

*Testimony before*  
**Environmental Protection Administration**

*regarding*

**Proposed Changes –**  
**40 CFR 60, Subpart 0000 and CFR 60, Subpart 0000a**  
**September 23, 2015**  
Dallas, Texas

**Docket No. EPA-HQ-OAR-2010-0505**

*by Bill Stevens, Government Affairs Consultant*  
*Texas Alliance of Energy Producers*

Good Morning and thank you for holding this hearing in Dallas. My name is Bill Stevens. I am a government affairs consultant. I reside in Austin, Texas and represent the Texas Alliance of Energy Producers. I have testified before you in years past and appreciate the opportunity to do so again today.

The Texas Alliance of Energy Producers is an oil and trade association with more than 3200 members who operate and produce oil and natural gas throughout the state of Texas. 60% of member companies have fewer than 10 employees. 5% of members are larger public corporations. Domestic independent producers drill more than 95% of the wells drilled in Texas.

Today, these comments are also presented on behalf of two other Texas trade associations – Panhandle Producers and Royalty Owners Association (PPROA) in Amarillo and Permian Basin Petroleum Association (PBPA) in Midland.

Though the Alliance will provide you with more detailed technical comments later in this comment period, today we would want to provide you with the following assessment and also ask that you extend the comment period by at least 60 days to a total of 120 days. We would also suggest that EPA consider delaying any implementation date and consider a phased-in approach.

Methane emissions have been decreasing from oil and gas drilling and production activities despite record production and drilling activity. EPA's own data shows that methane emissions from natural gas production activities have declined by 35% since 2007, while natural gas production has increased 22.5%. EPA also reported in 2011 that methane emissions associated with hydraulic fracturing have declined 73%. Today, drilling is down by 60% and projected

production has plateaued for the immediate future. It is anticipated that methane emissions would decline further.

America's energy producers have demonstrated a commitment to reducing methane emissions and are already incentivized by further capturing emissions with the help of new and innovative technologies.

The EPA's own research published in this proposed rule demonstrates that while United States oil and natural gas production has grown 400 percent since 2008, methane emissions have declined to about 1.3 percent of total Greenhouse Gas (GHG) emissions and the oil and natural gas industry methane emissions have continued to fall over by 16 % in the past 20 plus years in the face of increasing domestic production. Existing regulations on new natural gas and oil wells, coupled with the efforts of the Industry and reduced activity will further reduce these emissions.

These new proposed regulations simply are not necessary – certainly not at this time. The proposed rule is very complicated and lengthy. Its 591 pages contain numerous requirements that will be difficult for the oil and gas industry, especially small independent producers, to understand what will be required for them to be in compliance.

The Alliance is not here today to debate the issue of manmade climate change, nor the jurisdiction of the EPA in promulgating further rules. And though we may disagree with the EPA premise on both, it is evident that they both have their place of resolution in other venues that do not propose to shackle a productive and job creating industry.

Overview of Issues and concerns:

1) Statements in the rule and others by Administrator McCarthy have acknowledged that State regulatory agencies provide effective tools and specific remedies to the problems to be addressed. We urge EPA to follow through in its final rule by allowing state level regulatory bodies to continue to implement the rule and regulate in the field - including reporting, inspections and documentation.

2) The Cost/Benefit analysis has several potential flaws which underestimate the cost of the data collection, and reporting. OGI surveys to be preformed on multiple occasions throughout the year will necessarily make this effort a full-time year round endeavor, not a specific scheduled event.

Small producers and, even, large producers will need to contract with outside, third party vendors to perform the OGI and/or EPA 21 surveys. Availability of Flir cameras and gas sniffers may well be a immediate problem. Most producers, large and small, do not own the equipment today. Best estimates for the purchase of a camera run in the \$85,000-\$110,000 range.

The most costly item may ultimately be the data systems and/or the 'management of change' system that will be required. With the sheer number of valves, connectors, pressure-relief

devices, open- ended lines, access doors, flanges, crank case vents, pump seals or diaphragms, closed vent systems, compressors, separators, dehydrators, and thief hatches on storage tanks, among others – it is a difficult requirement to implement, report, replace and document change and repair status across hundreds or thousands of facilities. Sophisticated large producers may well have the IT and accounting capabilities but it does not exist in smaller companies.

3) The EPA economic model overestimates the revenue return to producers for sales on previously vented gas and saved fugitive emissions by using a \$4/mcf price. Today, we would hope this is true and certainly look forward to higher natural gas prices in the future. However, the current Henry Hub price is approximately \$2.75/mcf and the Texas Comptroller has certified June natural gas sales by Texas producers at \$1.91. We hope you are correct.

We should also factor in the loss of revenues that will be lost from marginal production, which is new or modified, but cannot bear the burden of the regulation with multiple surveys per year, and reporting.

4) It is essential that the option of EPA 21 Alternative Detection Procedure be retained. For those producers who find it is uneconomic to purchase or rent a Flir camera, or hire outside vendors, the soap solution in a spray bottle is a viable alternative. It is effective and should remain an alternative.

5) We are concerned that EPA and the Federal Government are not exercising it's authority evenly. The Alliance understands that the recent Presidential Executive Order #13693, issued by President Obama on March 15, 2015, mandates that all federal facilities reduce their Green House Gas foot print by approximately 40%. The order allows this to be accomplished in incremental steps over the next decade instead of an almost immediate compliance date for new or modified O&G Facilities. We believe that the changes proposed by the EPA could also be incremental. We also believe that the reduction goals need to be further evaluated.

Thank you for this opportunity and we will respond with more detailed, documented comments prior to the end of the comment period. Again, we request that EPA extend its comment period by at least 60 days and delay implementation.