for existing sources (PSES) and new sources (PSNS). Pretreatment standards are designed to prevent the discharge of pollutants that pass through, interfere with, or are otherwise incompatible with the operation of publicly owned treatment works (POTWs). The pretreatment standards for existing sources are to be technology based and analogous to the best available technology economically achievable (BAT) for direct dischargers. The pretreatment standards for new sources are to be technology-based and analogous to the best available demonstrated control technology used to determine NSPS for direct dischargers. New indirect discharging facilities, like new direct discharging facilities, have the opportunity to incorporate the best available demonstrated technologies, including process changes, and in-plant controls, and end-of-pipe treatment technologies. EPA determines which pollutants to regulate in PSES and PSNS on the basis of whether or not they pass through, interfere with, or are incompatible with the operation of POTWs.

Based on the 1993 Coastal Oil and Gas Questionnaire and other information reviewed as part of this rulemaking, EPA has not identified any existing coastal oil and gas facilities which discharge drilling fluids and cuttings to publicly owned treatment works (POTW's), nor are any new facilities projected to direct these wastes in such manner. However, due to the high solids content of drilling fluids and cuttings, EPA is proposing to establish pretreatment standards for existing and new sources equal to zero discharge because these wastes are incompatible with POTW operations. For further