



August 18, 2014

Gina McCarthy
U.S. Environmental Protection Agency
1200 Pennsylvania Ave., NW
Washington, D.C. 20460

RE: Comments of the American Exploration and Production Council -- Oil and Natural Gas Sector: Reconsideration of Additional Provisions of New Source Performance Standards; Docket ID No. EPA-HQ-OAR-2010-0505.

Dear Mrs. McCarthy:

American Exploration and Production Council ("AXPC") appreciates this opportunity to comment on the U.S. Environmental Protection Agency's ("EPA" or the "Agency") proposed amendments to the New Source Performance Standards ("NSPS") for the oil and natural gas sector, published as "Oil and Natural Gas Sector: Reconsideration of Additional Provisions of New Source Performance Standards," dated July 17, 2014 (79 Fed. Reg. 137, 41752).

The American Exploration & Production Council ("AXPC") is a national trade association representing 34 of America's largest and most active independent oil and natural gas exploration and production companies. AXPC members are "independent" in that their operations are limited to exploration for and production of oil and natural gas. Moreover, our members operate autonomously, unlike their fully integrated counterparts, which operate in additional segments of the energy business, such as downstream refining and marketing. AXPC members are leaders in developing and applying innovative and advanced technologies necessary to explore for and produce oil and natural gas, both offshore and onshore, from unconventional sources.

AXPC appreciates the Agency's reconsideration of issues related to the implementation of several aspects of the standards and supports many of the proposed revisions. These revisions reflect the Agency's growing understanding of the oil and gas industry and the complexity of applying these standards under a wide range of potential operating conditions. However, we believe that certain aspects of the proposed revisions require additional clarification and attention. As such, we respectfully offer the following recommendations for the Agency's consideration.

Gas Well Completions

AXPC appreciated EPA's understanding that there are several stages that a well goes through during flowback operations that can impact the operator's ability to separate the flowback fluids and capture or flare any gas entrained in the fluids. We support the proposed definitions and standards for the initial flowback and separation flowback stages. However, we believe that the production stage definition should be modified to clarify that it is a stage subsequent and separate from the well completion operation. Additionally, we believe that the production stage cannot be covered by a standard under this rule because operations at this stage are no longer associated with the regulated completions operations.

As written, the definition of production stage indicates that it occurs "during a well completion operation". However, the well completion operation ends when flowback period ends, which is accurately defined as "when the production stage starts or the well is shut in, whichever occurs first." Additionally, the standards in §60.5375(a) apply specifically to "each well completion operation with hydraulic fracturing" and should not include any standards for the production stage which occurs after the well completion operation. In order to correct this error we recommend that EPA do the following:

- Revise the definition of the production stage to remove "during a well completion operation"
- Remove the standard in §60.5375(a)(1)(iii)

If EPA does not make these corrections the rule as written has potential to preclude the occasional, but necessary venting or flaring of gas associated with well maintenance activities such as liquids unloading, well testing, workovers, and relief of excessive bradenhead pressure (pressure that accumulates between casing strings). Local and state regulations apply to the well during the production stage to ensure that the integrity of the wellbore and the safety of the workers and surrounding communities are preserved. EPA should defer to the expertise of these state and local regulators to ensure that wells are operated in a safe manner.

Additionally, AXPC would like to provide feedback to EPA regarding the practicality of using an LEL detector to determine when gas is sufficient to operate a separator. LEL detectors are used by some operators and completions crews to help determine when gas can successfully be sent to the separator. However, there are other factors that come with professional experience with well flow characteristics that also guide the decision. As such, AXPC recommends that EPA allow operators the flexibility to determine when the fluids can be safely routed to the separator. This could be done by changing §60.5375(a)(1)(i) to read "during the initial flowback stage, route the

flowback into one or more well completions vessels and commence operation of a separator as soon as practicable...”

Storage Vessels

AXPC also appreciates EPA’s clarifications relating to storage vessel affected facilities. We strongly support the added definition and clarifications related to the standards for well completion vessels and agree with EPA’s definition of “removed from service.” However, we believe that the proposed definition of returned to service could lead to unnecessary affected facilities and associated combustion emissions and should therefore be modified. Unlike other stationary sources, the emissions from storage vessels are not related to the equipment itself, but rather the characteristics and volume of the fluids being sent to and stored in the equipment. As proposed, the language could require an operator to control a storage vessel with little to no actual emissions and could discourage the replacement of older damaged tanks with newer tanks that may have come from a location that had emissions above the 6 tpy VOC threshold. Additionally, it does not make sense to burn pilot fuel and create additional emissions for sources that have minimal emissions such as tanks without flashing emissions, produced water tanks, low pressure tanks, or tanks with low throughput. As such AXPC recommend that EPA separate the definition of “returned to service” from the definition of “removed from service” and revise as follows:

“Removed from service means that a storage vessel affected facility has been physically isolated and disconnected from the process for a purpose other than maintenance, has been completely emptied and degassed and is no longer used to contain crude oil, condensate, produced water or intermediate hydrocarbon liquids. A storage vessel where liquid is left on walls, as bottom residual or in pools due to floor irregularity is considered to be completely empty.”

“Returned to service means that a storage vessel that was removed from service (or another storage vessel that serves the same purpose) is subsequently returned to service at the same location. A storage vessel will be considered to be returned to service when crude oil, condensate, produced water or intermediate hydrocarbon liquids are added to the vessel.”

Vapor Recovery Units

AXPC appreciates EPA's intent to clarify how enforceable mechanisms apply to vapor recovery units for purposes of determining storage vessel affected facility applicability. However, the language in § 60.5365(e) is not clear and could be interpreted to state that only vessels that do not have legally and practically enforceable limitations can take into account emission reductions from the VRU when determining applicability. We seek confirmation that, as stated in the preamble, it was EPA's intent that storage vessels with a legally and practically enforceable limitation incorporating a VRU may take the reductions into account when determining applicability, and also need only comply with the existing enforceable limitation and not the requirements in 60.5365(e).

Reciprocating Compressors

AXPC supports the allowance to utilize a combustion device to control emissions associated with rod packing leaks on reciprocating compressor. However, we object to the stringency of the requirements for such control devices. Routing rod packing vents to a control device is a best management practice that reduces VOC emissions. However, as proposed the standards for control devices associated with a reciprocating compressor are arduous and impractical and will discourage the use of this practice. In order to resolve this unintended consequence AXPC recommends that EPA apply the same streamlined monitoring requirements that apply to combustion devices associated with storage vessels to those associated with reciprocating compressors.

Affirmative Defense

AXPC strongly supports the removal of the affirmative defense provisions in favor of evaluating malfunctions on a case by case basis considering the operator's efforts to minimize emissions and take corrective actions as soon as practicable.

Connector Monitoring at Small Gas Plants

AXPC appreciates and supports this technical correction.

Electronic Spark Ignition Systems for Combustion Devices

AXPC appreciates the opportunity to comment on the potential allowance of electronic ignition systems for combustion control devices. Control devices that use this technology (rather than a

COMMENTS OF AXPC
AUGUST 18, 2014
PAGE 5

continuous pilot) are becoming more common throughout the oil and gas industry (as well as other industries) to save on fuel consumption, reduce combustion emissions, and maximize energy efficiency. Many of these units in operation were installed to comply with state regulatory requirements, prior to EPA's publication of the proposed rule on August 23, 2011. These systems allow for continuous control of working and breathing losses when the pad is shut in and pilot gas is not available by monitoring the pressure on the tanks and triggering an electronic ignition switch to ignite waste gas vapors when the adequate pressure has built up and the valve from the storage vessel opens. In order to encourage and allow for innovation and minimize energy and fuel consumption, AXPC requests that EPA allow for the installation of combustion controls with electronic ignition systems provided that they have fail safe systems such as pressure and temperature monitoring to prevent any venting during periods when vapors are flowing to the device.

Again, AXPC appreciates the opportunity to provide these comments and we look forward to working with the Agency on improvements to the regulation. Please call Bruce Thompson at 202-652-2359 if you have any questions regarding this request or the issues discussed herein.



V. Bruce Thompson
President
American Exploration and Production Council

Cc: Bruce Moore