



April 23, 2018

U.S. Environmental Protection Agency  
EPA Docket Center  
Mailcode 2822IT  
Attention: Docket ID No. EPA-HQ-OAR-2015-0216  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Via e-filing on [www.regulations.gov](http://www.regulations.gov)

**Re: Comments of GPA Midstream Association on Notice of Proposed Withdrawal of the Control Techniques Guidelines for the Oil and Natural Gas Industry, 83 Fed. Reg. 10,478 (Mar. 9, 2018) (Docket No. EPA-HQ-OAR-2015-0216)**

Dear Docket Clerk:

GPA Midstream Association ("GPA Midstream") appreciates this opportunity to submit comments to the U.S. Environmental Protection Agency ("EPA") in support of EPA's proposed withdrawal of the Control Techniques Guidelines for the Oil and Natural Gas Industry. 83 Fed. Reg. 10,478 (Mar. 9, 2018).

GPA Midstream has served the U.S. energy industry since 1921. GPA Midstream is composed of nearly 100 corporate members of all sizes that are engaged in the gathering and processing of natural gas into merchantable pipeline gas, commonly referred to in the industry as "midstream activities." Such processing includes the removal of impurities from the raw gas stream produced at the wellhead, as well as the extraction for sale of natural gas liquid products ("NGLs") such as ethane, propane, butane, and natural gasoline. GPA Midstream members account for more than 90 percent of the NGLs produced in the United States from natural gas processing. Our members also operate hundreds of thousands of miles of domestic gas gathering lines and are involved with storing, transporting, and marketing natural gas and NGLs.

**1. The CTG Should be Withdrawn Because it is Based on the Same Flawed Assumptions as the EPA's Subpart OOOOa Regulations Currently Under Reconsideration by EPA**

GPA Midstream strongly supports EPA's proposal to withdraw the Control Techniques Guidelines ("CTG"). EPA had based the CTG on many of the same flawed assumptions as the agency's 2016 Subpart OOOOa New Source Performance Standards ("NSPS") for the oil and gas industry, and thus the CTG carried over many of the same problems. *See* 83 Fed. Reg. at 10,478 ("the recommendations made in the CTG are fundamentally linked to the conclusions in the 2016 NSPS..."); *id.* ("RACT recommendations for storage vessels, compressors, pneumatic

controllers, and equipment leaks from natural gas processing plants were based on the 2012 NSPS [technical support documents], and RACT recommendations pneumatic pumps and fugitive emission from well sites and compressor stations were based on the 2016 NSPS” technical support documents). GPA Midstream specifically described these failings in its December 4, 2015 comments on the then-proposed CTG and incorporates those comments here by reference. *See* Gas Processors Association, Comments on Control Techniques Guidelines for the Oil and Natural Gas Industry (Dec. 4, 2015), EPA ID No. EPA-HQ-OAR-2015-0216-0161. GPA Midstream commends EPA for undertaking to reconsider its Subpart OOOOa regulations – and for withdrawing portions of leak detection and repair (“LDAR”) requirements while the agency completes its reconsideration of the overall Subpart OOOOa regulatory framework. *See* Oil & Natural Gas Standards for New, Reconstructed, and Modified Sources; Amendments, 83 Fed. Reg. 10,628 (Mar. 12, 2018). The CTG, if not also withdrawn, would impose the same practical difficulties and unnecessary costs and burdens on existing sources in areas subject to the CTG as new or modified sources would face under Subpart OOOOa, as GPA Midstream has detailed previously to EPA.<sup>1</sup> At a minimum, it is prudent for EPA to withdraw the CTG while it reconsiders its approach to these regulations.

## **2. While the Estimated Present Values and Equivalent Annualized Values of Avoided Compliance Costs in the Proposal Justify Withdrawing the CTG, These Costs are Underestimated**

GPA Midstream agrees that the CTG, if not withdrawn, will impose substantial excess compliance costs that justifies fully withdrawing the CTG. The proposal’s cost estimates, however, may be better clarified by assessing more fully certain of the assumptions underlying the estimates, which overestimate the emissions reductions forgone and underestimate the full compliance costs saved. Regardless, EPA should recognize the conservative nature of its assumptions as further supporting a decision to withdraw the CTG.

EPA assessed the potential costs avoided and emission reductions foregone by a withdrawal of the CTG under two scenarios. *See* Memorandum to Docket, Estimated Avoided Costs and Forgone Emission Reductions Associated with the Potential Withdrawal of the Control Techniques Guidelines for the Oil and Natural Gas Industry (Feb. 15, 2018) (“Estimated Costs Memo”) at 1-2. Under the first scenario, EPA examines the expenditures and emissions changes

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<sup>1</sup> *See* GPA Midstream, Comments on Oil and Gas Sector: Emission Standards for New and Modified Sources, Proposed Rule (Dec. 4, 2015) Docket ID No. EPA-HQ-OAR-2010-0505-6881; GPA, Submission to Administrative Record of Supplemental Comments on Oil and Gas Sector: Emission Standards for New and Modified Sources, Proposed Rule, (Apr. 15, 2016) at 2-3, EPA-HQ-OAR-2010-0505-7552; GPA Midstream, Request for Partial Reconsideration and Stay of EPA’s Final Rule entitled Oil and Natural Gas Sector: Emission Standards for New, Modified, and Reconstructed Sources, 81 Fed. Reg. 35,824 (Aug. 2, 2016), Docket ID No. EPA-HQ-OAR-0505-12247; GPA & INGAA, The Delay of Repair Obligations in 40 C.F.R. § 60.5397a(h)(2) Create Compliance Issues that Need to be Addressed Through Regulatory Revisions (Mar. 2017); GPA Midstream New Source Performance Standards (“NSPS”) Subpart OOOOa Petition for Review Technical Issues (Mar. 1, 2017), Docket ID No. EPA-HQ-OAR-2010-0505-12247; GPA Midstream, Comments on Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources: Stay of Certain Requirements, Proposed Rule (Aug. 9, 2017) Docket ID No. EPA-HQ-OAR-2017-0346-0328.

in the oil and gas industry under the assumption that “all states fully adopt controls under the CTG, but would avoid any controls in the absence of the CTG.” *Id.* We would suggest to EPA that it reconsider this assumption that there would be no regulation of minor oil and gas sources, avoiding all compliance costs and all emission reductions. Many States with significant oil and gas production and distribution operations already impose volatile organic compound (“VOC”) emission control requirements for minor oil and gas sources in non-attainment areas. *See, e.g.*, Utah Admin. Code §§ R307-501 to 509 (oil and gas VOC control requirements for wells, pneumatic controllers, flares, storage vessels, dehydrators, and imposing LDAR requirements); Wyo. Dep’t of Env’tl Quality, Air Quality Rules, § 6 (similar requirements for existing oil and gas wells and compressor stations in the Upper Green River Basin); Cal. Code Regs. tit. 17 §§ 95665-95677 (explicitly targeting greenhouse gas emissions from new and existing oil and gas facilities but regulating all fugitive emissions). The CTG itself referenced existing State regulations at 2-2 to 2-4 and the Estimated Costs Memo acknowledges this in discussing California regulations as being among those “that would have supplanted the need for additional requirements under the final CTG.” Estimated Cost Memo at 6. Withdrawing the CTG will not rescind existing State regulations, including those that have been promulgated in order to comply with National Ambient Air Quality Standards (NAAQS). Thus, by assuming that there would be no other State VOC emission reduction requirements for minor oil and gas sources, EPA would significantly overestimate the foregone emission reductions in both moderate and higher non-attainment areas and in the ozone transport region from the withdrawal of the CTG.

EPA’s second scenario examines “[n]et expenditures and emission changes across all industries, reflecting that some sources in Non-attainment areas ... will still need to incur costs to obtain emission reductions under NAAQS state implementation plans” if the CTG is withdrawn. Estimated Cost Memo at 2. This scenario assumes that VOC emission reduction costs would be shifted from oil and gas sources to other industry sources to meet the NAAQS. *Id.* at 5 (“This perspective assumes that, in the absence of the CTG, all [non-attainment] areas classified as Moderate or higher will incur costs to sources not affected by the CTG....”). This assumption is likewise conservative, as this cost-shifting assumption effectively presumes that States do not independently impose VOC control requirements on minor oil and gas sources. As noted above, States, in fact, do regulate VOC emissions from these sources and may not need to shift the costs of VOC emission reductions elsewhere. While it is reasonable for EPA to attempt to get a better estimate of the cost of withdrawing the CTG by including the potential effect on other industries, in doing so EPA again should consider fully that many States have independent regulations that will reduce VOC emissions from minor oil and gas sources, even without the CTG – or certainly acknowledge that its estimates may overstate the costs that could be shifted to other industries.

The Estimated Costs Memo also updates the estimated compliance costs from 2012 dollars to 2016 dollars using the Gross Domestic Product-Implicit Price Deflator. Estimated Costs Memo at 6. This update will help provide a more accurate estimate of compliance costs, although the initial cost estimates themselves had significantly underestimated the cost to comply with the CTG. The Estimated Costs Memo “draw[s] upon the analysis that accompanied the final CTG,” *id.*, which itself drew upon the information collected for Subpart OOOOa. 80 Fed. Reg. 56,577, 56,578 (Sept. 18, 2015). As GPA Midstream has previously stated in its comments, there is an incongruity between the CTG, which only regulates VOCs, and Subpart OOOOa, which regulates methane. *See* Gas Processors Association, Comments on Control Techniques Guidelines for the Oil and Natural Gas Industry (Dec. 4, 2015) at 4. As such, the CTG underestimated the cost of controlling

emissions from pneumatic pumps, which had an extremely high cost per ton value when only considering the control of VOCs. *Id.* Further, the CTG significantly underestimated the costs imposed by the guidelines by failing to account for the difference between applying controls to new sources and the far much more expensive task of retrofitting existing sources. *Id.*

In addition, GPA Midstream's prior comments identified several other areas where EPA had underestimated Subpart OOOOa compliance costs and overestimated its benefits. *See* GPA Midstream, Comments on Oil and Gas Sector: Emission Standards for New and Modified Sources, Proposed Rule (Dec. 4, 2015), Docket ID No. EPA-HQ-OAR-2010-0505-6881 at 12 (failed to calculate costs of LDAR monitoring for midstream assets located on well sites); *id.* at 32-33 (EPA underestimated the cost of controlling emissions from pneumatic pumps); *id.* at 41 (general comments on cost-benefit analysis); GPA Midstream, Request for Partial Reconsideration and Stay of EPA's Final Rule entitled Oil and Natural Gas Sector: Emission Standards for New, Modified, and Reconstructed Sources, 81 Fed. Reg. 35,824 (Aug. 2, 2016), Docket ID No. EPA-HQ-OAR-0505-12247 at 10 (duplicative cost of LDAR monitoring by well owners and midstream companies); GPA Midstream, Comments on Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources: Stay of Certain Requirements, Proposed Rule (Aug. 9, 2017) Docket ID No. EPA-HQ-OAR-2017-0346-0328 at 6 (EPA underestimated cost of quarterly and semi-annual LDAR monitoring while overstating benefits). EPA's proposal has made the effort to understand better the value of avoiding unnecessary and duplicative compliance costs. However, we urge EPA to acknowledge that its calculation of compliance costs avoided by withdrawing the CTG are much higher than the current record indicates and that this only further supports the proposed CTG withdrawal.

### **3. Withdrawal is Justified Because the CTG Would Impose Duplicative Requirements Resulting in Regulatory Confusion and Undue Burdens**

Even without a precise calculation of the compliance costs avoided and emissions reductions foregone, EPA is fully justified in its proposal to withdraw the CTG, as the guidelines are both unnecessary and only hold the potential to unnecessarily complicate and duplicate states' regulation of VOC emissions. States with significant oil and gas operations have a long history with the industry and are well versed in the appropriate emission controls for those operations.<sup>2</sup> Thus, additional prescriptive directions from EPA on Reasonably Available Control Technology is not necessary. Indeed, as noted above and acknowledged in the CTG itself, many States had already implemented significant VOC emission control programs before EPA issued the CTG. As discussed in GPA Midstream's December 4, 2015 comments, the CTG is unnecessary and would only lead to additional confusion, duplication and undue burdens for industry. *See* Gas Processors Association, Comments on Control Techniques Guidelines for the Oil and Natural Gas Industry (Dec. 4, 2015), EPA ID No. EPA-HQ-OAR-2015-0216-0161 at 2. Further, now that EPA is reconsidering several aspects of the Subpart OOOOa regulations, withdrawing the CTG would avoid the potential for new and existing oil and gas sources to be regulated under potentially

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<sup>2</sup> States have continued to expand their regulation of the industry. EPA specifically requested information on state regulations of non-major oil and gas sources since 2016. 83 Fed. Reg. at 10,479. California finalized a comprehensive set of regulations for new and existing oil and gas sources that addresses VOC emissions as part of its regulation of methane regulations. *See* Estimated Costs Memo at 6. In addition, Utah recently finalized oil and gas regulation of VOC emissions on March 5, 2018. *See* 2018-7 Utah Bull. 185 (Apr. 1, 2018).

different assumptions and approaches. To avoid the regulatory confusion that would undoubtedly result, GPA Midstream strongly supports withdrawal of the CTG.

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GPA Midstream appreciates the opportunity to submit these comments on the Notice of Proposed Withdrawal of the CTG and is standing by to answer any questions that EPA may have.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Matt Hite". The signature is written in a cursive, flowing style.

Matt Hite  
Vice President of Government Affairs  
GPA Midstream Association

