

February 25, 2008

Clerk of the Board  
Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Second 15 Day Public Comment Period – Modified Text to the In-Use Off-Road Diesel Vehicles Regulation**

Dear Board Members

Nabors Well Services Co (NWSC) appreciates the opportunity to comment and participate in the development of In-Use Off-Road Diesel Regulation (ORDR). NWSC is submitting its comments and concerns related to the modification of the regulatory language. NWSC is requesting that the staff take these suggestion, recommendations, comments and concerns under advisement in the development of changes to the modified language.

### **SOON Program**

At the July 26, 2007, Board meeting, the Surplus Off-Road Opt-in for NOx (SOON) program was presented to the Board by the South Coast Air Quality Management District (SCAQMD). The SOON was proposed as a voluntary program to gain additional reduction in NOx emissions from fleets regulated under the ORDR, and allows local air districts to "opt-in" or "opt-out" of the program. The SOON program does not allow the same "opt-in" or "opt-out" provision to fleet owners. The major issue presented at the Board meeting was the fact that air districts that "opt-in" SOON would fund 100% of the surplus cost of the program.

After reviewing the proposed regulatory language, NWSC would like to submit the following comments on the SOON program:

- During the Board meeting, SCAQMD presented SOON stating that 100% of the funding would be supplied by the air districts that "opt-in" to the program. The proposed regulatory language has been changed to state that the SOON funding guidelines will be consistent with the applicable Carl Moyer program. The Carl Moyer guidelines require that part of the project to be funded by the fleet owner. The ORDR has already placed a large capital investment on fleet owners to comply with this regulation. Now the SOON program will place an additional capital investment on fleet owners who may not have the funds for the original compliance cost to the ORDR. NWSC's recommendation is for CARB staff to develop regulatory language requiring the SOON program to be funded 100% by the air districts.
- The SOON program does not have an "opt-out" provision for the fleet owners. NWSC's suggestion is to change the regulatory language to allow the same "opt-in" and "opt-out" provision to the fleet owners that was given to the local air districts.

- If a fleet owner receives SOON funding from one air district, the contract will require the equipment to remain in that air district for five years. If the equipment is moved from one air district to another, the fleet owner will be required to refund that part of the contract not completed. NWSC's recommendation is for CARB staff to develop regulatory language requiring the air district receiving the SOON equipment to refund the balance of the contract to the original air district. The air districts may make the statement that they do not have the funds in their account to make the reimbursement. The fleet owners may have the same problem at the time of the move. Remember, fleet owners have to get work where they can find it.
- Fleet owners are required to research all the air districts that have opted into SOON. If a district chooses to make the SOON program mandatory, fleet owners are required to apply for SOON funding on each unit with a Tier 0 or Tier 1 engine. After the fleet owners file the initial reports to CARB on April 1, 2009, the local air district could review the initial report and make the decision as to which fleets should be in the SOON program. At that point, the local air district would contact the fleet owners and request the filing of the application for SOON funding. NWSC believes that placing the requirement on all large fleets to submit applications on each unit will generate additional red tape and administrative cost to the fleet owners.
- Fleet owners are required to develop a subset fleet, and calculate the NOx index for each air district each year to determine the NOx target rate for each vehicle to meet requirements. NWSC's recommendation is for CARB staff to develop regulatory language to require the local air district to review the initial reports and the annual reports to determine which fleets and which vehicles will generate the greatest reduction in NOx.
- The proposed regulatory language has some interesting statements. "During the contract period, vehicles equipped with NOx retrofits, repowered with new engines, or that have been replaced with SOON program funding, cannot use this lower emission rate to calculate NOx and PM rates." "These vehicles must be reflected as if the actions taken under the SOON program did not occur." NWSC's recommendation is for CARB staff to develop regulatory language to allow some credit for NOx and PM because the fleet owners are required by the regulations to fund some part of the SOON project cost.

NWSC is concerned with the requirement on applying for SOON Funding and completing the projects in a timely matter. NWSC is currently involved in a repowering program with its fleet. NWSC is experiencing four to six months for completion of one repowering project. These projects require planning, engineering, and funding before the project starts. NWSC is experiencing thirteen to eighteen weeks delivery on engines at this time. NWSC is concerned with the requirement of getting the SOON funds from the air district, and being required to have the project completed on a short time schedule. NWSC's recommendation is for CARB staff to conduct several workshops on the SOON program to achieve consensus on the solutions before adapting the proposed SOON language.

### **Labeling**

The proposed regulatory language states that stationary or portable systems used to replace diesel vehicles under section 2449(d)(1)(C) must also be labeled with an ARB-issued EIN. CARB staff has taken a simple solution and made it very complex. Fact one: the vehicle that is regulated under the In-Use Off-Road Diesel Regulation is being replaced and the vehicle is retired. Fact two: the stationary system is permitted by the local air district. Fact three: the portable system is registered in the Statewide Portable Equipment Registration Program (PERP) or permitted in the local air district. All of the PERP registrations and the local air district permits have a numbering system. Why are stationary and portable systems required to have two different CARB numberings? NWSC's recommendation is for CARB staff to develop regulatory language to require the retirement of the off-

road vehicles and allow the replacements stationary and portable equipment to comply with their current regulations without requiring additional labeling.

### **Verified Diesel Emissions Control System**

The regulation requires each fleet to meet the fleet average emission PM target rate or apply the highest level VDECS to 20% percent of its horsepower. If a company has a large inventory of Tier 0 engines, they will be required to install VDECS on Tier 0 engines to be in compliance. A VDECS may be installed on a Tier 0 engine, but the hours of operation between regeneration will be very short. Most of the VDECS on Tier 0 engines will not operate 10 hours in a day. The VDECS vendors' solution to this problem is to install two or three VDECS on one engine.

NWSC has several other concerns with the use of VDECS, such as the regeneration time, the useful life of the VDECS, the warrant, the cleaning process, the number of VDECS needed in the installation, exhaust temperatures' requirement and the engine shutting down. NWSC's recommendation is for the Board to reduce the PM retrofit requirements from 20% to 10%, and starting the requirement one year later than the NOx requirement. This allows fleet owners to install VDECS on the new engines that were repowered the year before, and fleet owners will not be required to install VDECS on Tier 0 engines.

### **Cost Analysis**

NWSC is concerned with the cost analysis in the Staff Report. CARB needs to make sure that all of the costs are captured in the analysis. NWSC is currently repowering equipment, and the cost we are experiencing is much higher than the Staff Report states. At the completion of the first year, NWSC's recommendation is for the Board to direct CARB staff to work with stakeholders to develop total costs and make sure the numbers used in the Staff Report are correct.

NWSC believes that the off-road regulation is a complex set of regulations that will require the total focus of fleet owners to be in compliance. NWSC believes that squeezing too many regulatory demands into one regulation too quickly will generate failure of the regulation. NWSC is requesting that the CARB staff take these recommendations and concerns under advisement in making changes to the proposed regulatory language. CARB staff should work with affected stakeholders to achieve consensus and develop the correct solutions. NWSC will continue to work on the development of an effective and reasonable approach to the Off-Road Diesel Regulation. If you have any questions regarding our comments, please contact me at 661-391-1623 or by e-mail at [james.thomas@nabors.com](mailto:james.thomas@nabors.com).

Sincerely,



James Thomas  
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