

EPA GHG Mandatory Reporting Rule Subpart W

API presentation to OMB/OIRA
August 25, 2010



EPA must address the underestimation of burden, work effort and cost.

- API's analysis indicates that EPA significantly underestimated the work required and burden imposed by the proposed rule.
- Based on the rule proposed by EPA, it is questionable whether the work required by this rule as written can be accomplished with available manpower and equipment within the proposed time parameters.
- In our comments we recommended a number of approaches to help make the reporting more effective and reduce unreasonable burden – some of which we will touch on today.
- We recommend the burden of the rule be re-evaluated and the rule be modified to yield an appropriate burden per metric tonne of emissions covered.

EPA should remove hydrocarbon liquid dissolved CO2 and produced water dissolved CO2 source types

- Inclusion of these source types presents safety, economic and feasibility concerns
 - Over 2 million new tank sampling events with inherent risks
 - 45% of onshore production cost for 1% of Subpart W emissions
 - + \$18,000/MT of CO2 measured
 - Inadequate lab capacity to handle specialized analysis
- The proposed preamble did not discuss inclusion of these source types
- We recommend EPA remove hydrocarbon liquid dissolved CO2 and produced water dissolved CO2 source types

Measurement Guidance should include a range and flexibility in use of methodologies & emission factors

- We recommend the use of alternative inventory and measurement methodologies to reduce the burden on reporters while still generating the required emission data.
- We also believe EPA should allow the flexibility to use either direct measurement or engineering analysis for all sources that ultimately require reporting under Subpart W.
- We further recommend that EPA allow the use of updated emission factors as they become available from measurement programs like those currently being conducted by EPA and industry. Additionally, these emission factors should be moved from Tables W1-W8 to a separate document.
- We support the August 11, 2010 proposed revision to the natural gas entry Table C-1 that removes the word “pipeline”.

EPA needs a workable Onshore Petroleum and Natural Gas Production Facility Definition

- EPA proposed an unworkable “basin level” facility definition which imposes measurement and reporting obligations on over 21,000 entities operating millions of pieces of equipment scattered over hundreds of thousands of square miles
 - The broad scope of the basin facility definition goes beyond what is appropriate for balancing inventory quality with cost of obtaining the information
- An alternative to reduce this burden would be to apply EPA’s proposed 25,000 tonne threshold to a “facility” as defined in the rest of the Clean Air Act
- Another alternative would be to introduce a “sub-basin” concept, allowing reporters to group fields with similar characteristics and incorporating the following modifications:
 - Developing a screening approach to determine applicability
 - Allowing simplified methods (e.g. API compendium) and exemptions for small and/or low threshold equipment
 - Delaying the inclusion of onshore petroleum and natural gas production pending further review
 - A clear statement by EPA that “Facility definitions in this rule are not applicable to other EPA regulations under the CAA.”

Current Definitions of Source Categories

- We recommend the segregation of the Onshore Oil & Natural Gas Production Category into three sub-segments including: production, gas gathering and collection, and gas processing
- Requirements for major gas processing facilities should not be used for gas gathering and collection systems or their associated facilities.
- Contractor emissions from leased rented or subcontracted equipment should NOT be included in Subpart W.

Other issues

- We recommend EPA conform the definitions and terminology throughout the rule to make the rule consistent with the longstanding and accepted terms used by industry. (see section III.1 API comments)
- We recommend a revision of emission equations to result in metric tons of GHG emissions by GHG type. Current equations impede comparison among sources.
- We recommend that EPA reconcile conflicting requirements with other agencies/departments