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ONE HUNDRED TWELFTH CONGRESS

# Congress of the United States

## House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115

Majority (202) 225–2927
Minority (202) 225–3641

March 28, 2012

The Honorable Lisa Jackson
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Dear Administrator Jackson:

Pursuant to Rules X and XI of the Rules of the U.S. House of Representatives, the Committee on Energy and Commerce seeks information regarding the Environmental Protection Agency's proposed rule entitled "Oil and Natural Gas Sector: New Source Performance Standards and National Emissions Standards for Hazardous Air Pollutants," 76 Fed. Reg. 52738 (August 23, 2011). We understand EPA anticipates publication of a final rule in April 2012.

In the proposed rule published on August 23, 2011, EPA proposed to expand the source category list to include any oil and gas operations and equipment that were not previously regulated. EPA proposed to address air emissions from the oil and natural gas industry, including revisions to new source performance standards (NSPS) for volatile organic compound (VOC) and sulfur dioxide (SO2) emissions. EPA also proposed revisions to its national emissions standards for hazardous air pollutants for oil and natural gas production and for natural gas transmission and storage.

Prior to the proposed rule, EPA had not set NSPS for a variety of oil and natural gas operations. In 1979, EPA listed crude oil and natural gas production on its priority list of source categories for promulgation of NSPS. In 1985, EPA promulgated an NSPS that addressed VOC emissions and a second NSPS that addressed SO2 from natural gas processing plants. In the proposed rule, however, EPA proposes to modify the category to cover all operations in the oil and gas sector and to impose other new requirements.

We are concerned about the rule's potential to adversely impact both the near- and long-term production of oil and natural gas, including unconventional resources, at a time when

domestic production is increasingly important to our national economy, jobs and consumers. We ask that you respond to the following before promulgating the final rule:

1. What is EPA's legal rationale for expanding the NSPS to cover operations and equipment not previously regulated without an endangerment finding?

2. With respect to VOC emissions, EPA proposes to use natural gas, which is primarily methane, as a surrogate for VOC emissions.

   a. Is it EPA's intent to regulate methane and/or natural gas as a pollutant under the Clean Air Act's Prevention of Significant Deterioration (PSD) program?

   b. If EPA does not intend to regulate methane and/or natural gas as a PSD pollutant, how does EPA intend to clarify this in the final rule?

3. With regard to the standards for VOC emissions, EPA has not proposed any minimum threshold below which emissions would be exempt from regulation.

   a. What is EPA's rationale for not including a VOC threshold as is provided in many existing NSPS regulations? In the final rule, does EPA plan to include a threshold?

   b. In regulating methane or natural gas emissions with little or no VOC content, how has EPA considered costs as required Section 111(a) of the Clean Air Act?

4. EPA's proposed rule would set new standards for well completions (and re-completions), compressors, pneumatic controllers, and storage vessels (condensate and crude oil tanks).

   a. Has EPA surveyed companies that provide the control equipment needed to comply with the rule regarding the availability of such equipment?

   b. If yes, are sufficient quantities of equipment readily available to timely service the entire oil and gas industry under the rule's applicable compliance periods?

   c. Does EPA plan to provide a phase-in period for compliance with the rule?

5. Section 111(f)(3) of the Clean Air Act requires EPA to consult with the appropriate representatives of the Governors and of State air pollution control agencies before promulgating NSPS regulations or listing any category of major stationary sources.

   a. Has EPA consulted with Governors and State agencies regarding the proposed rule, including the proposed NSPS requirements and the expansion of the source category to cover processes and equipment not previously subject to regulation? If yes, with whom and when did EPA consult?

b. Has EPA consulted with Governors and State agencies to determine whether adequate State resources are available to accommodate the expected increase in permitting, reporting and record keeping requirements associated with the rule?

c. Has EPA performed an analysis of the potential impacts of this proposed rule on near- or long-term oil and natural gas production? If yes, please provide the Committee with copies of all such analyses.

Thank you for your prompt attention to this request. Should you have any questions, please contact Mary Neumayr of the Committee staff at (202) 225-2927.

Sincerely,

Fred Upton
Chairman

Ed Whitfield
Chairman
Subcommittee on Energy and Power

Joe Barton
Chairman Emeritus

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Bobby L. Rush, Ranking Member
Subcommittee on Energy and Power