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RCRA/Superfund/OUST Hotline Monthly Report Question

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1. Natural Gas Condensate Regulatory Status

Drilling fluids, produced waters, and other wastes associated with the exploration, development, and production of crude oil, natural gas, and geothermal energy are exempt from the definition of hazardous waste under 40 CFR §261.4(b)(5).

Natural gas condensate is a light hydrocarbon liquid that sometimes forms through condensation of natural gas (hydrocarbon) vapors when natural gas is conveyed through a pipeline. Does natural gas condensate fall within the scope of this exemption when discarded?

Natural gas condensate meets the exemption in §261.4(b)(5) if it is produced by activities related to the exploration, development, and production of natural gas. It does not meet the exemption if it is produced by other activities, such as post-production transportation. While not a drilling fluid or a produced water, natural gas condensate can be produced by activities associated with loading natural gas, removing it from the ground, or purifying it. Natural gas is usually removed from the ground using an array of wells in one gas field. The natural gas from all wells is then aggregated and often sent to a gas plant to remove impurities such as water. This removal of impurities is considered a necessary part of the production process, and any wastes resulting from natural gas operations up through this point are exempt.

If condensate forms in a pipeline carrying natural gas from the gas field to the gas plant, this natural gas condensate is exempt as an associated waste under §261.4(b)(5). The key is that the activity producing the natural gas condensate must be uniquely associated with natural gas condensate, development, or production operations for the exemption to apply. Natural gas production operations encompass all processing facilities up to and including the gas plant, but not beyond.

If the natural gas condensate is generated by transportation or manufacturing operations beyond the production process, it is not exempt and would be regulated as a hazardous waste when discarded if it displays one or more characteristics of hazardous waste (58 FR 15284; March 22, 1993). For example, if condensate forms in a pipeline transporting the natural gas from the gas plant to market, this natural gas condensate is not exempt since it is generated during post-production transportation and not production operations.