April 24, 2014

Environmental Protection Agency,
EPA Docket Center (EPA/DC), Mail code 6102T
1200 Pennsylvania Avenue, NW
Washington, DC 20460
GHG_Reporting_Rule_Oil_And_Natural_Gas@epa.gov
Attention: Docket ID No. EPA–HQ–OAR–2011-0512

RE: Comments of American Exploration & Production Council and Western Energy Alliance; Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems; proposed rule (Docket EPA-HQ-OAR-2011-052)

Dear Ms. Cook:

The American Exploration & Production Council ("AXPC")[1] and Western Energy Alliance ("the Alliance")[2] appreciate this opportunity to comment on the U.S. Environmental Protection Agency's ("EPA" or the "Agency") proposed amendments to the final Greenhouse Gas Reporting Rule (GHGRP) for the oil and natural gas sector, published as "Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems; proposed rule," dated March 10, 2014 (78 Fed. Reg. 13,394).

AXPC and the Alliance appreciate the Agency's continued cooperation with industry trades on various technical and legal issues, but have concerns with the addition of vast amounts of reporting data, the timing of the rule implementation, the elimination of BAMM, the proposed missing data provisions, and several other technical issues. Although it was EPA's intent to simplify and streamline the reporting requirements, we believe that in practice the rule complicates and increases the reporting burden on operators. As such, we respectfully offer the following comments and recommendations for the Agency's consideration.

Additional Data Collection and Reporting Requirements

The proposed rule adds large amounts of additional data collection and reporting requirements that AXPC and the Alliance believe to be unduly burdensome and difficult to implement. Although considered, EPA has vastly underestimated the amount of time that is needed in order to modify data collection, management, and reporting systems and processes. Data reported for the rule is often compiled from a number of different systems and the addition of each data element will

[1] AXPC is a national trade association representing 32 of the largest United States independent natural gas and crude oil exploration and production companies.
[2] Western Energy Alliance represents over 480 companies involved in all aspects of environmentally responsible extraction and production of oil and natural gas in the West. We represent independent producers, most of which are small businesses with an average of twelve employees. Our members are committed to reducing emissions from their operations and consistently employ best industry practices whether mandated by regulations or not.

require an evaluation of where the data can be pulled from, how it can be integrated into current data management systems and processes, and how it can be integrated into existing raw data reporting formats. This process will take many man-hours per data element, vastly more that the EPA estimate of three minutes per element.

Additionally, many of the added data elements that are proposed to be gathered and reported are not related to the emission calculations and should not be part of this GHG emissions reporting rule. For instance, EPA has added many data elements to compressor reporting such as engine horsepower, installation date, model name and description, and date of last rod packing replacement. While these are clearly not within the scope of emission reporting, there are also other data elements that are burdensome to manage and report such as software simulation package used and associated inputs. These models are often run outside of the data management system and the inputs not available for subsequent reporting without making large modifications to the emissions data management system.

AXPC and the Alliance requests that EPA reconsider the addition of data elements to report in this rulemaking, particularly those that do not pertain to emission calculations. We also urge EPA to re-evaluate the man-hours that will be required to implement the proposed data additions and changes to calculation methodologies in determining compliance and implementation dates.

Implementation Timing

AXPC and the Alliance understand that many of the data inputs that were previously not reported due to confidential business considerations will now have to be reported for previous and current reporting years. However, as noted above, the transition to a new and unknown reporting format, along with the additional data gathering and management modifications will take time to implement. As proposed, as soon as these changes are made and implemented, reporters would have to make additional modification for reporting year 2015 forward. This short timeframe is unreasonable, particularly considering that the rule is expected to be finalized near the end of 2014 and reporters would need to have data gathering systems and processes in place starting at the first of the year, 2015. As such, we request that EPA allow for additional implementation time and believe that it is reasonable for operators to report 2011-2015 inputs in 2016 and 2016 inputs and modified emission calculations in 2017.

Elimination of BAMM

AXPC and the Alliance appreciate that EPA developed BAMM for the initial implementation of the GHG Reporting Rule and did not intend to keep it indefinitely. However, for the same reasons stated above, We strongly believe that BAMM needs to be available for at least six months if the rule timing is pushed back and at least one year if the timing remains as proposed. This would allow reporters sufficient time to get the additional data collection, management, and reporting systems in place for the newly required data elements. This will take a significant amount of time and effort and if EPA does not decide to extend BAMM on an applied for or presumptive basis then small operators without the resources to quickly implement the rule would be unfairly disadvantaged.

Missing Data Provisions

AXPC and the Alliance believe that the missing data provisions which were added to the proposed rule are unreasonable to comply with. Reporters under this rule have hundreds of thousands to millions of data points to gather and now report to comply with this rule. Given the sheer volume of information and inherent imperfection in data collection and storage systems there will always be a number of individual data elements that are going to be unavailable for some portion of time during the year. As such, it would be infeasible if not impossible to track and report on each missing data element to the level of detail that EPA is proposing. While we do not object to reporting on the occurrence, dates, and data substitution methods employed we believe that doing this individually for each occurrence is unnecessarily burdensome. Generally, the same type of inadvertent and unavoidable data collection issues will affect several data elements and instances and it would be extremely time consuming and unbeneficial to have to report this level of detail. We also believe that these data collection errors and occasional failures are unavoidable and object to the requirement to explain the unique circumstances that led to the missing data and the steps the operator will take to avoid future missing data. Examples of unavoidable data gathering errors and failures include loss of radio communication of a SCADA system, loss of electricity, and data collection system wires losing contact due to natural conditions such as wind, precipitation, animal contact, heat, cold, or equipment vibration. In order to resolve this issue AXPC and the Alliance urge EPA to remove the requirement to report on individual missing data instances in §98.236(bb) and the specific requirements in §98.236(bb)(3) and (5).

Workover and Completions Equations

AXPC and the Alliance appreciate EPA's recognition that there are two distinct periods of flowback as defined by the rule. However, we do not support the addition of an emissions term in the equation for the period of flowback prior to separation. We strongly believe that emissions from this period are de minimus, as stated by EPA itself in their September 28, 2012 letter to API, stating that "Initially, the flowback consists of water, sand and fracturing fluids". While there may be small amounts of entrained gas in the fluids that are returned to the surface prior to separation, the quantity is very small and not detectable. In practice, as soon as gas is detected it is routed to the separator for flaring or recovery, reducing the term $T_{p,i}$ to zero and making that portion of the equation irrelevant and unnecessary. Additionally, if fluids are not able to be routed to the separator as soon as gas is detected then the volume of gas during that period will be far less than half of the post-separation flow rate as the volume of gas will continue to increase during the initial stages of flowback. We urge EPA to remove these pre-separation emission terms from equations W-10A and W-10B.

Portable Combustion Equipment

AXPC and the Alliance request that EPA reconsider the inclusion of maintenance and repair equipment in the portable combustion source category. As has been clearly stated in the rule since initially promulgated, the portable emissions are required to be reported are limited to those that are involved in the extraction of hydrocarbons. The extension of this source category, which is

already one of the most challenging reporting categories in terms of third party data collection efforts, is unjustified and in conflict with what EPA initially intended to be reported. As such we request that EPA remove "maintenance and repair equipment" from the §98.230(2) definition of the onshore production sector.

Sub-basin Analyses

AXPC and the Alliance request that EPA allow for the use of site-specific sampling analyses for use in modeling acid gas removal systems, dehydration units, and storage tanks. These analyses are sometimes permit required or available for other reasons and we believe that their use should be allowed in lieu of a sub-basin analysis where they are available as they are more representative. However, AXPC believes that the option to use the sub-basin analysis needs to be retained for those sources that do not have site-specific analyses available. Likewise, we support the optional use of site-specific samples for calculating pneumatic device emissions.

Well Type and Control Type Categories

AXPC and the Alliance request that EPA reconsider the splitting up of reporting and measurement categories for the liquids unloading, well completions and workovers, associated gas venting and flaring, flare stacks, and desiccant dehydrator source categories. Reporters have established data collection and management systems based on the existing well type and other categories established by the existing rule and the proposed revisions would either double or quadruple the number of required measurements or calculations, input data management, and reporting requirements. AXPC does not object to reporting the number of sources that have the given characteristics for the existing categories, but objects to the creation of additional categories for data collection and reporting.

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AXPC and Western Energy Alliance appreciate the opportunity to provide these comments and we look forward to working with the Agency on improvements to the reporting rule. Please call Bruce Thompson at 202-652-2359 if you have any questions regarding this request or the issues discussed herein.

V. Bruce Thompson
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