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U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Re: Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems, Docket No. EPA-HQ-OAR-2023-0234

The Independent Petroleum Association of America (IPAA) submits this letter to address uncertainties caused by the underlying reconsideration of Subpart W in the Greenhouse Gas Reporting Program (GHGRP). IPAA is a national trade association that represents oil and natural gas producers and their support industries, including thousands of low production well producers. IPAA requests that EPA complete its reconsideration of Subpart W as soon as possible.

In the Environmental Protection Agency's March 26, 2025, letter to James Elliott, it indicated that the Agency would be reconsidering its May 2024 regulations revising Subpart W. Subsequently, on September 12, 2025, EPA proposed to permanently remove program obligations for 46 source categories of the Greenhouse Gas Reporting Program (GHGRP). However, for Subpart W, because of its unique status resulting from the Methane Emissions Reduction Program (MERP), EPA's proposed amendments consisted of two parts. First, EPA proposed to permanently remove program obligations for facilities in the natural gas distribution segment. Under the proposal, facilities in the natural gas distribution segment of Subpart W would no longer report to EPA after reporting year 2024. Second, for the remaining nine segments of Subpart W, EPA proposed to suspend program reporting requirements until reporting year 2034 in accordance with the 2025 budget reconciliation law. Comments on the GHGRP and Subpart W proposals ended on November 3, 2025.

As an Administration committed to regulatory reform, leaving revision of Subpart W to a different administration ten years in the future creates an inappropriate risk that its problematic issues would not be addressed. Moreover, while Subpart W is predominantly used as a part of the GHGRP, it can also influence other regulatory actions if those actions rely on the Subpart W emissions factors. For example, EPA's use of Subpart W excessively high emissions factors for intermittent bleed pneumatic controllers resulted in EPA justifying elimination rather than management of these controllers – an action that puts hundreds of thousands of low production oil and natural gas wells at risk.

There are two significant areas of issues that need to be addressed. The first relates to the definition of facility in Subpart W. The second involves specific inaccuracies of emission factors.

Facility Definition

The issues related to the Subpart W facility definition have existed since Subpart W was created. Because the GHGRP was not authorized as a part of the Clean Air Act (CAA), EPA developed definitions that are inconsistent with the structure of the CAA. When the GHGRP began, the consequences of this action were obscure. However, the emergence of the MERP drove the impact to greater clarity. Its structure can subject low production, marginal wells (those producing 15 barrels/day of oil equivalent or less) to the methane tax despite the intent of Congress to exclude small businesses from the impact of the tax. As a more general matter, the definition compels small business producers to bear the cost of calculating their emissions even though they are likely to fall below the threshold of Subpart W reporting. The facility definition needs to be revised to eliminate these consequences.

IPAA has opposed the current Subpart W facility definition since it was proposed in 2010. This opposition results from the adverse effects the definition creates for small business, low production well operators.

In its 2010 comments on the Subpart W facility definition, IPAA stated:

> Most notably, we believe that use of the CAA denies EPA the authority to create a definition of a facility that differs from that in the CAA. EPA proposes the following definition:
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> > Onshore *petroleum and natural gas production facility* means all petroleum or natural gas equipment associated with all petroleum or natural gas production wells under common ownership or common control by an onshore petroleum and natural gas production owner or operator located in a single hydrocarbon basin as defined by the American Association of Petroleum Geologists which is assigned a three digit Geologic Province Code. Where an operating entity holds more than one permit in a basin, then all onshore petroleum and natural gas production equipment relating to all permits in their name in the basin is one onshore petroleum and natural gas production facility.
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> Under this definition, for example, all wells under common ownership along the Gulf Coast of Texas and Louisiana and deeply into the mainland of those states would be considered as one facility. This would be analogous to proposing that every McDonalds restaurant in the State of Texas should be considered as one facility because they have the same name and are franchised from a common source.

EPA essentially deflected the argument that it needed to adhere to the scope of the CAA by stating:

> These definitions are intended only for purposes of subpart W and are not intended to affect to definition of a facility as it might be applied in any other context of the Clean Air Act.

IPAA has consistently opposed EPA's use of definitions that are inconsistent with the CAA. In 2010, EPA argued that the development of a facility definition was difficult because of the complexity of oil and natural gas production operations. It was not the only time that EPA grappled with the issue. In

2016, EPA produced a regulatory interpretation defining oil and natural gas production facilities under the CAA. It provided the following definition:

> …*building, structure, facility, or installation* means, for onshore activities under Standard Industrial Classification (SIC) Major Group 13: Oil and Gas Extraction, all of the pollutant emitting activities included in Major Group 13 that are located on one or more contiguous or adjacent properties, and are under the control of the same person (or persons under common control). Pollutant emitting activities shall be considered adjacent if they are located on the same surface site; or if they are located on surface sites that are located within 1⁄4 mile of one another (measured from the center of the equipment on the surface site) and they share equipment. Shared equipment includes, but is not limited to, produced fluids storage tanks, phase separators, natural gas dehydrators or emissions control devices.

This definition clearly does not conclude that all of an operator's well sites that are existent in an American Association of Petroleum Geologists (AAPG) basin – some of which are entire states – constitute a single facility.

There are about one million onshore oil and natural gas wells in the United States. In EPA's 2010 regulation, *Mandatory Reporting of Greenhouse Gases: Petroleum and Natural Gas Systems,* the agency asserted that about 600,000 oil and natural gas wells would be monitored. Of these, 350,000 would be low production wells overwhelmingly operated by small businesses. The 2024 Subpart W revision is expected to increase the number of reporting facilities by about 60 percent. Since Subpart W is already requiring hundreds of thousands of low production wells to be reported, all these additional wells will be low production wells, and the burden will fall on even more small business operators. Additionally, the complexity of the calculation process will likely force thousands of operators to incur significant costs just to confirm they fall below reporting thresholds.

The enactment and retention of the MERP creates an even more troubling consequence. Since Subpart W emissions calculations become the basis for the methane tax, low production wells are threatened with additional costs. Congress never intended this result. Former Senator Joe Manchin, a pivotal architect of the MERP, in his June 6, 2023, letter to EPA admonished the agency to prevent these adverse consequences when he wrote:

> The statute clearly intends to exempt marginal wells and smaller producers from the fee. EPA must make it clearly understood that those entities not subject to the current Subpart W Greenhouse Gas Reporting Program are not subject to EPA fees under MERP.

Although the methane tax has been suspended until 2034, it remains a future legal requirement and an enduring threat to smaller producers.

Consequently, EPA needs to act now to revise the Subpart W facility definition. At a minimum, marginal wells, as defined as a stripper well property in 26 U.S. Code Section 613A, should be excluded from the facility definition calculation. Additionally, the facility definition should be conformed to definitions set forth in EPA's 2016 Federal Register Final Rule, Source Determination for Certain Emission Units in the Oil and Natural Gas Sector (June 3, 2016). These actions would bring the Subpart W facility definitions into consistency with the framework of the CAA and the intent of Congress not to burden small business, low production well operators.

Emissions Factors

EPA's Subpart W Emissions Factors continue to present issues that can result in excessive estimates of emissions and lead to adverse decisions. While Subpart W is styled as a component of the GHGRP, its impact and uses are more widespread. Certainly, one of those uses is its role as the basis for the MERP Methane Tax. Less obvious is its role as the basis for oil and natural gas production methane regulations. This role will not be altered by a moratorium on Subpart W filings. Consequently, it is another reason for the Subpart W reconsideration to continue as soon as possible.

To illustrate the nature of the Emissions Factor problem, a few examples are useful. These examples describe the underlying problem with the development of Emissions Factors. Simply put, because EPA does not generate Emissions Factors using its own research and validation, its reliance on external studies and analyses can result in inaccurate results. When these results produce excessive emissions, they become the source of reports targeting the producers that submitted them and the basis for regulatory actions.

For example, methane emissions from intermittent pneumatic controllers are an issue that IPAA has raised repeatedly in comments regarding these Emissions Factors. Using current Emissions Factors, intermittent pneumatic controller emissions estimates were as much as 50 percent of the methane emissions from oil and natural gas production facilities. These estimates created opportunities for the environmental lobby to generate analyses depicting the industry as high emitters and driving EPA to regulate accordingly.

The Producers Association (of which IPAA is a member) stated in its October 25, 2024, request for reconsideration:

> However, the historic Subpart W emissions factor is based on a small 19 controller 1995 study.
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> EPA began to address the validity of its emissions factor in its 2022 GHGRP revisions proposal. It proposed alternative calculation methods. One would use a single emissions factor that conceptually included both properly operating controllers and improperly operating controllers. Another would bifurcate the emissions factor calculation with different factors based on properly or improperly operating controllers. In this approach the operator would need to know the operations of each of its controllers throughout the reporting year. Clearly, the second option requires substantially greater manpower for a facility.
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> When EPA proposed its revisions to Subpart W it offered three options, including the bifurcated option above. It did not include a single emissions factor option – the type of option that a small business producer might need to determine compliance obligations without the costs of hiring consultants. EPA solicited comments on such an option and included one in its final regulation. But, this option fails to meet the Congressional mandate. While EPA revised the emissions factor by using more studies than the original emissions factor, it merely appears to have averaged emissions factors from a half dozen studies without even weighting the average based on the scope of the studies. Additionally, it excluded studies based on calculations of emissions while accepting studies that arbitrarily assumed emissions would occur at set intervals even if no data was taken. Importantly, EPA failed to independently validate the studies it used.

The consequences of these decisions are significant. In IPAA's 2023 comments on the proposed Subpart W regulations, the example calculation of different approaches shows that an analysis using the new Subpart W default emissions rate of 8.8 scf/hr/device compared to the emissions rates for functioning and nonfunctioning intermittent pneumatic controllers now contained in Subpart W equation Eq.W-1C produce an emissions amount approximately 3.3 times the new Eq.W-1C. This suggests that the approach used to develop the 8.8 Emissions Factor produces an excessive estimate and it should be far lower, closer to the 3.7 scf/hr/device proposed in the 2023 IPAA Comments on the proposed Subpart W revisions.

Gathering and Boosting operations present a second example of issues regarding Emissions Factors. As IPAA stated in its 2023 Comments on Subpart W revisions:

> A consistent criticism of the current emissions estimation process for gathering and boosting operations relates to its use of emissions factors based on the mileage of pipelines. These factors cannot be altered based on any operational actions other than changing the nature of the pipeline material or structure. These factors from 1996 are unchanged in this proposal despite studies showing that pipeline emissions are overestimated. The consequence of this failure will be to impose the harshest excess emissions tax on this essential component of the natural gas value chain without providing any plausible recourse to alter the emissions calculations. This inaction by EPA flies in the face of its mandate to make the Subpart W emissions estimate more accurate, more reflective of actual operations.
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> Pipelines are inspected routinely, leaks are fixed, and emissions are eliminated. Only actual emissions should be reported under Subpart W and used for any excess emissions tax calculation; not simply based upon miles of pipeline for which the vast majority are not leaking. There should be an option to demonstrate that emissions are being managed, to show that there are no leaks, or, where leaks are identified, the emissions be based on the leaks found
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> Pipeline leaks are easily detected through regular inspection using airborne overflights, easement riding and operator inspections. Arguably, these have lower detection limits based on the type of technology used. Larger leaks can easily and quickly be determined by sudden drops in production. The pipeline can be isolated, and the volume of gas lost can easily be determined with great accuracy. Following are some options to determine pipeline factors and credit for inspection:
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>> Pipeline flyovers have a lower detection limit but do detect methane. If no leaks are found, then no emissions factor should be used for that segment and there should be no excess emissions tax or emissions calculated.
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>> Similarly, when laser-based and acoustic based technology is employed while riding the pipeline easement, leaks are detected. If no leak is detected, then no excess emissions tax or emission factor should be used. If a leak is found, then the actual leak can be measured or an emission factor should be developed. This is currently allowed in the detection of fugitives and a comparable approach for pipelines can be developed.

IPAA continues to recommend that these revisions to the Gathering and Boosting emissions calculations are both appropriate and essential.

Conclusion

IPAA appreciates the EPA decision to grant reconsideration of the 2024 Subpart W regulations. It strongly requests that this reconsideration process continue as quickly as practicable, even if Subpart W reporting is suspended.

Thank you for your consideration. If you have any questions, please contact Dan Naatz at dnaatz@ipaa.org or 202-857-4722.

Sincerely,

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