

June 22, 2016

The Honorable Janet McCabe
Acting Assistant Administrator
US EPA, Office of Air and Radiation (6103A)
Mail Code 6103A
1200 Pennsylvania Ave., NW
Washington, DC 20460

Proposed Information Collection Request; Comment Request; Information Collection Effort for
Oil and Gas Facilities
EPA-HQ-OAR-2016-0204; FRL-9946-70-OAR

Dear Assistant Administrator McCabe:

The Independent Petroleum Association of America (IPAA) requests a 60 day extension on the initial comment period related to the Information Collection Request for Oil and Gas Facilities. The IPAA represents the independent producers that develop 90 percent of American oil and gas wells, produce 54 percent of American oil and produce 85 percent of American natural gas. IPAA has over 6400 members, including companies that produce oil and natural gas ranging in size from large publicly traded companies to small businesses and companies that support this production, such as drilling contractors, service companies and financial institutions.

IPAA requests this extension because the current comment period is too short for industry professionals to analyze the complexities of an Information Collection Request (ICR) given the simultaneous requirement to develop implementation plans for compliance with Subpart OOOOa that results from its formal promulgation. However, it is also too short for the Agency to address many issues that it needs to consider before initiating the ICR. As EPA Administrator Gina McCarthy was quoted as saying, "EPA's learning this industry right now because it's not an industry we regulate. We've just gotten into regulation of this so there's a lot of hundreds of thousands of small sources and EPA doesn't generally have a relationship with this industry as we do other sectors that we've regulated for frankly decades. But we're learning." The pathway that is currently being taken in the ICR development will thwart rather than improve EPA's understanding of the industry.

Administrator McCarthy is correct that there are hundreds of thousands of small sources that comprise most of the existing oil and natural gas production operations in America. But there are other factors that make crafting a national emissions regulation on these sources more complicated than most other industries. For example, while some components of the industry, like natural gas processing facilities are similar to refining operations that are designed and operated based on processing a consistent volume, oil and natural gas production operations are characterized by their inherent declining production. Similarly, most of these small sources are operated by small businesses and their ability to absorb regulatory burdens that might be appropriate for a new source is vastly different. The industry is also characterized by operations that face different challenges depending on their location and the nature of the oil and/or natural gas reserves where they produce.

Understanding these aspects of the industry is essential to developing an ICR process that will provide the Agency with the quality information it needs to craft fair, cost-effective regulations that reflect the Best System of Emissions Reductions (BSER) standard of Section 111 of the Clean Air Act, including the implications on the remaining life of a facility required for existing source regulations under Section 111(d). The Agency has available to it the resources to better understand the nature of American oil and natural gas production through both free resources held by state permitting agencies and existing information from DrillingInfo that the Agency has used in the past. By using these resources – and with the assistance of the industry – EPA could create a far better ICR process.

For example, in initial evaluations of the draft ICR, it is clear that the burden of responding to the ICR is substantially underestimated. Moreover, it is difficult to understand how the Agency can develop the Phase II ICR without being informed from the information in the Phase I ICR, not the least of which is assessing what producers should receive the Phase II ICR. Another perplexing issue that arises in the ICR process is the need to gather appropriate information on marginal well operations – the small sources referenced by Administrator McCarthy. These sources are overwhelmingly operated by small businesses that have limited financial and technical resources to comply with the ICR; yet, without accurate information on these sources EPA will not be able to develop a sound regulatory structure. Coping with this reality requires a better understanding of the industry than the ICR proposal demonstrates and further argues that the Agency needs better preparation before it progresses on the ICR.

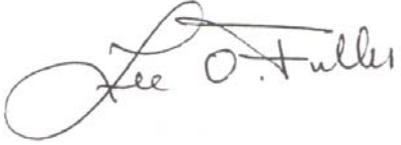
IPAA and its member companies will be commenting on the ICR. And, this too presents a challenge. As the Agency is well aware, current oil and natural gas prices have devastated the upstream segment of the industry, including personnel reductions at independent producers. Now, the professional staff that must evaluate the ICR is the same staff that must develop company compliance plans for the final Subpart OOOOa regulations that were released simultaneously with the ICR proposal. This is an issue that can be exacerbated depending on the rollout of the ICR if it conflicts with the Subpart W reporting schedule where the same staff will have to complete both actions.

EPA can choose to rush forward with the ICR process or EPA can choose to develop its understanding of the industry and craft a better targeted ICR approach. IPAA believes that if the Agency chooses the latter course, it can meet its obligations under Section 111(d). But a rush to judgment will prevent sound regulatory development. The Agency should not rush to create an ICR that misses the mark in requesting the information that would properly inform regulatory development but might require the costly development of information that is of no value. Similarly, EPA should not rush its action to draft an ICR for submission to the Office of Information and Regulatory Affairs (OIRA) merely to meet an arbitrary schedule.

Consequently, IPAA believes that the ICR comment process should be extended 60 days not only to allow for the analysis of the ICR by commenters but to give Agency staff the opportunity to work with state regulators and others to learn the structure, scope and distinctions inherent in the oil and natural gas production components of the industry.

If there are questions or additional information that IPAA can provide, please contact me at 202-857-4731 or by email at lfuller@ipaa.org.

Sincerely,

A handwritten signature in black ink that reads "Lee O. Fuller". The signature is written in a cursive style with a large, looping initial "L".

Lee O. Fuller, Executive Vice President

Cc: Brenda Shine, EPA