

PROPOSED UPDATES AND CLARIFICATIONS FOR REQUIREMENTS FOR WELL COMPLETIONS, STORAGE TANKS AND NATURAL GAS PROCESSING PLANTS

The U.S. Environmental Protection Agency (EPA) is proposing updates and clarifications to its cost-effective regulations that 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 proposed updates would not change the emission reductions in the rules, which include the first federal air standards for natural gas wells that are hydraulically fractured, along with requirements for storage tanks and other equipment.

SUMMARY OF ACTION

- On July 1, 2014, the U.S. Environmental Protection Agency proposed updates and clarifications to its 2012 New Source Performance Standards for the oil and natural gas industry. Today's proposal responds to requests for clarification and issues raised in administration petitions for reconsideration.
- The proposed updates would:
 - Provide additional detail on requirements of handling of liquids during well completion operations;
 - Clarify requirements for storage tanks;
 - Define low-pressure wells;
 - Clarify certain requirements for leak detection at natural gas processing plants;
 - Update requirements for reciprocating compressors; and
 - Update the definition of "responsible official."

Clarifications to well completion requirements

- EPA is proposing to identify three distinct stages of a well completion operation, with specific requirements for handling liquids during each stage, including clarifying when green completion equipment must be used.
 - The initial flowback stage would extend from the beginning of flowback following hydraulic fracturing or refracturing and would end when there is enough gas present in the flowback for a separator (green completion equipment) to operate. That stage would be known as the "separation flowback stage."
 - In the separation flowback stage, operators must direct the flowback to use special equipment to separate gas and liquid hydrocarbons that come from the well as it is being prepared for production. The captured gas and hydrocarbons can then be treated and sold. This is also known as a "green completion." This step must occur as

soon as possible for wells subject to green completion requirements; wells not subject to the green completion requirements also must use a separator during this time; however, they may flare the separated gas. Wells subject to green completion requirements must begin using green completions no later than Jan. 1, 2015.

- The *production stage* begins when the flowback volume has subsided and stabilized and the well is producing gas continuously to a flow line, separate and recovered condensate, produced water and crude oil must be routed to storage tanks, and operators must begin the process of estimating the tanks' emissions of volatile organic compounds (VOCs). Those emissions must be controlled within 60 days of the beginning of the production stage. In addition, once the production stage begins, venting or flaring of gas is not allowed.

Updates and clarifications to storage tanks requirements

- EPA is proposing several updates and clarifications for its requirements for storage tanks used in the oil and gas industry. They include updates to requirements for:
 - Determining potential emissions. The proposal would clarify that VOC emissions that are captured as a result of permit requirements do not count toward determining whether a tank is subject to emission control requirements under these air regulations.
 - Thief hatch requirements. EPA is proposing to allow other mechanisms besides weighted thief hatches to ensure these hatch lids remain properly sealed.
 - Notification requirements. EPA is proposing to require that the date a storage tank is removed from service and the date a storage tank is returned to service be included in the notification requirements that are a part of an operator's annual report.

Other updates and clarifications

- *Definition of low-pressure well.* In its 2012 rules, EPA defined low-pressure wells in response to public comments. While the agency believes the definition was a logical outgrowth of public comments on the proposed rules; EPA is repropounding the definition in response to a reconsideration petition. EPA also is seeking comment on an alternative definition.
- *Leak detection requirements for certain natural gas processing plants.* EPA is proposing to update the definition of equipment to clarify that equipment leak detection and repair requirements for addressing equipment leaks apply to equipment only at onshore natural gas processing plants. The agency also is proposing to correct an inadvertent omission in the 2012 regulations, to include connectors in the list of equipment exempt from leak detection requirements for small gas processing plants and gas processing plants on the Alaskan North Slope.

- *Reciprocating compressors*: EPA is proposing to add a third alternative for the work practice options for controlling emissions from rod packing in compressors. This alternative would allow operators to reduce VOC emissions by routing gas that leaks as part of a compressor's routine operation to the engine that powers the compressors for use as fuel.
- *Responsible official definition*: EPA is proposing to update its definition of the official responsible for certifying that annual reports on well completions are true accurate and complete. The proposed updates would allow officials responsible for facilities employing up to 250 employees to delegate this authority after notifying the agency rather than after approval. Requirements for officials responsible for facilities employing more than 250 employees would remain unchanged.
- EPA will accept comments on the proposed updates for 30 days following publication in the Federal Register. The agency will hold a public hearing if requested within five days of publication.

BACKGROUND

- On April 17, 2012, EPA issued cost-effective regulations, as required by the Clean Air Act, that 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 2012 final rules, the agency received petitions for reconsideration from several industry and environmental organizations, and the Texas Commission on Environmental Quality. Today's proposal responds to some of the issues raised in those petitions; EPA is continuing to evaluate other issues.
 - Industry groups that petitioned for reconsideration are: the America's Natural Gas Alliance; 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.

- On August 2, 2013, EPA updated the standards for storage tanks to ensure the tanks likely to have the highest emissions are controlled first, while providing tank owners and operators time to purchase and install VOC controls. The amendments reflect recent information showing that more storage tanks will be coming on line than the agency originally estimated.
- After EPA updated the storage tank requirements, the agency received additional petitions for reconsideration. Today's proposal responds to some of the issues raised in those petitions; the agency is continuing to evaluate other issues.

HOW TO COMMENT

- Comments on the proposal, identified by Docket ID No. EPA-HQ-OAR-2010-0505, can be submitted by one of the following methods:
 - www.regulations.gov: Follow the on-line instructions for submitting comments.
 - E-mail: Send your comments via electronic mail to a-and-r-Docket@epa.gov, Attention Docket ID No. EPA-HQ-OAR-2010-0505.
 - Facsimile: Fax your comments to (202) 566-9744, Attention Docket ID No. EPA-HQ-OAR-2010-0505.
 - Mail: Send your comments to: EPA Docket Center (EPA/DC), Environmental Protection Agency, Mailcode 28221T, 1200 Pennsylvania Ave., NW, Washington, DC 20460, Attention Docket ID No. EPA-HQ-OAR-2010-0505. Please include a total of two copies.
 - Hand Delivery: Deliver your comments to: EPA Docket Center (EPA/DC), William Jefferson Clinton West Building, Room 3334, 1301 Constitution Ave., NW, Washington, DC, 20004, Attention Docket ID No. EPA-HQ-OAR-2010-0505. Such deliveries are accepted only during the normal hours of operation (8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays), and special arrangements should be made for deliveries of boxed information.

FOR ADDITIONAL INFORMATION

- Today's proposal and additional information on EPA's air regulations for the oil and natural gas industry are available at <http://www.epa.gov/airquality/oilandgas>.