

The EPA Administrator, E. Scott Pruitt, signed the following notice on 03/01/2018, and EPA is submitting it for publication in the *Federal Register* (FR). While we have taken steps to ensure the accuracy of this Internet version of the rule, it is not the official version of the rule for purposes of compliance. Please refer to the official version in a forthcoming FR publication, which will appear on the Government Printing Office's FDSys website (<http://gpo.gov/fdsys/search/home.action>) and on Regulations.gov (<http://www.regulations.gov>) in Docket No. EPA-HQ-OAR-2015-0216. Once the official version of this document is published in the FR, this version will be removed from the Internet and replaced with a link to the official version.

6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OAR-2015-0216; FRL-xxxx-xx-xxx]

RIN 2060-AT76

Notice of Proposed Withdrawal of the Control Techniques Guidelines for the Oil and Natural Gas Industry

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of proposed withdrawal; request for comment.

SUMMARY: The Environmental Protection Agency (EPA) is requesting public comment on a potential withdrawal of the Control Techniques Guidelines (CTG) for the Oil and Natural Gas Industry. The final CTG provided recommendations for reducing volatile organic compound (VOC) emissions from existing oil and natural gas industry emission sources in ozone nonattainment (NA) areas classified as Moderate or higher and states in the Ozone Transport Region (OTR). The CTG relied upon underlying data and conclusions made in the final rule titled “Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources,” published in the **Federal Register** on June 3, 2016 (2016 New Source Performance Standards (NSPS)). On June 5, 2017, the EPA granted reconsideration in regard to additional provisions of the 2016 NSPS. Pursuant to those actions, the EPA is currently looking broadly at the 2016 NSPS. In light of the fact that the EPA is reconsidering the 2016 NSPS and because the recommendations made in the CTG are fundamentally linked to the conclusions in the 2016 NSPS, the EPA believes it is prudent to withdraw the CTG in its entirety. The EPA also believes

that the withdrawal will be more efficient for states in revising their state implementation plans (SIPs). The EPA is seeking comment on a potential withdrawal of the CTG.

DATES: Comments must be received on or before **[INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA-HQ-OAR-2015-0216, at: <http://www.regulations.gov>. Follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from Regulations.gov. The EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the Web, cloud, or other file sharing system). For additional submission methods, the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit <http://www2.epa.gov/dockets/commenting-epa-dockets>.

FOR FURTHER INFORMATION CONTACT: Mr. Jonathan Witt, Sector Policies and Programs Division, Fuels and Incineration Group (E143-05), Office of Air Quality Planning and Standards, Environmental Protection Agency, Research Triangle Park, North Carolina 27711; telephone number: (919) 541-5645; email address: witt.jon@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Background

On October 27, 2016, the EPA published in the **Federal Register** the “Release of Final Control Techniques Guidelines for the Oil and Natural Gas Industry.” 81 FR 74798. The CTG provided information to state, local, and tribal air agencies to assist them in determining reasonably available control technology (RACT) for VOC emissions from select oil and natural gas industry emission sources. Section 182(b)(2)(A) of the Clean Air Act (CAA) requires that for ozone NA areas classified as Moderate, states must revise their SIPs to include provisions to implement RACT for each category of VOC sources covered by a CTG document issued between November 15, 1990, and the date of attainment. CAA section 182(c) through (e) extends this requirement to states with ozone NA areas classified as Serious, Severe, and Extreme. CAA section 184(b) further extends this requirement to states in the OTR.¹

Section 182(b)(2) of the CAA requires that a CTG document issued between November 15, 1990, and the date of attainment include the date by which states must submit their SIP revisions. In the final action issuing the CTG, the EPA established a SIP submission deadline of October 27, 2018, for addressing sources covered by the CTG. 81 FR 74799. According to the CTG implementation memo issued on October 20, 2016, “[t]he emissions controls determined by the state to be RACT for sources covered by the Oil and Gas CTG must be implemented as soon as practicable, but in no case later than January 1, 2021.”² This implementation period includes the 2-year period between the publication of the CTG in the **Federal Register**³ document and the SIP submission date of October 27, 2018. Because the October 27, 2018, deadline is not imminent, no state has an impending RACT SIP deadline associated with the CTG.

¹ The states/areas in the OTR are: CT, DE, ME, MD, MA, NH, NJ, NY, PA, RI, VT and the Washington, DC consolidated metropolitan statistical area, which includes a portion of northern VA (see CAA section 184(a)).

² *Implementing Reasonably Available Control Technology Requirements for Sources Covered by the 2016 Control Techniques Guidelines for the Oil and Natural Gas Industry*. Docket ID No. EPA-HQ-OAR-2015-0216-0238.

³ *Id.*

The CTG relied upon underlying data and conclusions from the 2016 NSPS, as well as the final rule titled “Oil and Natural Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants Reviews,” published in the **Federal Register** on August 16, 2012 (2012 NSPS). 77 FR 49490. The RACT recommendations for VOC emission reductions contained in the final CTG were based on a review of the 2012 NSPS and the 2016 NSPS. 81 FR 74799. In the final CTG, the EPA states, “[s]everal of the technical support documents (TSDs) prepared in support of the NSPS actions for the oil and natural gas industry include data and analyses considered in developing RACT recommendations in this CTG.”⁴ RACT recommendations for storage vessels, compressors, pneumatic controllers, and equipment leaks from natural gas processing plants were based on the 2012 NSPS TSDs, and RACT recommendations for pneumatic pumps and fugitive emissions from well sites and compressor stations were based on the 2016 NSPS TSDs. It should be noted that facilities throughout the oil and natural gas sector (*e.g.*, well sites, compressor stations, and natural gas processing plants) may contain some sources subject to the 2012 NSPS and other sources subject to the 2016 NSPS. On April 18, 2017, the EPA announced in a letter that it was convening a proceeding for reconsideration of certain core provisions of the 2016 NSPS, and on June 5, 2017, EPA granted reconsideration in regard to additional provisions of the 2016 NSPS. Pursuant to those actions, EPA is currently looking broadly at the 2016 NSPS. 82 FR 25730.

II. Discussion

The EPA is seeking comment on a proposed withdrawal of the CTG. If finalized, the withdrawal would remove the mandatory RACT review requirement for affected sources in

⁴ *Control Techniques Guidelines for the Oil and Natural Gas Industry*. October 2016. Final. U.S. Environmental Protection Agency. Office of Air and Radiation. Office of Air Quality Planning and Standards. Sector Policies and Programs Division. EPA-453/B-16-001. Docket ID No. EPA-HQ-OAR-2015-0216-0236.

ozone NA areas classified as Moderate or higher and states in the OTR. The withdrawal would not impact oil and natural gas industry sources otherwise covered by the major source thresholds for RACT review (100 tons per year (tpy) for Moderate areas, 50 tpy for Serious areas, 25 tpy for Severe areas, and 10 tpy for Extreme areas).⁵ The EPA notes that unless and until EPA decides to withdraw the CTG, states remain obligated to revise their SIPs to address RACT requirements for oil and gas sources in ozone NA areas classified as Moderate or higher and the states in the OTR. Moreover, withdrawal of the CTG will not hinder states from establishing, where desired or otherwise required, emissions standards for sources in the oil and natural gas industry, including standards based on the recommendations contained in the withdrawn CTG. Having said that, the withdrawal of the CTG will relieve state, local, and tribal air agencies of the requirement to address RACT for non-major sources in this sector (and the associated need to consider the recommendations in the CTG for the time being).

The EPA notes that after it issued the 2016 NSPS, it exercised its discretion to issue the CTG to inform air agencies of “determinations as to what constitutes RACT for VOC for those oil and natural gas industry emission sources in their particular areas.” 81 FR 74799. The EPA emphasized that the information contained in the CTG was “provided only as guidance.” *Id.* The guidance did not “change, or substitute for, requirements specified in applicable sections of the CAA or the EPA’s regulations; nor is it a regulation itself.” *Id.* The RACT recommendations in the CTG posed no “legally binding requirements on any entity.” *Id.* It only provided “recommendations for air agencies to consider in determining RACT.” *Id.* The CTG noted that the recommendations were based on “data and information currently available to the EPA.” *Id.*

⁵ The RACT requirements for major sources are independent of CTG-based RACT requirements, and are defined in CAA sections 182(b)(2), 182(c), 182(d), 182(e), and 184(b)(2).

In the final CTG, EPA provided an estimate of the costs potentially associated with the CTG. With this action, the EPA has adjusted the analysis of costs and emission reductions associated with the final CTG to reflect state rules that have been finalized since the CTG was released, to adjust compliance costs from 2012\$ to 2016\$, as well as to estimate present values (PV) and equivalent annualized values (EAV) of avoided costs. The EPA estimates these avoided costs under two analytical perspectives, one where all states fully adopt RACT under the CTG, but would avoid any controls in the absence of the CTG, and another that focuses on the net change across all industries and reflects the assumption that sources in Moderate or higher NA areas might need to incur costs to obtain emission reductions under SIPs.

Under the analytical perspective that assumes all states fully adopt RACT under the CTG, but would avoid any controls in the absence of the CTG, the avoided costs of withdrawing the CTG are reflected in the total avoided costs of the updated analysis. Under this perspective, the PV of avoided costs over 2021 through 2035 is estimated to be \$599 million assuming a 3-percent discount rate and \$439 million assuming a 7-percent discount rate. The EAV from this perspective is approximately \$49 million per year and \$45 million per year assuming 3-percent and 7-percent discount rates, respectively. Under the analytic perspective that focuses on net changes across all industries, which reflects that sources in Moderate or higher NA areas might need to incur costs to obtain emission reductions under SIPs in the scenario the CTG is withdrawn, the avoided costs are reflected in the estimates of avoided costs in the OTR. Under this perspective, the PV of avoided costs over 2021 through 2035 is estimated to be \$14 million assuming a 3-percent discount rate and \$16 million assuming a 7-percent discount rate. The EAV from this perspective is approximately \$1.2 million per year and \$1.6 million per year assuming 3-percent and 7-percent discount rates, respectively. Given the range of avoided costs between

the two perspectives, we are soliciting comment on the uncertainty in the range of estimates. We are asking for any information related to state rules that would have supplanted the need for additional requirements under the final CTG, as well as on state actions with respect to sources that would be affected by the CTG in the absence of the CTG. This includes information on regulations in SIPs that would affect non-major oil and natural gas sources in the CTG, regardless of the status of the CTG. For more information on the estimates of avoided costs and forgone emissions reductions associated with the potential withdrawal of the CTG, see the memorandum, “Estimated Avoided Costs and Forgone Emission Reductions Associated with the Potential Withdrawal of the Control Techniques Guidelines for the Oil and Natural Gas Industry,” located in the docket.

In light of the fact that we are reconsidering the 2016 NSPS and because the 2016 NSPS and CTG share certain key pieces of data and information, the EPA believes it is prudent to withdraw the CTG in its entirety. This includes model rule language incorporating the recommended compliance elements that states may use as a starting point when developing their SIPs. The deadline for incorporating the CTG-based RACT recommendations into SIPs has not yet passed, so states may wish to wait for the final outcome of any action related to the CTG and the EPA’s reconsideration of the NSPS before finalizing any additional controls on oil and gas sources covered by the CTG, unless otherwise required by the CAA’s ozone NA area and OTR provisions.⁶ During the time the EPA anticipates taking to complete the reconsideration of the 2016 NSPS, states would not have had to fully implement any new CTG-based RACT determinations for oil and gas sources. In addition, the EPA believes it is more efficient for states

⁶ The RACT requirements for major sources are independent of CTG-based RACT requirements, and are defined in CAA sections 182(b)(2), 182(c), 182(d), 182(e), and 184(b)(2).

not to be required to revise their SIPs to comply with aspects pertaining to the 2012 NSPS and then potentially have to revise their SIPs again after reconsideration of the 2016 NSPS.

Notice of Proposed Withdrawal of the Control Techniques Guidelines for the Oil and Natural Gas Industry

Page 9 of 9

Withdrawing the CTG in its entirety will allow a more holistic consideration of control options for these sources (*e.g.*, shared control devices).

For the reasons outlined above, the EPA believes it is prudent to withdraw the CTG in its entirety. The EPA is seeking comment on a potential withdrawal of the CTG.

Dated:

E. Scott Pruitt,
Administrator.