EPA REVISIONS TO OIL AND NATURAL GAS
NEW SOURCE PERFORMANCE STANDARDS

In August, EPA issued two final rules revising new source performance standards (NSPS) applicable to the oil and natural gas industry.

Policy rule. One of the rules, the “policy rule,” has the following central features. First, EPA is removing sources in the transmission and storage segment (e.g., transmission compressor stations, pneumatic controllers, and underground storage vessels) from regulation under Subpart OOOO and OOOOa. EPA is rescinding emissions limits on VOC and methane emissions in Subparts OOOO / OOOOa for these sources. EPA’s action is consistent with TPA’s comments that EPA had previously failed to make the findings that were required before EPA could legally expand the source category and regulate these sources under the NSPS.

EPA is also rescinding methane emission limits in Subpart OOOOa that apply to sources in the production and processing segments (e.g., well completions, pneumatic pumps, pneumatic controllers, gathering and boosting compressors, natural gas processing plants, fugitive emissions, and storage tanks). VOC limits will remain in place for these sources. EPA concluded that it was inappropriate to establish NSPS for methane emissions for these sources because those standards duplicate existing requirements for VOC emissions. This again is consistent with TPA’s comments, which pointed out that EPA had failed to justify the need to expand the NSPS to cover methane emissions given that methane controls are redundant of VOC controls.

Finally, TPA’s comments urged EPA to reconsider its position that it may regulate a new pollutant from an existing source category merely by finding that there is a “rational basis” to do so. We argued that EPA may not establish NSPS for a pollutant unless EPA has made a cause-or-contribute finding and an endangerment finding for that pollutant, and that a “rational basis” standard is insufficient. EPA has now rejected the “rational basis” standard in the final rule. This change will ensure that EPA will have to conduct rigorous analysis and make pollutant-specific findings before it imposes additional regulations on new pollutants under an existing NSPS.

The policy rule took effect on September 14, but the US Court of Appeals for the District of Columbia quickly issued a temporary stay of the effectiveness of the rule so that the court could assess legal challenges being made by environmental groups.

Technical amendments rule. The other rule, which takes effect on November 16, is more technical in nature and makes numerous helpful revisions to the requirements in Subpart OOOOa. The new rule is consistent with comments submitted by TPA and other industry commenters in numerous respects. Provisions of particular interest are noted below.
**Fugitive emissions monitoring.** The required frequency of fugitive emissions monitoring for compressor stations is reduced to twice a year. Owners and operators of compressor stations may determine the best means to ensure that fugitive components are monitored, rather than being required to include a site map and an observation path in the monitoring plan. Initial monitoring of compressor stations must be conducted within 90 days of startup.

The fugitive emissions repair schedule for compressor stations is as follows:

- First attempt at repair must be made within 30 days after the emissions are detected.
- Final repair must be completed within 30 days of first attempt at repair.
- If a repair is delayed because it is not technically feasible or requires a shutdown, it must be completed during the next scheduled compressor station shutdown for maintenance; during the next scheduled well shutdown or scheduled well shut-in; after a scheduled vent blowdown; or within two years, whichever is earliest.

**Alternative means of emission limitations (AMEL).** An AMEL allows the use of a different work practice than the one specified in the NSPS to achieve required emissions reductions. EPA had proposed that owners/operators of Texas well sites – but not Texas compressor stations – could elect to comply with Texas fugitive emission standards as a substitute for complying with OOOOa standards. TPA commented that this opportunity should be expanded to Texas compressor stations. EPA agreed, and under the final rule owners/operators of compressor stations in Texas may choose to comply with Texas fugitive emission standards rather than having to comply with both state and federal (OOOOa) requirements. The AMEL rule also adds optical gas imaging (OGI) as a monitoring option, which is another issue where EPA agreed with our comments.

**Pneumatic pumps.** The rule expands the types of monitoring that may be used to demonstrate that closed vent systems associated with pneumatic pumps are operating with no detectable emissions. Owners/operators may make this demonstration through an annual inspection using EPA Method 21, monthly audio/visual/olfactory (AVO) monitoring, or OGI monitoring.

**In-house engineer certifications.** An in-house engineer with appropriate knowledge of a closed-vent system design may certify that the system is designed and operated as required.

**Storage vessels.** The rule provides separate requirements for calculating VOC emissions for tanks that are designed and operated as a manifolded battery. Owners/operators may average the emissions across the number of tanks in a controlled battery if specified criteria are met.

For storage vessels at onshore natural gas processing plants and compressor stations, the potential for VOC emissions may be determined based on the emission limit or throughput limit, or based on the projected maximum average daily throughput determined using generally accepted engineering models.

The rule incorporates the option for a storage vessel closed-vent system to be monitored by either monthly AVO monitoring or OGI monitoring.
**Compliance with leaks standards.** Owners/operators of natural gas processing plants must comply with equipment leaks standards as soon as practicable, but no later than 180 days after initial startup of a new, modified or reconstructed process unit.

**VOC service less than 300 hours per year.** For onshore gas processing plants, the rule exempts equipment in VOC service less than 300 hours per year from monitoring requirements.

**Modifications at compressor stations.** TPA commented that EPA’s rule proposal had used confusing language that incorrectly suggested that a modification at a compressor station could occur if there was an increase in the horsepower of the engine that drives a compressor. We stated that the correct interpretation of the rule is that a modification can occur if there is an increase in the design capacity of the compressor itself, not an increase in the horsepower of the engine that drives the compressor. We asked EPA to clarify that our interpretation was correct. In its Response to Comments document for the final rule, EPA did so. EPA admitted that it had made a “misstatement” when it stated that engine horsepower is used to determine if a modification has occurred. EPA said that the comments correctly state that compressor horsepower is the correct measurement in determining whether there has been a modification.