

Environmental Protection Agency Releases New Emission Guidelines Aimed to Reduce Emissions of Volatile Organic Compounds from Existing Oil and Gas Equipment and Processes

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As part of its strategy to reduce emissions in the oil and natural gas sector, the U.S. Environmental Protection Agency (“EPA”), on October 20, 2016, published on its website new, final Control Techniques Guidelines (“CTGs”) targeting volatile organic compound (“VOC”) emissions from existing oil and natural gas equipment and processes in certain states and nonattainment areas. The EPA intends the CTGs to assist state, local, and tribal air agencies in meeting EPA’s national standards for ground-level ozone. Although the CTGs are not regulations and do not impose legal requirements directly on pollution sources, they do provide recommendations that states and affected areas may adopt in whole or in part in implementing required emissions controls for those sources by January 2021.

The CTGs provide EPA’s recommendations on reasonably available control technology (“RACT”) to limit VOC emissions from existing sources from a range of equipment and processes used in the oil and natural gas production industry. A RACT is the lowest emission limitation that a particular source can meet after applying controls that are both technologically and economically feasibility. The CTGs are intended to guide state, local and tribal air agencies in their considerations of what emissions limits to apply to covered sources to meet the RACT requirements.

The final CTGs are one of a series of steps that EPA has taken to reduce VOCs, methane, and other air pollutants from the oil and natural gas industry. These guidelines cover select sources of VOC emissions in the onshore production and processing segments of the oil and natural gas industry and storage vessel VOC emissions in all segments of the industry, except for downstream natural gas distribution systems. Specific RACT recommendations were provided for a range of equipment and processes used in the oil and natural gas production industry, including well production tank batteries with certain uncontrolled VOC emission rates, centrifugal and reciprocating compressors, pneumatic controllers, pneumatic pumps, and equipment leaks from natural gas processing plants. EPA also provided RACT recommendations for reducing VOC leaks at production gathering and boosting stations and at oil and natural gas well sites.

These air agencies may either implement the CTG’s recommendations or modify the proposed language and adopt different technologies and approaches. Any changes to the model language are subject to EPA approval. These guidelines apply to those areas that are classified as “Moderate” or above for the 2008 ozone air quality standards including, among others, Dallas-Fort Worth, Denver-Boulder-Greeley-Ft. Collins-Loveland, and parts of Arizona and California. They also apply to the Ozone Transport Region, which comprises eleven northeastern states, Washington D.C., and portions of northern Virginia. EPA anticipates designating attainment and nonattainment areas for the 2015 ozone standards in the fall of 2017, with designations taking effect by early 2018. Tribes may choose to adopt the guidelines as part of a Tribal Implementation Plan. For those

tribes that do not develop a plan for ozone nonattainment areas, the EPA may issue a Federal Implementation Plan where appropriate.

In developing its guidelines, EPA states that it used current data and information, including cost, for reducing VOC emissions from these sources. Notably, EPA has not finalized a RACT recommendation for fugitive emissions at low-producing well sites. Nor has the agency addressed completions of hydraulically fractured oil and natural gas wells, which are covered under EPA's New Source Performance Standards for the oil and gas industry.

The CTGs will become effective upon publication in the Federal Register. States subject to RACT requirements must revise their State Implementation Plans ("SIPs") for the 2008 ozone standards to include their determinations for those sources covered by this CTG within two years after publication in the Federal Register. For states with nonattainment areas classified as "Moderate" and above for the 2015 ozone standards, SIP revisions that include these RACT determinations are due to EPA no later than two years after the effective date of designations.

For additional information contact one of the lawyers listed below.