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Subject: EMBARGOED UNTIL 4:30 PM: EPA Takes Action to Address Oil and Gas Compliance Concerns, Saving At Least \$14M in Regulatory Costs

EPA Takes Action to Address Oil and Gas Compliance Concerns, Saving At Least \$14 Million in Regulatory Costs

WASHINGTON (March 1, 2018) – In two actions, the U.S. Environmental Protection Agency (EPA) is taking steps to address significant and immediate compliance concerns for the oil and natural gas industry, reduce burdens on our state regulatory partners, and save millions of dollars in regulatory compliance costs.

EPA has finalized amendments for certain requirements contained within the 2016 oil and gas New Source Performance Standards (NSPS) and proposed to withdraw the control techniques guidelines (CTG) - an action that EPA estimates would save \$14 to \$16 million in regulatory compliance costs for the oil and gas industry from 2021-2035.

“The technical amendments to the 2016 oil and gas NSPS are meant to alleviate targeted regulatory compliance issues faced by affected sources,” **said EPA Office of Air and Radiation Assistant Administrator Bill Wehrum.** “While this action addresses an immediate need, it does not deter the ongoing work at the Agency to assess the 2016 rule as a whole, including whether it is prudent or necessary to directly regulate methane.”

“We believe the proposed withdrawal of the CTGs are necessary to provide regulatory certainty to one of the largest sectors of the American economy, and avoid unnecessary compliance costs to both covered entities and the states,” **said Wehrum.**

Amendments to the 2016 New Source Performance Standards for the Oil and Gas Industry

EPA has amended two narrow provisions of the 2016 NSPS for the oil and natural gas industry to address aspects of the rule that pose significant and immediate compliance concerns. The amendments address two of the “fugitive emissions” requirements in the 2016 rule: a requirement that leaking components be repaired during unplanned or

emergency shutdowns; and the monitoring survey requirements for well sites located on the Alaskan North Slope.

EPA took this final action in response to comments received on the June 2017 proposed stays of certain requirements in the rule and subsequent Notices of Data Availability (NODAs) issued in November 2017. EPA is continuing to evaluate comments the agency received on the proposed stays and NODAs.

To read the amendments to the 2016 rule, visit EPA's website at

<https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry/actions-and-notices-about-oil-and-natural-gas#regactions>

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Proposal to withdraw the 2016 Control Techniques Guidelines for the Oil and Natural Gas Industry

In a separate action, EPA is proposing to withdraw the 2016 Control Techniques Guidelines for the Oil and Natural Gas Industry (Oil and Gas CTG) in its entirety. The Oil and Gas CTG provides recommendations for certain states and areas that are required to address smog-forming volatile organic compound (VOC) emissions from covered sources as part of their state implementation plans for meeting EPA's national standards for ground-level ozone.

The Oil and Gas CTG relied on data and conclusions that were used in the 2016 NSPS for the oil and gas industry. EPA is currently reconsidering certain aspects of the 2016 NSPS and intends to look broadly at the rule during the reconsideration process.

Because some recommendations in the Oil and Gas CTG are based on the 2016 NSPS, and others are based on the NSPS issued in 2012, EPA believes withdrawing the entire Oil and Gas CTG will be more efficient for states, which otherwise might be required to revise their implementation plans twice: once, to address recommendations that are tied to the 2012 NSPS, and potentially a second time after the reconsideration of the 2016 NSPS is complete.

EPA has analyzed costs that would be avoided if the Oil and Gas CTG were withdrawn. The Agency analyzed avoided costs assuming that, even if the Oil and Gas CTG were withdrawn, some states might need to obtain VOC emission reductions from existing oil and gas sources as part of their state implementation plans for meeting the ozone standard. Using this perspective, the agency estimates that the oil and gas industry would avoid costs of \$1.2 million per year (3 percent discount rate) or \$1.6 million per year (7 percent discount rate) under this perspective, totaling \$14 or \$16 million from 2021-2035 (using discount rates of 3 and 7 percent respectively).

The agency will take public comment on withdrawing the Oil and Gas CTG for 45 days after a notice is published in the Federal Register.

To read the notice of proposed withdrawal, visit EPA's website at <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry/actions-and-notice-about-oil-and-natural-gas#ctg>

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