



EPA Methane Regulations

The **Independent Petroleum Association of America (IPAA)** represents the thousands of independent producers that develop 91 percent of the nation's oil and natural gas wells. These companies account for 83 percent of America's oil production, 90 percent of its natural gas and natural gas liquids (NGL) production, and support over 4.5 million American jobs. These producers recognize the importance of environmentally sound regulations to manage their emissions, including methane. Over the next several years, the Environmental Protection Agency (EPA) will be promulgating both revisions to its New Source Performance Standards (NSPS) and existing source Emissions Guidelines (EG). States are currently developing and implementing regulations and will continue to do so to comply with the forthcoming EG. Meanwhile, industry has initiated voluntary programs, such as The Environmental Partnership, to enhance its efforts to reduce emissions.

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Well structured, cost effective regulations are essential to manage emissions while assuring that American oil and natural gas producers can provide the energy demanded by the U.S. and world economies. At the same time, technology to manage emissions is evolving and the regulatory process needs the flexibility to utilize new technology. To a great degree, the federal regulatory process over the past decade has been driven by litigation and political agendas. Consequently, it needs to effectively embrace evolving information and technologies as it finalizes its regulatory framework.

New Source Performance Standards

EPA began its active regulation of oil and natural gas production in its 2012 NSPS requirements (Subpart OOOO) that addressed the major sources of emissions, such as storage tanks, pneumatic controllers, and completion of hydraulically fractured natural gas wells. In 2016, EPA expanded new source regulation (Subpart OOOOa) including the initiation of a Leak Detection and Repair (LDAR) program. EPA is now proposing revisions and expansion of new source requirements (Subpart OOOOb). And, it is addressing existing sources through a parallel program requiring state regulations (Subpart OOOOc).

These regulatory requirements are creating complexity regarding the timing of their application to facilities that are changing over time as well as the viability of some of the requirements in the diverse oil and natural gas production industry. Similarly, the constraints of locking in specific technologies in an evolving world could inhibit better management of emissions.

For example, EPA is proposing new requirements for pneumatic controllers to eliminate rather than rigorously

restrict their emissions. But, the options to eliminate emissions is not readily applicable in all oil and natural gas production locations where electricity is not available or the size of the facility does not allow for the cost effective use of the new technology. Moreover, because the same requirements are proposed for existing facilities, the rigorous technology that has been required on new facilities since 2012 could be subject to arbitrary replacement without environmental justification.

LDAR issues are more complicated because an array of new technology is being developed, but the EPA NSPS requirements mandate an outdated, costly optical gas imaging (OGI) system. EPA has shown an interest in allowing newer technologies to be used and many states have as well. However, unless EPA creates a workable alternative pathway, companies will have limit the use of newer technology because they will have to use EPA's required approach to comply with its regulations.

None of these issues is unresolvable, but time pressures on EPA to rush its regulations and constraints within the structure of the Clean Air Act present significant barriers and can produce counterproductive results.

continued

Existing Source Emissions Guidelines

One key aspect of the independent component of the oil and natural gas production industry is its breadth – spanning from large publicly traded companies to small businesses and from large, high production wells to low production wells.

Low production wells are those that produce 15 barrels/day (or 90 mcf/d) or less. The national average low production oil well is about 2.5 barrels/day and the average low production natural gas well is about 24 mcf/d. Of the roughly one million active oil and natural gas wells in the United States, about 750,000 are low production wells, typically operated by small businesses. However, low production oil wells produce about one million barrels/day and low production natural gas wells account for 8 to 10 percent of U.S. production. The regulatory structure applied to low production wells is significant because their viability is so dependent on their cost of operation.

While all existing sources will fall under the EPA EG, the most affected wells will be low production wells. Industry does not question the need to cost effectively manage its emissions. However, industry is seeking a regulatory structure designed for the specific sources it controls. EPA has shown an interest in drawing a distinction for low production wells but the structure of its actions and the regulatory requirements need fine tuning.

In 2022, the Department of Energy completed a report on the emissions profile of low production wells. This DOE report offers insights into understanding the nature of emissions from these operations that can be used to design a regulatory program focused on key operations at these sites. For example, it shows that the primary emissions at low production sites come from storage tanks and some separators. Well sites producing less than 6 barrels per day or 6 to 15 barrels/day with 5 or few pieces of equipment (such as separators and tanks) fall below thresholds that EPA has proposed to be considered as low emitting sites. With this type of knowledge, a cost effective LDAR program based on regular operations and maintenance actions could address their fugitive emissions. However, for this to occur, EPA needs to provide the flexibility in its Subpart OOOOb and OOOOc requirements.