



May 30, 2014

Tim Spisak  
Office of the Administrator  
Bureau of Land Management  
1200 Pennsylvania Ave., NW  
Washington, DC 20460

Re: Comments on BLM's Venting and Flaring Outreach Sessions and Presentation

Dear Mr. Spisak:

Western Energy Alliance along with Montana Petroleum Association, New Mexico Oil and Gas Association, North Dakota Petroleum Council, and Utah Petroleum Association submit the following comments on BLM's Venting and Flaring public outreach sessions held in March through May, 2014. Our associations do not believe that BLM is headed in the right direction, as existing and planned state and federal initiatives and regulation are already addressing the issue, while redundant BLM regulations are likely to be counterproductive to the larger climate change goals of the country.

Increased natural gas electricity generation is the primary reason the United States has reduced greenhouse gas (GHG) emissions more significantly than any other industrialized country. Making natural gas more expensive with more red tape could decrease that climate change success over time, as increased prices result in less natural gas power generation.

In addition, the oil and natural gas industry has delivered significant GHG reductions through voluntary means, and is no longer the largest source of U.S. methane emissions. The industry voluntarily reduced methane emissions by 40% between 2006 and 2012, according to EPA's most recent GHG inventory, a success story accomplished without a federal mandate. Oil and natural gas companies developed green completions and other technologies that have reduced emissions significantly, and as adoption rates continue to climb, we anticipate even more emissions savings. Our success shows that new red tape is not necessary. Overly prescriptive regulation can actually be counterproductive to technical innovation. A, industry reduced methane emissions by 40% between 2006 and 2012 without federal regulation.

Western Energy Alliance represents over 480 companies engaged in all aspects of environmentally responsible exploration and production of oil and natural gas across the West. The majority of our members are independent producers—small businesses with an average of fifteen employees—many of which operate on federal lands. Our members take significant efforts to reduce their natural gas emissions and have an economic incentive to do so.

## General

The presentation given at the March 19<sup>th</sup> meeting in Denver, CO indicates BLM intends to develop new air rules to “minimize waste and promote conservation of produced gas through better management of venting and flaring,” a goal shared by our members. However, within the details of the presentation BLM discusses ambient air quality control requirements that are outside of BLM’s jurisdiction and do not pass a strictly economic feasibility test. We are concerned that BLM intends to promulgate duplicative and possibly conflicting air quality regulations of sources that are already heavily regulated by EPA and the states. We encourage BLM to acknowledge the state and federal air regulations with which the oil and natural gas industry must already comply before proposing new rules.

The Clean Air Act (CCA) gives EPA and the states responsibility for regulating air quality. BLM may include conditions in leases and drilling permits that require operators to comply with CCA provisions, but it does not have the authority to set emission standards for ambient air quality. Nor is there justification for BLM to implement standards or control requirements given the regulation of oil and natural gas air emissions by both EPA and the states, including on federal lands.

BLM gives as a reason for proposing new venting and flaring rules EPA’s recent New Source Performance Standards (NSPS) for Oil and Gas. The exact opposite should be the case. Because EPA’s new rules already regulate industry methane emissions, BLM should not engage in duplicative regulation, and, lacking jurisdiction over air quality, BLM does not have the authority to require controls such as Best Available Control Technology (BACT).

BLM lists several emission sources in its presentation on venting and flaring:

- Well completions
- Production tests
- Liquids unloading
- Casing head and associated gas
- Storage tanks
- Pneumatic devices
- Leaks.

We show below that many of these sources are already regulated by multiple agencies. On the other hand, casing head gas and production tests are an extremely small source of emissions and do not merit regulation. They are not included in EPA’s Greenhouse Gas Inventory, and regulation of such small sources would not be cost effective.

## Well Completions

Natural gas well completions are regulated by EPA’s NSPS OOOO and state regulations in Colorado and Wyoming. Reduced emissions completions, or “green completions” were

developed and have been used by industry for several years. EPA's rules also capture a large proportion of oil well completions. ANGA/AXPC estimates that 92% of all wells are covered under NSPS OOOO well completion rules.

Companies have an economic incentive to capture and sell as much natural gas as possible during well completion operations. If the field is mature enough to contain pipeline access, companies will make every effort to route natural gas to them. Where infrastructure is not yet in place, flaring may need to proceed for a period of time to allow for the gas gathering and pipeline build out.

### **Liquids Unloading**

BLM limits its discussion of liquids unloading to well purging, or blow downs, but there are many other methods and technologies that are used to unload liquids from wells, such as velocity tubing, shut-in cycles, soap or foam injections, and plunger lifts. The method used and timing of well unloading depend on the reservoir pressure at each particular well throughout its lifetime. Companies blow down the well as a last resort when attempts to unload liquids from the well bore using other methods and technology fail. If liquids cannot be removed from the well, that well will cease to produce hydrocarbon and will be permanently shut in, therefore companies need the option to blow down a well as a last resort. Companies have an economic incentive to capture any emissions from unloading events and do not vent natural gas, if at all possible.

BLM also suggests requiring an operator to be onsite during unloading operations, but we fail to see how this will appreciably reduce emissions. Many companies use automated systems that rely on well pressure or timers to unload liquids using plunger lifts. More recent technology allows companies to use well data to optimize liquids unloading, sometimes called "smart" automation. These "smart" systems reduce unnecessary unloading events. Automated systems, whether "smart" or more conventional, are particularly useful for wells located in remote areas, typical of BLM lands. Requiring an operator to be at a well site is neither cost effective nor more effective than automated systems for reducing emissions in a large majority of cases.

### **Associated Gas and Gas Conservation Plans**

Companies flare associated gas when there is no pipeline infrastructure to capture and sell the natural gas. In many cases, the exploration and production company drilling wells is not the same company that will build pipelines to take natural gas out of the field and to the market.

Our members prefer to sell natural gas from oil wells and are working with states and pipeline companies to build infrastructure along with oil field development, but they have little control. Pipelines will only be built once a field is developed enough to provide a long-term source of natural gas for the pipeline company to transport. Pipeline permitting, rights of way and regulations all slow down or halt the process of siting and

building pipelines, and each of these is not within the control of oil and natural gas production companies.

Ironically, flaring and venting on federal and Indian lands may be higher than on adjacent private and state lands because of the delay from the federal government in approving rights of way for gas gathering lines. The North Dakota Petroleum Council (NDPC) Flaring Task Force estimates that 40% of natural gas production is flared at oil wells on the Fort Berthold Indian Reservation, versus 27% on state and private land. Rather than promulgating new regulations, BLM could make a more immediate and significant difference in increasing methane capture from oil wells by simply processing Rights of Way in a timelier manner.

NDPC formed the Flaring Task Force to try to overcome obstacles to pipeline infrastructure. The task force has developed a gas conservation plan with the goal of capturing 85% of associated gas by 2016. We suggest BLM give this effort time to achieve its goals before developing new rules for associated gas and gas conservation plans.

### **Storage Tanks**

Storage tanks are also regulated by EPA's NSPS OOOO and NESHAP HH along with more stringent state rules. For example, Colorado's rule for hydrocarbons and volatile organic compounds (VOC) emissions from the oil and natural gas industry requires tank controls in many areas across the state, storage tank emissions management (STEM) plans, and a comprehensive leak detection and repair (LDAR) program. Another layer of federal regulation for storage tanks would be completely redundant.

### **Pneumatic Devices**

EPA's NSPS OOOO regulations require the installation of low-bleed pneumatic devices at new and modified sites. BLM suggests in its presentation that existing pneumatic devices should be replaced if it is cost effective to do so. Oil and natural gas companies do replace existing pneumatic devices when it is consistent with economic operation. They also use air driven or mechanical systems when technologically feasible and access to electricity exists at their sites. We suggest that BLM does not need to add another rule covering pneumatic devices as industry must already comply with EPA and state rules.

### **Leak Detection and Repair**

BLM states in its presentation that it has no current policy on leak detection and repair (LDAR), indicating that since there's no policy, it is not being done. On the contrary, companies routinely use audio, visual and olfactory (AVO) surveys and other methods to locate any leaks and repair them. Any cost evaluation of a new LDAR program must not assume that no leak detection is currently taking place.

Several states now require LDAR programs, including Colorado, Utah and Pennsylvania. These programs require optical gas imaging along with AVO surveys and a substantial

amount of recordkeeping. However, far from being an effective model for future regulation, these new LDAR programs often are not cost effective. Several recent studies claiming cost effectiveness rely on poor assumptions such as that leaks are only found with infrared cameras and use overly optimistic evaluations of Optical Gas Imaging (OGI) technology. They do not take into account false readings of emissions leaks or costs to repair camera malfunctions. Also, they do not consider that IR cameras cannot distinguish between water vapor, heat signatures and actual methane emissions. We do not believe that rigid LDAR programs are justified because the cost is not commensurate with the emissions reductions benefits.

We thank BLM for holding the Venting and Flaring Outreach sessions and encourage it to continue to work with our industry. Our members share BLM's goals of minimizing waste and conserving the resources we produce, but adding another layer of regulation to our industry is not an effective way to achieve those goals. The oil and natural gas industry has significantly reduced methane emissions over the past several years while significantly contributing to the overall U.S. reduction in GHGs. We encourage BLM to consider that success has been accomplished without further federal regulation. A larger regulatory burden on BLM lands will further discourage production on federal lands while reducing the revenue return to the taxpayer from the energy that all Americans own.

Sincerely,



Kathleen M. Sgamma  
Vice President of Government & Public Affairs

Montana Petroleum Association  
New Mexico Oil and Gas Association  
North Dakota Petroleum Council  
Utah Petroleum Association