



July 30, 2021

Via e-filing on www.regulations.gov

U.S. Environmental Protection Agency
EPA Docket Center
Attention: Docket # EPA-HQ-OAR-2021-0295
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Re: Comments on Upcoming Oil and Natural Gas Methane Rule, Docket # EPA-HQ-OAR-2021-0295

Dear Docket Clerk,

Thank you for the opportunity for GPA Midstream to provide pre-proposal comments on EPA's intention to develop a new proposal to again revise its regulation of methane emissions in the oil and natural industry. We also wish to register our position regarding the ongoing Small Business Advocacy Review Panel ("SBAR") process.

GPA Midstream has served the U.S. energy industry since 1921 and has approximately 70 corporate members that directly employ more than 75,000 employees that are engaged in a wide variety of services that gather, move, and process vital energy products such as natural gas, natural gas liquids ("NGLs"), refined products, and crude oil from production areas to markets, commonly referred to as "midstream activities," across the U.S. GPA Midstream members account for more than 90% of the NGLs—such as ethane, propane, butane, and natural gasoline—produced or recovered in the U.S. from more than 400 natural gas processing facilities. The work of our members indirectly creates or impacts an additional 450,000 jobs across the U.S. economy.

1. The full participation from across the oil and natural gas sector – which includes natural gas midstream activities – is essential to a full and fair small business regulatory review process

Hearing from small businesses is an essential part of the federal regulatory process. It assists all federal agencies in receiving appropriate input from regulated entities that face the most challenges from new regulations. The natural gas midstream sector is no exception, as our membership at GPA Midstream includes small businesses that are the backbone of the American economy. Indeed, in previous methane regulatory proceedings, Small Entity Representatives ("SERs") from the midstream sector were included in EPA's SBAR proceedings, allowing the full

consideration of their views.¹ With their participation, GPA Midstream likewise joined in to have its voice fully considered.

However, to date, GPA Midstream has been excluded from the current EPA review of the methane regulations as it conducts a pre-regulatory review. As a result, the EPA staff are not hearing from any representatives of the midstream sector, a critical step in the supply chain that produces natural gas and natural gas liquids essential for our economy.

This representation is especially important given that EPA’s SER outreach supplemental materials show the Agency contemplating increased regulation of the types of equipment used in our midstream industry.² Indeed, EPA’s discussion materials suggest that it is contemplating a new regulatory definition, “centralized production facilities,” that appears to try to define the entire midstream industry. Throughout the Quad O and Quad Oa rulemaking process, EPA has struggled to define, delineate, and understand the midstream industry’s role. For instance, until GPA Midstream and others in our industry successfully explained to the Agency the unique aspects of our business arrangements, EPA repeatedly defined a “well site” to include, not just the equipment owned and operated by the upstream well operator, but equipment owned and operated by separate midstream companies. See, e.g., GPA Midstream Association Request for Partial Reconsideration and Stay (Aug. 2, 2016) at 7-10; Comments by GPA Midstream Association (Dec. 17, 2018) at 11-12. EPA did correct this misunderstanding of our business in the Technical Rule finalized last year. E.g., 85 Fed. Reg. 57398, 57400 (Sept. 15, 2020) (EPA amended “the definition of a well site to exclude third party equipment located downstream of the custody meter assembly”).³

Yet, the midstream industry was not included in EPA’s small business outreach efforts despite being included previously. This leaves a significant and real gap in the input the agency is receiving – and a failure to meet its own target of full inclusion and transparency.

2. In fashioning any revised regulation, EPA should develop rational rules founded on actual data and the needs of small businesses

EPA has been looking at regulating the oil and natural gas industry, including the midstream sector, for more than a decade. Most recently, EPA reformed its regulations in its 2020 Technical Rule, and we urge EPA to consider the important benefits that streamlining accomplished, especially to small businesses across the sector. Throughout this time, GPA Midstream has been a constructive participant, providing extensive comments founded on actual data.⁴ We refer EPA to those comments and urge to consider these concerns in its current

¹ E.g., Letter from Matt Hite, Gas Processors Association, to Nicole Owens, EPA “Comments on Small Business Advocacy Review Panel for the EPA rulemaking “Emission Standards for New and Modified Sources in the Oil and Natural Gas Sector” (May 28, 2015).

² EPA, Supplemental Materials, Small Entity Representative Panel Outreach (July 2021).

³ For reasons detailed at length in previous submissions, GPA Midstream would urge EPA to retain this revised definition of “well site” and “custody meter” in any further rulemaking.

⁴ E.g., GPA Midstream New Source Performance Standards Subpart OOOOa Petition for Review Technical Issues (March 1, 2017) at 9-11; GPA Midstream Association OOOOa White Paper Supplemental Information – Compressor State Leak Rates Data Analysis (May 17, 2018); Comments by GPA Midstream Association (Dec. 17,

reconsideration efforts. Among other issues highlighted in our previous submissions, we urge EPA to consider the following issues in particular in order to evaluate fully EPA's proposal's impact throughout our sector, particularly on smaller entities.

- No more than semi-annual monitoring should be required. GPA Midstream has previously provided evidence collected by our members, covering 110 gathering and boosting compressor stations across the country, demonstrating that EPA had previously significantly overestimated actual leak rate percentages and leak frequencies and thereby establishing that annual monitoring was the most appropriate course for midstream. Indeed, in its Technical Rule of last year, EPA chose to adjust monitoring frequency from quarterly to semi-annual, a revision GPA Midstream would urge EPA to apply not only to VOC emissions, but also to methane as intended by the Technical Rule. Yet, based on the discussion materials, EPA appears to be contemplating not only reverting back to quarterly leak monitoring requirements, but considering extending those requirements to other types of components. Leak monitoring imposes a substantial annual cost on small businesses, costs and impacts that should be fully considered in evaluating these additional requirements. See GPA Midstream New Source Performance Standards Subpart OOOOa Petition for Review Technical Issues (March 1, 2017) at 9-11; GPA Midstream Association OOOOa White Paper Supplemental Information – Compressor State Leak Rates Data Analysis (May 17, 2018); Comments by GPA Midstream Association (Dec. 17, 2018) at 3-5.
- EPA should leave the source the flexibility to conduct monitoring using approved EPA methods, including Method 21. We understand that EPA may be considering the use of Optical Gas Imaging (“OGI”) as an alternative to Method 21 for fugitive emission monitoring. We also understand that some groups have advocated, and continue to advocate, for the exclusive use of OGI for compliance purposes. As GPA Midstream has explained in past comments, OGI is not cost effective even if EPA adopted annual monitoring requirements. See Gas Processors Association Submission to Administrative Record of Supplemental Comments (Apr. 15, 2016) at 4-8.
- The costs of additional controls should be vetted fully before any new controls are imposed. GPA Midstream understands that EPA has sought input on whether to require control devices to address emissions from dry seal compressors. Yet, as GPA Midstream has explained in prior comments, EPA has consistently underestimated the costs for controls on midstream sector equipment, such as in routing pneumatic pumps to emission control devices. See Gas Processors Association Comments (Dec. 4, 2015) at 32-33. In past rulemakings, EPA relied on unrepresentative industry data that included only those facilities that voluntarily routed pump emissions to control devices due to technical feasibility and low costs. It did not include the many facilities where available control devices could not accommodate the volume or pressure of additional emissions. Although GPA Midstream does not believe there is a basis for further regulation of dry seal

2018) at 3-5. These comments, white papers, and other materials previously provided are attached hereto for ease of reference.

compressors, we hope that EPA would not base any proposed regulations on similarly unrepresentative data so that it could undertake an accurate cost-benefit analysis.

GPA Midstream appreciates the opportunity to submit these comments and is standing by to answer any questions you may have.

Respectfully submitted,

A handwritten signature in black ink that reads "Matthew Hite". The signature is written in a cursive style with a large initial "M".

Matt Hite

Vice President of Government Affairs

GPA Midstream Association