OIRA Meeting on Subpart OOOO/Section 111(d)

- Independent Producers Coalition represents a number of federal and state trade associations which include large numbers of small business, low production well operators.
- Recognize that OIRA has met with API and AXPC.
    - Independent Producers support positions of API and AXPC.
- However, Independent Producers are the primary representatives of small producers that have different regulatory challenges.
    - Given tight time limits, Independent Producers will focus on small producer issues – primarily LDAR, pneumatic controllers, implications of Section 111(d).
- This regulatory proposal brings into precise focus the issues that have been underlying all the prior NSPS requirements – what the impact would be when existing facilities are brought into the regulatory framework.
    - While 15,000 to 25,000 new sources are added to American oil and natural gas production annually, there are approximately one million existing sources.
    - Of these one million wells, about 750,000 fall below the 15 boe/d threshold for low production wells and around 600,000 produce 6 boe/d or less.
- Specific Issues
    - LDAR
        - DOE study of low production well emissions profiles demonstrated that the vast majority of emissions come from less than 10 percent of the sources.
        - These emissions come predominantly from three sources – open thief hatches/bad seals on storage tanks, failed controllers on separators, improperly operated vents.
        - All of these can be addressed through cost effective audio/visual/olfactory (AVO) LDAR programs.
            - The DOE Study showed that oil and natural gas wells producing 6 boe/d and less would fall under EPA's previous threshold for controls – 3 tons/year.
            - EPA has proposed an AVO LDAR program for smaller well sites in Subpart OOOOb/OOOOc but EPA is so taken with the idea of using component counts to set its control requirements that it would constrain AVO availability and make it unworkable.
        - Independent Producers see no particular validity to the use of component counts for LDAR, preferring throughput.
            - EPA's component count models may make some sense for NSPS but do not reflect the hundreds of thousands of existing low production wells.
            - Component counts can produce inappropriate results. In the current proposal a well site with one storage vessel can use AVO LDAR but a site with two storage vessels is required to use costly Optical Gas Imaging (OGI) even if in both instances its production was 3 to 4 boe/d with low emissions.
            - This type of consequence demonstrates that EPA's component count approach is too rigid and arbitrary, that some type of transition between small well sites and truly large ones needs to be created.
        - Independent Producers believe that a more flexible AVO based LDAR program can address the low production well methane emissions and has proposed alternatives to EPA including a mix of throughput, a transition category, and a revised component count approach.

- Pneumatic Controllers
  - Pneumatic controllers, particularly intermittent pneumatic controllers, have been a high profile regulatory target in part because of the Subpart W Emissions Factor (EF) that generates significant estimates of methane emissions in the GHGRP.
  - The Subpart W EF is highly questionable but its use by EPA in developing its Subpart OOOOb/OOOOc regulatory decisions has driven EPA to eliminate these controllers as allowable technology for new – and existing – sources.
  - Alternative calculations – including those proposed in the 2022/2023 GHGRP regulations – show that well managed controllers with more accurate emissions factors are cost effective technologies compared to the NSPS proposals.
  - If the recovery and management of gas used for the controllers is allowed, cost effectiveness is further enhanced.
  - Independent Producers believe that an option to manage pneumatic controllers should be allowed in both Subpart OOOOb and the Subpart OOOOc Emissions Guidelines (EG)
- Section 111(d)
  - Implementation of the Subpart OOOOc EG hinges on the adoption of state implementation plans
    - EPA's current Section 111(d) requirements create unnecessary and counterproductive federal-state conflicts
  - Section 111(d) was never designed to address the oil and natural gas production industry.
    - Its model was one or two old facilities in a state that might be shutting down a few years after new NSPS regulations were implemented.
    - It does not work with a million existing sources with tens to hundreds of thousands in each state.
  - For example, the RULOF program appears to be structured to make its decisions regarding different regulatory requirements for old facilities as a part of its state implementation planning.
    - The magnitude of facilities that would have to be addressed in the 18 month planning period would be infeasible in many states.
  - EPA proposes to limit the RULOF program in ways that undermine its intent.
    - Oil and natural gas production operations can extend for decades if the right economic conditions exist. Burdensome, cost ineffective regulations can cause a facility to fail.
    - EPA proposes not to allow the LDAR program to be considered in the RULOF determination even though it could be the primary cause for a facility to shut down.
  - Building these restrictions into the Subpart OOOOc EG generates unneeded friction with the states.
    - For example, while EPA is fixated on using component counts for its LDAR regulations, no state uses component counts. For low production wells, if states regulate oil and natural gas production, most have limited programs or exempt them. Some have regulations based on emissions levels but use throughput-based emissions factors, effectively using throughput as their regulatory basis.
    - If EPA tries to compel states to adopt its version, it effectively demands that they must reject all their own regulatory efforts.