



# Fact Sheet for Subpart W

## Petroleum and Natural Gas Systems

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### Final Rule: Mandatory Reporting of Greenhouse Gases (40 CFR Part 98)

#### Action

- On November 8, 2010, the U.S. Environmental Protection Agency (EPA) finalized reporting requirements for the petroleum and natural gas industry under 40 CFR Part 98, the regulatory framework for the Greenhouse Gas (GHG) Reporting Program. This program requires annual reporting of GHGs from large emissions sources and fuel suppliers in the United States.
- Equipment leaks and vented GHG emissions from this sector are one of the top sources of human-made methane emissions in the United States. This final rule requires petroleum and natural gas facilities to report annual methane (CH<sub>4</sub>) and carbon dioxide (CO<sub>2</sub>) emissions from equipment leaks and venting, and emissions of CO<sub>2</sub>, CH<sub>4</sub>, and nitrous oxide (N<sub>2</sub>O) from flaring, onshore production stationary and portable combustion emissions, and combustion emissions from stationary equipment involved in natural gas distribution.
- EPA estimates that the rule will cover 85 percent of the total GHG emissions from the U.S. petroleum and natural gas industry with approximately 2,800 facilities reporting.
- The data submitted under the GHG Reporting Program will provide important information on the location and magnitude of GHG emissions from petroleum and natural gas systems and will allow petroleum and natural gas facilities to track their own emissions, compare them to similar facilities, and aid in identifying cost effective opportunities to reduce emissions in the future.
- Under this rulemaking, EPA estimates the total cost for the private sector will be approximately \$62 million for the first year and \$19 million in subsequent years, including the costs for non-reporters to make a reporting determination. This translates to an average cost of about \$16,000 per facility for the first year and \$7,000 in subsequent years.
- The GHG calculation methodologies used in this rule generally include the use of engineering estimates, emissions modeling software, and emission factors, or, when other methods are not feasible, direct measurement of emissions.

#### Final Rule Overview

- The final petroleum and natural gas reporting rule includes the following industry segments: offshore petroleum and natural gas production, onshore petroleum and natural gas production, onshore natural gas processing, onshore natural gas transmission compression, underground natural gas storage, liquefied natural gas (LNG) storage and LNG import and export, and natural gas distribution.
- Facilities that contain petroleum and natural gas systems that emit 25,000 metric tons or more of CO<sub>2</sub> equivalent per year in aggregated emissions from all sources are required to report annual GHG emissions to EPA. Very few small businesses in this sector will be affected since most are not likely to meet the emissions threshold for reporting.

- Reporting is at the facility level with data collection beginning on January 1, 2011. Reports will be submitted annually with the first report due to EPA by March 31, 2012, covering 2011 emissions. Certain reporters may use best available monitoring methods (BAMM) for a limited period during the 2011 data collection year, for some emissions sources, if they meet specific criteria. In cases of extreme or unusual circumstances, EPA may also consider petitions to extend BAMM for covered sources or to allow use of BAMM for sources not specified.
- Due to the unique characteristics of onshore petroleum, natural gas production, and natural gas distribution, the definition of “facility” for these industry segments differ from the definition of “facility” used throughout the GHG Reporting Program.
- EPA will verify data submitted under the GHG Reporting Program. Prior to EPA verification, reporters must self-certify the data they submit to EPA, which is consistent with other Clean Air Act programs.

## **Next Steps and Implementation**

- The Petroleum and Natural Gas Systems final rule and preamble will be published in the *Federal Register*, and will be made available at [www.regulations.gov](http://www.regulations.gov).
- EPA will be conducting outreach and training webinars on the reporting requirements. Information on the training schedule will be posted on our website and RSS feed.
- EPA is planning to develop screening tools to assist reporters in determining whether they meet the threshold for reporting.

## **More Information**

For more information on this rulemaking and other provisions of the GHG Reporting Program, including guidance and a schedule of training opportunities, visit: [www.epa.gov/climatechange/emissions/ghgrulemaking.html](http://www.epa.gov/climatechange/emissions/ghgrulemaking.html).