

OVERVIEW

- More complex regulations will make offshore operations more challenging
- Regulatory changes leading to a more complex framework is unnecessary and impractical
- Regulatory changes will lead to delays in BOEM approval processes
- Costs to Industry will outweigh benefits

SYNOPSIS OF OCSLA AUTHORITY ON AIR QUALITY

OCSLA Conference Committee Report - 124 Cong. Rec. H314 (Jan. 26, 1978)

"... assure that offshore operations conducted pursuant to this act do not prevent the attainment or maintenance of those standards."

OCSLA Section 5(a)(8) - 43 U.S.C. §1333

"... provisions... for compliance with the national ambient air quality standards pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.), to the extent that activities authorized under this Act significantly affect the air quality of any State."

Preamble to 1980 Rulemaking - 45 Federal Register 15128 (Mar. 7, 1980)

"... the Department's mandate under the Act is different than EPA's mandate under the Clean Air Act and because offshore conditions differ from those encountered onshore."

"... regulate OCS activities only if the emissions from the activities have significant effects on onshore air quality."

"... the department has used only those aspects of EPA's program that are adaptable to the offshore situation."

RECENT ACTIVITIES

- Consolidated Appropriations Act, 2012 (P.L. 112-74)
 - Transferred air emission authority in OCS off Alaska north coast from EPA to DOI "... giving **regulatory parity** for the Beaufort and Chukchi Sea planning areas with the Western and Central Gulf of Mexico planning areas. "

Conference Report (to Accompany H.R. 2055). (112 H. Rpt. 331), Dec 15, 2011

- Abstract for RIN 1010-AD82

"This rule would bring the Bureau of Ocean Energy Management (BOEM) **regulations into compliance with the requirements of the Clean Air Act**, as amended. Much of the language in BOEM air quality regulations is out of date and no longer reflects current BOEM practices and procedures. This rulemaking would **correct those deficiencies** and **develop new air quality guidelines** to address the recent transfer of air quality oversight responsibility for the offshore North Slope of Alaska from the Environmental Protection Agency (EPA) to the Department of Interior."

CONCERNS

- References in abstract language suggest unwarranted changes to regulation.
- The agency has not demonstrated that OCS sources are significantly affecting onshore air quality and an expanded air quality regulation is not necessary.
- BOEM has ongoing modeling studies that should be concluded prior to efforts to expand regulation.
- Environmental or social benefits may not justify the cost of executing the new rule.

“... regulate OCS activities only if the emissions from the activities have significant effects on onshore air quality.”
Preamble to 1980 Rulemaking

COST-BENEFIT DISCUSSION

Shell has applied OMB methodology to examine the benefits and costs of additional control equipment.

- Benefits of emission controls do not exceed costs
- Examined scenarios in Gulf of Mexico and Arctic
- Examined multiple rigs and distances
- Evaluated changes to the definition of facility that could trigger requirement for emissions controls where not required under current

AQRP

OFFSHORE CHALLENGES WITH CONTROL EQUIPMENT

- Costs for control equipment on offshore emission sources will be substantial
- Aside from initial cost to design, procure, and install:
 - Feasibility of emission controls
 - Most compliance issues associated with EPA permits are related to emission control performance, monitoring, recordkeeping, and reporting
 - High cost and manpower associated with compliance assurance will require significant additional staff by industry and agencies

QUESTIONS

- Is the regulation consistent with congressional intent for regulatory parity?
- Is the regulation within the limited OCSLA authority?
- Is the regulation warranted?
- Is the regulation premature?
- Do the projected industry costs consider challenges associated with offshore implementation? Are the costs justified?

