

EPA's Actions to Reduce Methane Emissions from the Oil and Natural Gas Industry: Second Draft Information Collection Request for Existing Sources

Overview

- On Sept. 23, 2016, the U.S. Environmental Protection Agency (EPA) issued the second draft of an Information Collection Request (ICR) to require oil and natural gas companies to provide extensive information needed to develop regulations to reduce methane emissions from existing oil and gas sources.
- The draft ICR is a critical step toward meeting the Obama Administration's commitment to reduce emissions from existing oil and gas sources, as part of the President's *Climate Action Plan: Strategy to Reduce Methane Emissions*.
- The second draft ICR reflects a number of changes EPA made based on comments the agency received on the first draft ICR announced in May 2016. The ICR seeks a broad range of information such as how equipment and emissions controls are, or can be, configured, and what installing those controls entails, including the associated costs. This information will help the agency determine how best to address methane emissions from the oil and gas industry, including through rulemaking to reduce emissions.
- Methane, the key constituent of natural gas, has a global warming potential more than 25 times greater than that of carbon dioxide. Methane is the second most prevalent greenhouse gas emitted in the United States from human activities, and nearly one-third of those emissions come from oil production and the production, processing and transmission of natural gas. The oil and gas industry is the largest industrial methane source.
- The agency is seeking information on numerous sources and activities, including natural gas venting that occurs as part of existing processes or maintenance activities, such as well and pipeline blowdowns, equipment malfunctions and flashing emissions from storage tanks. Recent studies have identified these processes and activities as likely large sources of methane emissions. EPA also is seeking information on existing low-producing wells. In addition, the agency is seeking information on existing underground storage facilities.
- Under the Paperwork Reduction Act, which governs the ICR process, the public will have 30 days to review and comment on the second draft of the ICR. See the end of this fact sheet for commenting instructions.
- Under the Clean Air Act, once the ICR is approved, industry will have a legal obligation to respond.

The Second Draft ICR

- The draft ICR seeks information from the following segments of the oil and gas industry: onshore production; gathering and boosting; gas processing; transmission; storage; and liquefied natural gas (LNG) import/export. It does not request information from offshore

production or local natural gas distribution facilities that provide gas to businesses and homes.

- Like the first draft, the second draft ICR comprises two parts:
 - An “operator survey” designed to obtain readily available information on the number and types of equipment at all onshore oil and gas production facilities in the United States; and
 - A “facility survey,” to collect detailed information on emissions sources and emissions control devices or practices in use at facilities in the onshore production, gathering and boosting, processing, compression/transmission, pipeline, natural gas storage, and LNG storage and import/export facilities. EPA expects much of the information requested in the facility survey to be readily available from company records; however, owners/operators will have to collect some information – such as counts of pneumatic devices. The more detailed survey will be sent to a representative sample of facilities rather than industry wide, in order to reduce the burden to the industry.
- EPA carefully considered comments on the first draft of the ICR and has made a number of changes in the second draft. For example, in order to ensure EPA gets information in the facility survey that fully represents the production segment of the oil and gas industry, the second draft ICR categorizes wells based on their gas-to-oil ratio (GOR). The GOR indicates whether the primary product of a well site is likely to be oil or gas, which, in turn, will give EPA information about the types of equipment likely to be located at the site. For each GOR category, the ICR seeks information on low-production wells, which produce 15 barrels of oil equivalent per day on average over a 12-month period, and wells that are not low-production.
- EPA also moved questions about access to electricity and the number of facilities that are manned or unmanned from the broader operator survey to the facility survey, which will reduce the reporting burden for industry.
- In addition, because the definition of a “facility” varies greatly among upstream production sources, the second draft ICR clarifies how owners/operators would report information on wells at surface sites and the centralized production areas those wells feed. The agency also has clarified that the facility survey will not request detailed information on every well in the industry; rather, it will focus the detailed information request on randomly selected wells, asking for details on those wells, other wells and equipment at that same surface site as the randomly selected well(s) and the centralized production sites those wells feed.
- Other changes to the facility survey include revisions to the scope of facilities that need to sample, and asking additional questions that will help EPA better understand the economics of oil and natural gas wells.

- Owners/operators will have 30 days to respond to the operator survey; they will have 120 days to respond to the more detailed facility survey. Because EPA is simplifying the operator survey in the second draft ICR, the agency is not changing the response deadline as some commenters had requested. EPA's goal is to receive data from the operator survey later this year.
- EPA has designed the draft ICR so that it will not duplicate information industry already must submit through federal programs such as the Greenhouse Gas Reporting Program. To make it easier for industry to submit responses, EPA will use the agency's electronic Greenhouse Gas Reporting Tool (e-GGRT) to collect the data and information from the facility survey.
- EPA estimates the industry cost of responding to the ICR at about \$37 million: \$16 million to respond to the operator survey (or about \$1,100 per operator); and \$21 million to respond to the more detailed facility survey (or about \$5,600 per facility.)

The ICR Process: Opportunities for Public Comment

- The ICR process, which is governed by the Paperwork Reduction Act, provides the public two opportunities to review drafts of the ICR and supporting materials.
- The second draft ICR will be available for public comment for 30 days after the Federal Register publishes a notice of its availability. After reviewing public comment, the Office of Management and Budget (OMB) will determine whether to approve the ICR.
- To submit comments on the second draft ICR, visit www.regulations.gov, and enter this Docket ID number in the search box: EPA-HQ-OAR-2016-0204. Click "Comment Now" on the search results page, and follow the online instructions for submitting comments.
- Commenters also may mail comments to: EPA Docket Center, U.S. Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW, Washington, DC 20460. Comments should be marked "Attention Docket ID No. EPA-HQ-OAR-2016-0204."

Background

- EPA announced its plans to issue the ICR on March 10, 2016, as part of a joint commitment between the U.S. and Canadian governments to take new actions to reduce methane pollution from the oil and gas sector, including developing regulations to reduce methane emissions from existing sources. The ICR is the first step in that process; the information that companies will be required to collect and report to EPA will provide the foundation necessary for developing comprehensive regulations to reduce emissions from existing sources in the large and complex oil and gas industry.
- Over the past year, substantial amounts of new information on methane emissions from existing sources, operations and activities in the oil and gas industry have become available from a range of entities, including EPA's Greenhouse Gas Reporting Program, industry organizations, and studies by government, academic and industry researchers. That

information shows that methane emissions from existing sources – sources not covered by the NSPS also issued May 12 -- are higher than previously understood.

- While this recent information has substantially improved EPA’s understanding of the magnitude of emissions from existing oil and gas sources, the agency needs information that is not currently available to develop standards for existing sources under section 111(d) of the Clean Air Act for existing sources and to evaluate the impact of those standards.
- Unlike standards for new sources, which apply on startup, standards for existing sources likely would apply to all covered processes and equipment at the same time. There are hundreds of thousands of existing oil and gas sources across the country: some emit small amounts of methane, but others emit methane in very large quantities.
- To determine how to effectively and efficiently address emissions from those sources, EPA needs information that is different from the information the agency needed to develop the New Source Performance Standards (NSPS) that the Agency issued in May, such as what emission controls are being used in the field, how those are configured, whether electricity or generating capacity is available, and how often sites are staffed or visited.
- These types of information will help EPA determine how the agency can, working with states, best develop and apply standards to effectively reduce emissions from existing sources. It also will help identify sources with high emissions and the factors that contribute to those emissions. The information EPA receives will build on what state and other federal agencies have learned through their own rules, programs and experiences.

For More Information

- To read the draft ICR – including the surveys owners/operators would be required to answer – visit <https://www3.epa.gov/airquality/oilandgas/methane.html>
- For information on the New Source Performance Standards for new, modified and reconstructed sources announced in May 2016, see: <https://www3.epa.gov/airquality/oilandgas/actions.html>