

May 8, 2018

By Electronic Submission

EPA Docket
Center (EPA/DC), Environmental
Protection Agency, Mail Code 28221T,
1200 Pennsylvania Ave. NW.
Washington, DC 20460

Notice of Proposed Withdrawal of the Control Techniques Guidelines for the Oil and Natural
Gas Industry – Docket: EPA–HQ–OAR–2015–0216

These comments are filed on behalf of the Independent Petroleum Association of America (IPAA), American Exploration & Production Council (AXPC), the American Association of Professional Landmen (AAPL), the Association of Energy Service Companies (AESC), Domestic Energy Producers Alliance (DEPA), the International Association of Drilling Contractors (IADC), the International Association of Geophysical Contractors (IAGC), the National Stripper Well Association (NSWA), the Petroleum Equipment & Services Association (PESA), and the following organizations:

Arkansas Independent Producers and Royalty Owners Association
California Independent Petroleum Association
Coalbed Methane Association of Alabama
Colorado Oil & Gas Association
East Texas Producers & Royalty Owners Association
Eastern Kansas Oil & Gas Association
Florida Independent Petroleum Association
Idaho Petroleum Council
Illinois Oil & Gas Association
Independent Oil & Gas Association of New York
Independent Oil & Gas Association of West Virginia
Independent Oil Producers' Agency
Independent Oil Producers Association Tri-State
Independent Petroleum Association of New Mexico
Indiana Oil & Gas Association
Kansas Independent Oil & Gas Association
Kentucky Oil & Gas Association
Louisiana Oil & Gas Association
Michigan Oil & Gas Association
Mississippi Independent Producers & Royalty Association
Montana Petroleum Association
National Association of Royalty Owners
Nebraska Independent Oil & Gas Association
New Mexico Oil & Gas Association

New York State Oil Producers Association
North Dakota Petroleum Council
Northern Montana Oil and Gas Association
Ohio Oil & Gas Association
Oklahoma Independent Petroleum Association
Oklahoma Oil and Gas Association
Panhandle Producers & Royalty Owners Association
Pennsylvania Independent Oil & Gas Association
Permian Basin Petroleum Association
Petroleum Association of Wyoming
Southeastern Ohio Oil & Gas Association
Tennessee Oil & Gas Association
Texas Alliance of Energy Producers
Texas Oil and Gas Association
Texas Independent Producers and Royalty Owners Association
Utah Petroleum Association
Virginia Oil and Gas Association
West Slope Colorado Oil & Gas Association
West Virginia Oil and Natural Gas Association
Western Energy Alliance

Collectively, these groups represent the thousands of independent oil and natural gas explorers and producers, as well as the service and supply industries that support their efforts, that will be the most significantly affected by the actions resulting from this regulatory proposal. Independent producers drill about 90 percent of American oil and gas wells, produce 54 percent of American oil and produce 85 percent of American natural gas.

In addition to the specific comments made herein, we support those comments submitted separately by the participants in these comments.

In proposing withdrawal of the Control Techniques Guidelines for the Oil and Natural Gas Industry (CTG), EPA states:

On June 5, 2017, the EPA granted reconsideration in regard to additional provisions of the 2016 NSPS¹. Pursuant to those actions, the EPA is currently looking broadly at the 2016 NSPS. In light of the fact that the EPA is reconsidering the 2016 NSPS and because the recommendations made in the CTG are fundamentally linked to the conclusions in the 2016 NSPS, the EPA believes it is prudent to withdraw the CTG in its entirety. The EPA also believes that the withdrawal will be more efficient for states in revising their state implementation plans (SIPs).

We strongly support EPA's proposed action for this and other reasons.

The CTGs are not only linked to the 2016 NSPS (Subpart OOOOa) but to a 2011 NSPS (Subpart OOOO) as well. While Subpart OOOO has been essentially subsumed into Subpart OOOOa, these regulations are now being revisited and may be significantly revised. Additionally, the

¹ "Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources," published in the Federal Register on June 3, 2016 (2016 New Source Performance Standards (NSPS) – Subpart OOOOa

application of the 2011 NSPS substantially impacts the universe of facilities that comprise the existing sources that would be affected by the CTG. Until the validity of the NSPS is resolved, existing sources should not be subjected to technology controls that may be inappropriate

Moreover, States are beginning to require CTGs even though their appropriateness has not been established. Clean Air Act (CAA) Part D requires State Implementation Plans (SIPs) for ozone nonattainment areas classified as Moderate, Serious, Severe or Extreme to use Reasonably Available Control Measures. Reasonably Available Control Measures must include all existing CTGs or provide for comparable reductions. Because some states must develop SIPs for the 2008 Ozone National Ambient Air Quality Standards (NAAQS) even though a 2015 Ozone NAAQS has been promulgated, they would be required to include the CTG in their planning for both specific ozone nonattainment areas and for states in the Ozone Transport Region (which includes Pennsylvania) on a statewide basis. Given the flawed nature of the CTG, this result is inappropriate.

While the current action to withdraw the existing CTG is essential, it is important to understand that these CTG as written are flawed. NSPS require a determination of the Best System of Emissions Reductions (BSER) while a CTG requires a determination of Reasonably Available Control Technology (RACT). These CTG essentially use the NSPS technology requirements which are based on the BSER standard with the NSPS created for large hydraulically fractured oil and natural gas wells.

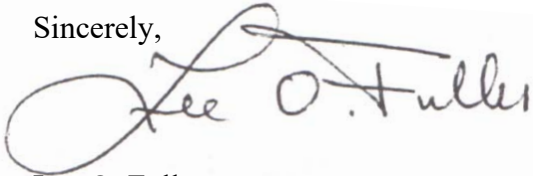
This NSPS BSER determination is not appropriate as RACT for existing sources. Moreover, it is particularly problematic for the universe of oil and natural gas wells that will be most effected by CTG. The impact will be driven by two factors. First, oil and natural gas wells decline after their initial production. Second, the most significant oil and natural gas production emissions sources are controlled by the 2011 NSPS. The 2011 NSPS has been in effect for seven years and before it a substantial portion of wells were drilled under the voluntary Gas STAR program that used comparable technologies. Consequently, the pool of existing sources not using these technologies will be dominated by low production wells (15 b/d or less for oil; 90 mcf/d or less for natural gas). Not only is the emissions potential for these wells far lower than new sources, the cost impact is far more difficult to absorb.

Consequently, after EPA determines the approach it should take on the NSPS revision and if it decides to develop CTG for existing sources, EPA must approach such a future action far differently than it chose in the current CTG. It must recognize that its prior NSPS actions will create a far different profile of existing source emissions. It must develop RACT using the realities of that profile. Additionally, it needs to develop its RACT assessments using more realistic economic analyses. For example, the current CTG analysis is inappropriate because it is based on an unrealistic natural gas price of \$4/mcf. Current natural gas prices are in the \$3/mcf range before taxes and royalty payments that reduce the gross price by about 25 percent – to roughly \$2.25/mcf. Similarly, for the low production wells that dominate the existing source universe, EPA needs to recognize how close they are to the tipping point of being uneconomic if compelled to absorb the costs of additional requirements. For too long, cost effectiveness analyses look at some type of incremental cost/benefit but those benefits are unachievable if the absolute cost pushes a well into shutting down.

We appreciate the opportunity to comment on this proposal to withdraw the current CTG for the oil and natural gas industry. We reiterate our strong support for withdrawal.

If we can supply additional information or if there are questions, please contact Lee Fuller by email at lfuller@ipaa.org or by telephone at 202-857-4722.

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" and a distinct "O" in the middle name.

Lee O. Fuller
Executive Vice President
Independent Petroleum Association of America