

## **PROPOSED UPDATES TO REQUIREMENTS FOR STORAGE TANKS USED IN OIL AND NATURAL GAS PRODUCTION**

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Tanks are used for temporary storage of liquids produced during in the oil and natural gas production process, before those liquids are moved to a pipeline, sold, or moved for disposal. These storage tanks can be sources of emissions of ozone-forming volatile organic compounds (VOCs), along with several toxic air pollutants, including benzene. Storage tanks used in oil or natural gas production are subject to EPA's 2012 New Source Performance Standards (NSPS) for VOCs if they have the potential to emit 6 or more tons of VOCs a year.

### **SUMMARY OF ACTION**

- On March 28, 2013, EPA proposed updates to its 2012 VOC performance standards for storage tanks used in crude oil and natural gas production to facilitate compliance with the standards and clarify requirements. The proposed changes reflect recent information showing that more higher-volume storage tanks will be coming on line than the agency originally estimated.
- The updates would: adjust requirements for tanks built before today's proposal is published in the Federal Register; establish alternative emission limits for tanks where emissions have dropped; clarify test protocols for control equipment; clarify the types of tanks subject to the rule; streamline compliance monitoring requirements while EPA addresses monitoring issues raised in reconsideration petitions; and update requirements for submitting annual reports.
- The proposed updates respond to issues raised in several petitions for reconsideration of the 2012 standards. The updates would provide time for manufacturers to produce sufficient control equipment and will help ensure that responsible oil and natural gas production is not slowed.
- EPA anticipates taking final action on today's proposal by July 31, 2013. The agency is continuing to evaluate other issues raised in the petitions and intends to address those by the end of 2014.
- EPA will accept public comment on this proposal for 30 days after it is published in the Federal Register. The agency will hold a public hearing on the proposal if requested within

five days of publication. Information on submitting comments and requesting a hearing is at the end of this fact sheet.

## **THE PROPOSED UPDATES**

### ***Proposed Adjustments to Control Requirements***

- After its 2012 final standards were issued, EPA received supplemental information that led the agency's to revise its estimate of storage tanks that would be subject to the rule. Based on that information, EPA now believes there will not be sufficient control equipment available for tanks to meet an Oct. 15, 2013 deadline for storage tanks to control VOC emissions by 95 percent.
- In light of that information, EPA is proposing to address storage tanks in two groups in order to focus the limited control equipment currently available on the tanks likely to have the highest emissions.
  - **Group 1 tanks:** Emissions from tanks generally decline over time, because the amount of liquid that moves through the tank declines as production from a well slows. For tanks constructed between Aug. 23, 2011 and the date today's proposal is published in the Federal Register, EPA is proposing a two-part requirement:
    - Tank owners/operators would have until Oct. 15, 2013 to report that the tank is on line and provide the tank's geographic coordinates.
    - If there is a change that potentially would increase the tank's emissions-- such as the addition of a well supplying the tank or the refracture of an existing well -- the owner/operator would have to install controls to reduce VOC emissions by 95 percent within 60 days of the change or by April 15, 2014, whichever is later.
  - **Group 2 tanks:** Tanks that come online after today's proposal is published in the Federal Register would have to have controls to reduce VOC emissions by 95 percent in place by April 15, 2014 or within 60 days after startup, whichever is later.

### ***Proposed Alternative Emissions Limit***

- EPA also is proposing an alternative emissions limit for storage tanks that would allow owners/operators to either:
  - 1) Reduce VOC emissions at a tank by 95 percent, as required in the original rule; or
  - 2) Demonstrate emissions from a tank have dropped to less than 4 tons per year of VOCs without emission controls.

- This alternative limit would reflect the decline in emissions that occurs at most tanks over time and allow owners/operators to shift control equipment to higher-emitting tanks.
  - To qualify for this emissions limit, owners/operators would have to document that emissions had been below 4 tons for at least 12 consecutive months.
- If emissions increase (at or above the 4 ton-per-year limit), owners/operators would have 30 days to meet the 95 percent reduction requirement.

***Clarifying test protocols for control equipment***

- The 2012 NSPS allows owners/operators to use manufacturer-tested emission control device models (combustors) that have been demonstrated to reduce VOC emissions from storage tanks by 95 percent, rather than requiring field performance testing of these devices.
- Today's proposal aligns the protocol that emission control manufacturers must use in testing the controls with the testing protocol required in EPA's 2012 air toxics regulations for storage tanks.
- EPA also is proposing to allow tank owners/operators to use control devices that are designed to reduce VOC emissions by 95 percent, while the agency reviews issues raised in the reconsideration petitions related to field testing protocol requirements. EPA expects to address this issue by the end of 2014.

***Reviewing Monitoring Requirements/Proposed Requirements for Tanks That Already Have Controls***

- The 2012 final NSPS required that tank owners/operators conduct a performance test and use a continuous parametric monitoring system (CPMS) to demonstrate that they are meeting requirements to reduce VOC emissions from tanks by 95 percent.
- Several reconsideration petitions have said this requirement is overly strict, based on the large number of storage tanks affected each year, and the remoteness of many of the well sites where the tanks are located. EPA is continuing to evaluate this issue and will address it by the end of 2014.
  - EPA is proposing to streamline compliance and monitoring requirements for tanks that have already installed VOC controls while the agency completes its evaluation of the monitoring issue.
  - For tanks with controls, the proposal would require monthly inspections of covers, closed-vent systems and control devices. This step is expected to minimize VOC

emissions by leading to prompt repairs, while requiring little or no specialized monitoring training or equipment. Records of these inspections, which can be conducted by personnel visiting the tank site for other work, must be kept on site.

***Tanks Subject to the Rule:***

- The proposed rule clarifies the type of storage tank that is subject to the NSPS. Tanks that are considered “affected sources” would have VOC emissions of 6 or more tons per year and are used to store crude oil, condensate, unrefined petroleum liquids known as “intermediate hydrocarbon liquids,” and produced water. Fuel tanks, for example, are not covered by these rules.
- Storage tanks subject to the rule may be located anywhere along the oil and natural gas production process: from the natural gas well to the point where gas enters the distribution system; at any point from the well to the point where oil is transferred to the pipeline for crude oil production. Storage tanks located at refineries are not covered by this rule.

***Timing of Annual Reports***

- The 2012 final NSPS required that owners/operators submit an annual report on well completions, along with information on storage tanks and other equipment constructed or modified during the year. The rule gave owners/operators 30 days to submit the report, which must be certified by a senior company official. Several of the reconsideration petitions noted that 30 days is not enough time to compile the required information and have the report signed by the senior official. EPA is proposing to give owners/operators 90 days to submit this report.

**REQUESTING A PUBLIC HEARING/HOW TO COMMENT**

- EPA will accept written comment for 30 days after this proposal is published in the Federal Register, and the agency will hold a public hearing if requested.
- To request a hearing, contact Joan Rogers at (919) 541-4487, or by email at [rogers.joanc@epa.gov](mailto:rogers.joanc@epa.gov). Hearing requests must be made within five days after this proposal is published in the Federal Register.
  - If a hearing is requested, it will be held in Research Triangle Park, N.C. To learn whether EPA is holding a public hearing and for details, check EPA’s website at: <http://www.epa.gov/airquality/oilandgas> .
- There are multiple ways to submit written comments on the proposal. To ensure EPA receives your comments, identify them with this Docket ID number: EPA-HQ-OAR-2010-0505. Then submit them using any of the following methods:

- **Go to [www.regulations.gov](http://www.regulations.gov)** and follow the on-line instructions for submitting comments.
- **Send comments by email** to [a-and-r-docket@epa.gov](mailto:a-and-r-docket@epa.gov), Attention Docket ID No. EPA-HQ-OAR-2010-0505.
- **Fax your comments to:** (202) 566-1741, Attention Docket ID No. EPA-HQ-OAR-2010-0505.
- **Deliver your comments in person** to: EPA Docket Center, EPA West, Room 3334, 1301 Constitution Ave. N.W., Washington, D.C. 20460. Please include a total of two copies. Such deliveries are only accepted during the Docket's normal hours of operation (8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holiday), and special arrangements should be made for deliveries of boxed information.
- **Mail your comments** to: EPA Docket Center (EPA/DC), Environmental Protection Agency, Mail Code: 2822T, 1200 Pennsylvania Ave. NW., Washington, DC 20460, Attention Docket ID No. EPA-HQ-OAR-2010-0505. Please include a total of two copies.
- **More guidelines for submitting comments are available in the proposed rule,** which is posted at <http://www.epa.gov/airquality/oilandgas/actions.html>

## BACKGROUND

- On April 17, 2012, EPA issued cost-effective regulations, required by the Clean Air Act, to reduce harmful air pollution from the oil and natural gas industry, while allowing continued, responsible growth in U.S. oil and natural gas production. The final rules included the first federal air standards for natural gas wells that are hydraulically fractured, along with requirements for several of other sources of pollution in the oil and gas industry that were not previously regulated at the federal level.
- After EPA issued the final rule, the Agency received petitions for reconsideration from several industry and environmental organizations, and the Texas Commission on Environmental Quality. EPA is continuing to evaluate other issues raised in those petitions.
  - Industry groups that petitioned for reconsideration are: the American Natural Gas Association; the American Petroleum Association; Gas Processors Association; the Interstate Natural Gas Association of America; the Texas Oil and Gas Association; the Western Energy Alliance; REM Technology Inc.; and (jointly) the Independent Petroleum Association of America, Independent Oil and Gas Association of West Virginia, Inc., Kentucky Oil & Gas Association, Inc., Indiana Oil and Gas Association, Pennsylvania Independent Oil & Gas Association, Ohio

Oil and Gas Association, and the Illinois Oil & Gas Association.

- Environmental groups that petitioned for reconsideration are: Earthjustice; and (jointly) Clean Air Council, the Clean Air Task Force, Environmental Defense Fund, Group Against Smog and Pollution, the Natural Resources Defense Council and the Sierra Club.