

The EPA Administrator, E. Scott Pruitt, signed the following notice on 06/12/2017, 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-2010-0505. 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

40 CFR Part 60

[EPA-HQ-OAR-2010-0505; FRL-xxxx-xx-xxx]

RIN 2060-AT59

Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources: Stay of Certain Requirements

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to stay for two years certain requirements that are contained within 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 Rule). On June 5, 2017, the EPA published a notice that it stayed for three months the (1) fugitive emissions requirements, (2) well site pneumatic pump standards, and (3) the requirements for certification of closed vent systems by a professional engineer in accordance with section 307(d)(7)(B) of the Clean Air Act (CAA). The EPA has granted reconsideration based on specific objections to these requirements. The proposed stay discussed in this action, which follows the three-month stay, would provide the EPA sufficient time to propose, take public comment, and issue a final action on the issues concerning the specific requirements on which EPA has granted reconsideration. During this time, the EPA also plans to complete its reconsideration process for all remaining issues raised in these reconsideration petitions regarding fugitive emissions, pneumatic pumps, and certification by

professional engineer requirements. The EPA acknowledges that the administrative reconsideration petitions include additional issues regarding these three requirements other than the issues for which we specifically have granted reconsideration. In addition, since the publication of the 2016 Rule, the EPA has received numerous questions relative to the implementation of these three requirements. During the reconsideration proceeding, the EPA intends to look broadly at the entire 2016 Rule. The EPA believes that addressing all of these issues at the same time would provide clarity and certainty for the public and the regulated community with regard to these requirements. The EPA is seeking comment pertaining to this stay and its duration and impact. The EPA is not taking comment at this time on substantive issues concerning these requirements, or on any of the other provisions subject to the reconsideration.

DATES: Comments must be received on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. If a hearing is requested on this proposed rule, written comments must be received by **[INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

Public Hearing. A public hearing will be held, if requested by **[INSERT DATE 5 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, to accept oral comments on this proposed action. If a hearing is requested, it will be held at the EPA's Washington, DC campus located at 1201 Constitution Avenue, NW, Washington, DC. The hearing, if requested, will begin at 9:00 a.m. (local time) and will conclude at 4:00 p.m. (local time) on **[INSERT DATE 15 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. To request a hearing, to register to speak at a hearing, or to inquire if

a hearing will be held, please contact Aimee St. Clair at (919) 541-1063 or by email at stclair.aimee@epa.gov.

Any updates made to any aspect of the hearing, including whether or not a hearing will be held, will be posted online at <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry/actions-and-notice-about-oil-and-natural-gas#regactions>. In addition, you may contact Aimee St. Clair at (919) 541-1063 or email at stclair.aimee@epa.gov with public hearing inquiries. The EPA does not intend to publish a notice in the **Federal Register** announcing any such updates. Please go to <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry/actions-and-notice-about-oil-and-natural-gas#regactions> for more information on the public hearing.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA-HQ-OAR-2010-0505, to the Federal eRulemaking Portal: <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. Peter Tsirigotis, Sector Policies and Programs Division (D205-01), Office of Air Quality Planning and Standards, Environmental Protection Agency, Research Triangle Park, North Carolina 27711; telephone number: (888) 627-7764; email address: *airaction@epa.gov*.

SUPPLEMENTARY INFORMATION:

I. Background

On June 3, 2016, the EPA published a final rule titled “Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources; Final Rule,” at 81 FR 35824 (“2016 Rule”). The 2016 Rule establishes new source performance standards (NSPS) for greenhouse gas emissions and volatile organic compound (VOC) emissions from the oil and natural gas sector. This rule addresses, among other things, fugitive emissions at well sites and compressor stations (“fugitive emissions requirements”) and emissions from pneumatic pumps. In addition, for a number of affected facilities (*i.e.*, centrifugal compressors, reciprocating compressors, pneumatic pumps, and storage vessels), the rule requires certification by a professional engineer of the closed vent system design and capacity, as well as any technical infeasibility determination relative to controlling pneumatic pumps at well sites. For further information on the 2016 Rule, see 81 FR 35824 (June 3, 2016) and associated Docket ID No. EPA-HQ-OAR-2010-0505.

On August 2, 2016, a number of interested parties submitted administrative petitions to the EPA seeking reconsideration of various aspects of the 2016 Rule pursuant to section 307(d)(7)(B) of the CAA (42 U.S.C. 7607(d)(7)(B)).¹ Those petitions include numerous

¹ Copies of these petitions are included in the docket for the 2016 Rule, Docket ID No. EPA-HQ-OAR-2010-0505.

objections relative to the fugitive emissions requirements, well site pneumatic pump standards, and the requirements for certification by professional engineer.

In accordance with section 307(d)(7)(B) of the CAA, the Administrator shall convene a reconsideration proceeding if, in the Administrator's judgment, the petitioner raises an objection to a rule that was impracticable to raise during the comment period or if the grounds for the objection arose after the comment period but within the period for judicial review, and the objection is of central relevance to the outcome of the rule. The Administrator may stay the effectiveness of the rule for up to three months during such reconsideration.

In a letter dated April 18, 2017, based on the criteria in CAA section 307(d)(7)(B), the Administrator convened a proceeding for reconsideration of the following objections relative to the fugitive emissions requirements: (1) the process and criteria for requesting and receiving approval for the use of an alternative means of emission limitations (AMEL) for purposes of compliance with the fugitive emissions requirements in the 2016 Rule and (2) the applicability of the fugitive emissions requirements to low production well sites.²

After issuing the April 18, 2017, letter, the EPA identified objections to two other aspects of the 2016 Rule that meet the criteria for reconsideration under section 307(d)(7)(B) of the CAA. These objections relate to (1) the requirements for certification of closed vent system by professional engineer ("PE certification requirement"); and (2) the well site pneumatic pump standards. As part of the administrative reconsideration proceeding, the EPA will prepare a notice of proposed rulemaking that will provide the petitioners and the public an opportunity to comment on the fugitive emissions requirements, well site pneumatic pump standards, and the

² See Docket ID No. EPA-HQ-OAR-2010-0505-7730.

requirements for certification by professional engineer, and the issues associated with these requirements.

On June 5, 2017, the EPA published a notice that it stayed the fugitive emissions requirements, the well site pneumatic pumps requirements, and the requirements for certification of closed vent system by professional engineer for three months pursuant to section 307(d)(7)(B) of the CAA. This stay is effective from June 2, 2017, to August 31, 2017. When we have issued similar stays in the past, it has often been our practice to also propose a longer stay through a rulemaking process. See, *e.g.*, 74 FR 36427 (July 23, 2009). In this case, for the reasons stated below, we propose to stay these requirements in the 2016 Rule for two years.

II. The Proposed Action

The EPA is proposing to stay the fugitive emissions requirements, the well site pneumatic pump standards, and the requirements for certification of closed vent system by professional engineer in the 2016 Rule until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

As explained above, the EPA has convened a proceeding for reconsideration based on the following two objections to the fugitive emission requirements: (1) the process and criteria for requesting and receiving approval for the use of an AMEL for the fugitive emissions requirements; and (2) the applicability of the fugitive emissions requirements to low production well sites. These issues determine the universe of sources that must implement the fugitive emissions requirements. With respect to the AMEL issue, the EPA recognizes that a number of states have developed programs to control oil and gas emission sources in their own states, and that certain owners or operators may achieve equivalent, or more, emission reduction from their affected source(s) than the required reduction under the 2016 Rule by complying with their state-

mandated requirements. 81 FR 35871. During development of the 2016 Rule, the EPA evaluated state fugitive emissions programs in Colorado, Ohio, Pennsylvania, Texas, West Virginia, and Wyoming. Additionally, California has recently proposed regulations to reduce methane emissions from oil and gas activities, including proposing fugitive emissions requirements. These seven states represent a significant portion of the oil and gas activities in the U.S. To encourage states' proactive efforts to reduce emissions from the oil and gas industry, the EPA included AMEL provisions in the final 2016 Rule, which can be used to request and obtain EPA approval of state programs, or other means, as an alternative for complying with the fugitive emissions requirements. *Id.*

While the AMEL provisions apply to work practice standards besides the fugitive emissions requirements, these other standards (*i.e.*, well completions and reciprocating compressors work practice standards) have been implemented since they were first promulgated in 2012³ (subpart OOOO) to reduce VOC emissions from hydraulically fractured gas well completions and reciprocating compressors used in production, and there has not been a demand for AMEL for these standards. In contrast, the newly promulgated fugitive emissions requirements are still in the process of being phased in.⁴ In addition, as the EPA observed in the 2016 Rule, fugitive emissions monitoring is a field of emerging technology, and major advances are expected in the near future. 81 FR 35860-1. For the reasons stated above, the AMEL provisions are of particular importance to the fugitive emissions requirements as they directly impact how compliance can be achieved with respect to the fugitive emissions requirements. However, several administrative reconsideration petitions raised issues and questions regarding

³ Oil and Natural Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants Reviews. 77 FR 49490 (August 16, 2012).

⁴ As mentioned above, the fugitive emissions requirements, including the June 3, 2017, deadline for conducting initial monitoring survey, are currently stayed for three months pursuant to section 307(d)(7)(B).

the AMEL provisions relative to the fugitive emissions requirements (*e.g.*, who can apply for and who can use an approved AMEL).

These inquiries and concerns suggest that the AMEL provisions included in the 2016 Rule, which were finalized without having been proposed for notice and comment, may not be sufficiently clear to facilitate effective application and approval of AMEL, and therefore fail to serve their intended purpose. The ability to apply for and obtain AMEL for fugitive emissions requirements determines whether well sites and compressor stations, in particular those subject to existing state programs or those which have invested in emerging technology, must now redirect or expend additional resources and efforts to implement the 2016 Rule's fugitive emissions requirements, which may negatively impact or otherwise complicate their compliance with applicable state programs and/or their progress in using emerging technology, an endeavor that may potentially be rendered unnecessary should the sources qualify for AMEL. For the reasons stated above, the EPA believes that it is reasonable to stay the fugitive emissions requirements while it completes a review of the current AMEL process via rulemaking.

The low production well site issue concerns the scope of the sources subject to the well site fugitive emissions requirements. The EPA had proposed to exempt low production well sites from the fugitive emissions requirements, believing the lower production associated with these wells would generally result in lower fugitive emissions. 80 FR 56639. However, in the final rule, the EPA required that these well sites comply with the fugitive emissions requirements, based on information and rationale not presented for public comment during the proposal stage. See 81 FR 35856 (“... well site fugitive emissions are not correlated with levels of production, but rather based on the number of pieces of equipment and components”). Available information indicated that “30 percent of natural gas wells are low production wells, and 43 percent of all oil

wells are low production wells.” 81 FR 35856. In light of the sizable percentage of well sites that may be impacted by the outcome of this reconsideration, the EPA believes that it is reasonable to stay the well site fugitive emissions requirements while the EPA reassesses whether an exemption is appropriate and, if so, establishes proper criteria for such exemption.

For closed vent systems used to comply with the emission standards for various equipment used in the oil and natural gas sector, the 2016 Rule requires certification by a professional engineer that a closed vent system design and capacity assessment was conducted under his or her direction or supervision and that the assessment and resulting report were conducted pursuant to the requirements of the 2016 Rule. This certification requirement must be met in order comply with the emissions standards for centrifugal compressors, reciprocating compressors, pneumatic pumps, and storage vessels; as such, this requirement impacts a wide range of sources with respect to their ability to show compliance. With the exception of pneumatic pumps, all of the equipment mentioned above is covered by the oil and gas NSPS, subpart OOOO, that was promulgated in 2012, and have had to demonstrate compliance without this certification requirement. While the EPA has observed instances of inadequate design and capacities of the closed vent system resulting in excess emissions from some storage vessels, 80 FR 56649, it is not clear how pervasive this issue is, in particular with respect to all the other equipment mentioned above. Further, as noted by one petitioner, “no costs associated with the certification requirement were considered or provided for review during the proposal process.”⁵ Section 111 of the CAA requires that the EPA consider, among other factors, the cost associated with establishing a new source performance standard. See 111(a)(1) of the CAA. The statute is

⁵ See Docket ID No. EPA-HQ-OAR-2010-0505-7682, p. 1.

thus clear that cost is an important consideration in determining whether to impose a requirement.

In finalizing the 2016 Rule, the EPA made clear that it viewed the PE certification requirement to be an important aspect of a number of performance standards in the rule. The EPA acknowledges that it had not analyzed the costs associated with the PE certification requirement and evaluated whether the improved environmental performance this requirement may achieve justifies the associated costs and other compliance burden. Because the emission standards for these various equipment (with the exception of the well site pneumatic pump standards as discussed later in this notice) will continue to apply during the proposed stay of this certification requirement, emission reductions from this equipment will continue to be achieved during the stay. For the reasons stated above, the EPA believes that it is reasonable to stay the requirement for closed vent system certification by professional engineer while the EPA evaluates the benefits, as well as the cost and other possible compliance burden, associated with this requirement.

In addition to the closed vent system certification requirement, there are other issues that we are reconsidering that may further complicate a source's ability to comply with the well site pneumatic pump standards. Specifically, the 2016 Rule requires certification by a professional engineer of technical infeasibility in order for a well site pneumatic pump to qualify for an exemption from controlling emissions using an existing control or process. The certification requirement was included in the 2016 Rule without having been previously proposed for notice and comment. Further, the technical infeasibility exemption is not available for a well site that is a "greenfield" site, a caveat and term that was also not proposed for notice and comment and, as evident from several reconsideration petitions, has generated a number of questions and issues.

As explained above, certification of closed vent systems by a professional engineer affects how compliance with various emission standards is to be determined. The technical infeasibility exemption and the associated certification by professional engineer requirement, as well as the “greenfield” issues described above, dictate whether a source must comply with the emission reduction requirement for well site pneumatic pumps. These requirements and their associated issues directly impact the ability of a wide range of sources, in particular well site pneumatic pumps, to achieve and show compliance with their applicable standards. Therefore, the EPA believes it is reasonable to stay these requirements pending reconsideration.

The EPA is proposing to stay the fugitive emissions requirements, the well site pneumatic pump standards, and the requirements for certification by professional engineer for 2 years. As described above, these three requirements entail a wide range of technically complex issues. For example, the AMEL provisions involve determining equivalency with the fugitive emissions requirements, and the low production well site exemption requires determining the factors that correlate to fugitive emissions. Further, based on the great interest expressed by stakeholders (including states, industry, and manufacturers of emerging monitoring technology), in particular on the AMEL⁶, the EPA anticipates receiving a large amount of information during the reconsideration proceeding. Also, during the reconsideration proceeding the EPA intends to request comment on the cost and other compliance burden, among other relevant information, associated with the requirement for certification by a professional engineer. In light of the above, the EPA believes that two years would provide sufficient time to review available information and propose, take public comment, and issue a final action on the reconsideration of these issues. The administrative reconsideration petitions raise numerous other issues relative to the fugitive

⁶ See e.g., Oil and Natural Gas Sector: Request for Information, Emerging Technologies. 81 FR 46670 (July 18, 2016), and associated docket EPA-HQ-OAR-2016-0346.

emission requirements, well site pneumatic pump standards, and requirements for certification by professional engineer other than those described above. The EPA has also been asked clarifying questions on implementation of these requirements from stakeholders since the 2016 Rule was published. These questions touch on issues such as the timeframe for repair of leaking components, timeframe for closed vent system inspection definitions related to fugitive emissions and pneumatic pump requirements, definitions of the affected facilities, and the temperature waiver for quarterly monitoring. Given the breadth of the issues identified in the petitions for reconsideration of the 2016 Rule, and the additional implementation questions from stakeholders following publication, the EPA believes that it is in the public interest that it address these other related issues at the same time it reconsiders the fugitive emissions requirements, well site pneumatic pumps standards, and the certification by professional engineer requirements, thereby avoiding addressing these requirements in a piecemeal fashion. The EPA believes that staying the specified requirements for two years is necessary to provide sufficient time to complete the actions described above.

Note that we are not taking comment at this time on substantive issues concerning these requirements, or on any of the other provisions subject to the reconsideration. This notice simply proposes to stay the specified requirements for two years. The EPA is seeking comment pertaining to this stay and its duration. A separate **Federal Register** notice published in the near future will specifically solicit comment on substantive issues concerning these requirements.

III. Statutory and Executive Order Reviews

Additional information about these statutes and Executive Orders can be found at <http://www2.epa.gov/laws-regulations/laws-and-executive-orders>.

*A. Executive Order 12866: Regulatory Planning and Review and Executive Order 13563:
Improving Regulation and Regulatory Review*

This action is an economically significant regulatory action that was submitted to the Office of Management and Budget (OMB) for review. Any changes made in response to OMB recommendations have been documented in the docket. The EPA prepared a Regulatory Impact Analysis (RIA) of the potential costs and benefits associated with the 2016 Rule, which is available at Docket ID No. EPA-HQ-OAR-2010-0505-7630. As this action affects two of the components that were included in the costs and benefits estimations, the fugitive requirements and the pneumatic pump requirements, as well as only affects three years of compliance activity, 2017 through 2019, the cost estimates provided here focus only on those affected provisions and years. It should be noted that these figures only represent the cost reductions associated with these activities. Although there would be foregone benefits as a result of this proposed delay, a quantitative estimate of this effect is not currently available, and therefore the associated foregone benefits are not presented.

This action delays compliance for fugitive requirements from approximately September 2017 until September 2019. In the 2016 rule, fugitive components accumulated as affected sources from September 2015 until June 2017, when all accumulated and new sources moving forward had to be in compliance. The previously published three-month stay delayed compliance until September 2017. This proposed stay further delays compliance so affected components accumulate from September 2015 through September 2019, after which all accumulated sources and new sources moving forward must be in compliance.

This action also extends the stay for pneumatic pump requirements at well sites that was enacted in the three-month stay. Pneumatic pump affected facilities at well sites were required to

be in compliance from November 2016 until June 2017 when EPA issued the three-month stay. Newly affected sources accumulate under the initial three-month stay starting in June 2017 to September 2017. This proposed stay delays compliance until September 2019, after which the accumulated affected sources and newly affected sources moving forward must be in compliance.

Costs and benefits for each year after 2019 remain unaffected. Using the estimated source counts as presented in Table 3-2 of the 2016 RIA, the EPA estimated a baseline for the capital costs, annual operating and maintenance costs and value of product recovery between 2017 and 2019 for the two requirements. This baseline accounts for the initial three-month stay. Then, the EPA estimated these costs under this proposed stay. Total costs for both actions were calculated as capital costs plus annual costs minus revenue from product recovery. These undiscounted costs are presented in Table 1, below. The difference between them, cost savings due to this proposed stay, is presented in Table 2. Table 3 presents the total costs, accounting for the value of product recovery, and their differences discounted to 2017 using both a 3 percent and a 7 percent discount rate, the present values of these costs, and their equivalent annualized values. The equivalent annualized values are the annualized present values, or the even flow of the present values, over the three years affected by this proposed action. These costs are presented in 2016 dollars.⁷

Table 1. Cost Estimates of the Baseline and this Proposal, Undiscounted (2016\$ millions)

Baseline	Proposal
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⁷ Careful consideration must be made in comparing these costs to those presented in the 2016 RIA. Costs presented in the 2016 RIA are costs in 2020 and 2025 and are presented in 2012 dollars. Costs presented here are for 2017, 2018 and 2019 and presented in 2016 dollars, in accordance with OMB Guidance M-17-21 for EO 13771. In addition, some of the presented capital costs presented in the 2016 RIA are annualized values, as are the presented total costs; capital costs, and therefore total costs, are not annualized in the analysis presented here.

	Capital Costs	Annual Costs	Revenue from Product Recovery	Total Costs	Capital Costs	Annual Costs	Revenue from Product Recovery	Total Costs
2017	\$43	\$61	\$11	\$92	\$3	\$0	\$0	\$3
2018	\$21	\$153	\$28	\$146	\$0	\$0	\$0	\$0
2019	\$21	\$199	\$36	\$184	\$83	\$199	\$36	\$246

Note: These costs only account for the fugitive emissions and well site pneumatic pumps requirements. We did not include the costs of professional engineer certification because these costs were not accounted for in the 2016 Rule. Values may not sum due to rounding

Table 2. Difference of the Cost Estimates of the Baseline and this Proposal, Undiscounted (2016\$ millions)

	<u>Difference</u>			
	Capital Costs	Annual Costs	Revenue from Product Recovery	Total Costs
2017	-\$40	-\$61	-\$11	-\$89
2018	-\$21	-\$153	-\$28	-\$146
2019	\$61	\$0	\$0	\$61

Table 3. Total Cost Estimates of the Baseline and this Proposal, Discounted to 2017 (2016\$ millions)

	<u>Baseline</u>		<u>Proposal</u>		<u>Difference</u>	
	3%	7%	3%	7%	3%	7%
2017	\$92	\$92	\$3	\$3	-\$89	-\$89
2018	\$142	\$136	\$0	\$0	-\$142	-\$136
2019	\$174	\$161	\$231	\$214	\$58	\$53
<i>Present Value</i>	<i>\$408</i>	<i>\$390</i>	<i>\$234</i>	<i>\$217</i>	<i>-\$173</i>	<i>-\$172</i>
<i>Equivalent Annualized Value</i>	<i>\$140</i>	<i>\$139</i>	<i>\$80</i>	<i>\$77</i>	<i>-\$60</i>	<i>-\$61</i>

Note: These costs only account for the fugitive emissions and well site pneumatic pumps requirements. We did not include the costs of professional engineer certification because these costs were not accounted for in the 2016 Rule. These total costs account for the value of product recovery.

The total costs presented here reflect the total capital costs estimated for all affected sources in each year, as well as the accumulated annual operating and maintenance costs and

associated product recovery values. The difference in estimated costs between the baseline and this proposed action are largely due to the annual operating and maintenance that would be incurred in 2017 and 2018 by affected components under the baseline that are not incurred under the stay. The small cost of this proposal in 2017 is due to the cost of compliance for affected pneumatic pumps at well sites before the three-month stay began. The difference in costs in 2019 is due to the capital costs borne by new sources constructed prior to 2019 whose compliance was delayed until 2019 under this proposal.

As can be seen in Table 2, the cost savings of this proposal in 2017 and 2018, mainly due to forgone annual operating and maintenance costs, are slightly offset by the higher costs in 2019, due to the larger number of sources that would be incurring capital and annual operating and maintenance costs in that year under this proposal. The larger costs savings in the early years leads to net cost savings from this action. As can be seen in Table 3, the estimated total present value of cost savings associated with this proposal are \$173 million when using a 3 percent discount rate and \$172 million when using a 7 percent discount rate. The equivalent annualized values of the cost savings are \$60 million per year when using a 3 percent discount rate and \$61 million per year using a 7 percent discount rate.

The estimates presented here are made under a few assumptions, including:

- The EPA is assuming that no affected entities with compliance dates after June 2017 have begun performing compliance activities. If some affected entities have already begun performing compliance activities, there are associated sunk costs and ongoing operating and maintenance costs that should be accounted for in the estimates of costs of this proposal; this would reduce the cost savings associated with this proposal.
- Affected entities may decide not to delay compliance by the full two years because earlier compliance may allow for coordination of regulatory and non-regulatory capital work, thus minimizing operational downtime. Earlier compliance leads to earlier incurrence of annual costs and benefits, which would reduce the cost savings associated with this proposed action.

- However, this may also reduce capital costs for those entities electing to comply earlier under this proposal – for instance, if overtime payments and rush charges can be avoided. This may increase the cost savings associated with the proposal.
- The cost of the PE certification was not taken into account in the 2016 RIA and therefore the costs of this provision under the 2016 rule cannot be compared to the costs under this proposal. The inclusion of the costs of this certification would likely increase the cost savings under this proposal, as costs related to the certifications that would otherwise take place between September 2017 and September 2019 would no longer be incurred.
- The costs presented here assumes pneumatic pumps become affected evenly throughout the year. If more sources become affected in the earlier (later) months than is assumed, the associated sunk costs will be higher (lower) than presented and cost savings associated with this proposal will decrease (increase).

Given data limitations, the cost estimates related to this action have not been adjusted to reflect these analytic considerations. The cost estimates also do not reflect any changes in baseline conditions, with the exception of the initial three-month stay, since the analysis for the 2016 rule was conducted (e.g., new developments in state level fugitive emissions programs, technological change, or other factors affecting the cost of compliance activities).

Although the potential existence of sunk costs, voluntary early compliance, and changes in baseline assumptions would likely reduce the effects of this proposed action to less than the difference shown in Table 1, the impact in at least one year is still almost certainly greater than \$100 million, thus rendering this action economically significant under Executive Order 12866.

The analysis accompanying the 2016 Rule includes estimates of the 2016 Rule's emission reduction benefits. It should be noted that, just as the annual operating and maintenance costs and value of product recovery in 2017 and 2018 are not incurred by affected sources under the proposal, neither are the associated climate and human health benefits. Although there would be foregone benefits as a result of this proposed delay, a quantitative estimate of this effect is not currently available.

B. Paperwork Reduction Act (PRA)

This action does not impose any new information collection burden under the PRA. OMB has previously approved the information collection activities contained in the existing 40 CFR part 60, subpart OOOO and has assigned OMB control number 2060–0673. The information collection requirements in the final 40 CFR 60, subpart OOOOa have been submitted for approval to the OMB under the PRA. The Information Collection Request (ICR) document prepared by EPA has been assigned EPA ICR 2523.01. This action does not result in changes to the approved ICR for subpart OOOO or the submitted ICR for subpart OOOOa, so the information collection estimates of project cost and hour burdens have not been revised.

C. Regulatory Flexibility Act (RFA)

I certify that this action will not have a significant economic impact on a substantial number of small entities under the RFA. In making this determination, the impact of concern is any significant adverse economic impact on small entities. An agency may certify that a rule will not have a significant economic impact on a substantial number of small entities if the rule relieves regulatory burden, has no net burden or otherwise has a positive economic effect on the small entities subject to the rule. This action proposes a limited stay for certain requirements. This proposed stay will decrease the burden on small entities subject to this rule. The EPA prepared a final RFA analysis for the 2016 Rule, which is available as part of the Regulatory Impact Analysis in the docket at Docket ID No. EPA-HQ-OAR-2010-0505-7630. We have therefore concluded that this action will have a net negative regulatory burden for all directly regulated small entities.

D. Unfunded Mandates Reform Act (UMRA)

This action does not contain any unfunded mandate as described in UMRA, 2 U.S.C. 1531–1538, and does not significantly or uniquely affect small governments. The action imposes no enforceable duty on any state, local or tribal governments or the private sector.

E. Executive Order 13132: Federalism

This action does not have federalism implications. It will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.

F. Executive Order 13175: Consultation and Coordination with Indian Tribal Governments

This action does not have tribal implications, as specified in Executive Order 13175. It will not have substantial direct effects on tribal governments, on the relationship between the federal government and Indian tribes, or on the distribution of power and responsibilities between the federal government and Indian tribes, as specified in Executive Order 13175. Thus, Executive Order 13175 does not apply to this action.

G. Executive Order 13045: Protection of Children from Environmental Health Risks and Safety Risks

This action is subject to Executive Order 13045 because it is an economically significant regulatory action as defined by Executive Order 12866, and the EPA believes that the environmental health or safety risk addressed by this action may have a disproportionate effect on children. The basis for this determination can be found in the 2016 Rule (81 FR 35893). However, because this action merely proposes to delay the 2016 Rule, this action will not change any impacts of the 2016 Rule after the stay. Any impacts on children's health caused by the delay in the rule will be limited, because the length of the proposed stay is limited. The agency

therefore believes it is more appropriate to consider the impact on children's health in the context of any substantive changes proposed as part of reconsideration.

H. Executive Order 13211: Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use

This action is not a "significant energy action" because it is not likely to have a significant adverse effect on the supply, distribution or use of energy. The basis for this determination can be found in the 2016 Rule (81 FR 35894).

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I. National Technology Transfer and Advancement Act (NTTAA)

This rulemaking does not involve technical standards.

J. Executive Order 12898: Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations

Because this action merely proposes to delay action and does not change the requirements of the final rule, this action will not change any impacts of the rule when it is fully implemented. Any impacts on minority populations and low-income populations caused by the delay in the rule will be limited, because the length of the proposed stay is limited. The agency therefore believes it is more appropriate to consider the impact on minority populations and low-income populations in the context of any substantive changes proposed as part of reconsideration.

List of Subjects in 40 CFR Part 60

Environmental protection, Administrative practice and procedure, Air pollution control, Reporting and recordkeeping.

Dated: _____.

E. Scott Pruitt,
Administrator.

For the reasons set out in the preamble, title 40, chapter I of the Code of Federal Regulations is proposed to be amended as follows:

PART 60-- STANDARDS OF PERFORMANCE FOR NEW STATIONARY SOURCES

1. The authority citation for part 60 continues to read as follows:

Authority: 42 U.S.C. 7401 *et seq.*

Subpart OOOOa--[AMENDED]

2. Section 60.5393a is amended by:

a. Staying paragraphs (b) and (c) until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**; and

b. Adding paragraph (f).

The addition reads as follows:

§ 60.5393a What GHG and VOC standards apply to pneumatic pump affected facilities?

* * * * *

(f) Pneumatic pumps at a well site are not subject to the requirements of paragraph (d) and (e) of this section until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

§ 60.5397a [AMENDED]

3. Section 60.5397a is stayed until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

4. Section 60.5410a is amended by:

a. Staying paragraphs (e)(2) through (5) until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**;

b. Adding paragraph (e)(8); and

c. Staying paragraph (j) until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

The addition reads as follows:

§ 60.5410a How do I demonstrate initial compliance with the standards for my well, centrifugal compressor, reciprocating compressor, pneumatic controller, pneumatic pump, storage vessel, collection of fugitive emissions components at a well site, collection of fugitive emissions components at a compressor station, and equipment leaks and sweetening unit affected facilities at onshore natural gas processing plants?

* * * * *

(e) * * *

(8) Pneumatic pump affected facilities at a well are not subject to the requirements of (e)(6) and (7) of this section until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

* * * * *

5. Section 60.5411a is amended by:

a. Revising the introductory text;

b. Staying paragraph (d) until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**; and

c. Adding paragraph (e).

The revision and addition read as follows:

§60.5411a What additional requirements must I meet to determine initial compliance for my covers and closed vent systems routing emissions from centrifugal compressor

wet seal fluid degassing systems, reciprocating compressors, pneumatic pumps and storage vessels?

You must meet the applicable requirements of this section for each cover and closed vent system used to comply with the emission standards for your centrifugal compressor wet seal degassing systems, reciprocating compressors, pneumatic pumps and storage vessels except as provided in paragraph (e) of this section.

* * * * *

(e) Pneumatic pump affected facilities at a well site are not subject to the requirements of paragraph (a) of this section until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

6. Section 60.5415a is amended by:

a. Revising paragraph (b) introductory text and adding paragraph (b)(4); and

b. Staying paragraph (h) until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

The revision and addition read as follows:

§60.5415a How do I demonstrate continuous compliance with the standards for my well, centrifugal compressor, reciprocating compressor, pneumatic controller, pneumatic pump, storage vessel, collection of fugitive emissions components at a well site, and collection of fugitive emissions components at a compressor station affected facilities, and affected facilities at onshore natural gas processing plants?

* * * * *

(b) For each centrifugal compressor affected facility and each pneumatic pump affected facility, you must demonstrate continuous compliance according to paragraph (b)(3) of this

section except as provided in paragraph (b)(4) of this section. For each centrifugal compressor affected facility, you also must demonstrate continuous compliance according to paragraphs (b)(1) and (2) of this section.

* * * * *

(4) Pneumatic pump affected facilities at a well site are not subject to the requirements of paragraphs (b)(3) of this section until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

* * * * *

7. Section 60.5416a is amended by revising the introductory text and adding paragraph (d) to read as follows:

§60.5416a What are the initial and continuous cover and closed vent system inspection and monitoring requirements for my centrifugal compressor, reciprocating compressor, pneumatic pump, and storage vessel affected facilities?

For each closed vent system or cover at your storage vessel, centrifugal compressor, reciprocating compressor and pneumatic pump affected facilities, you must comply with the applicable requirements of paragraphs (a) through (c) of this section, except as provided in paragraph (d) of this section.

* * * * *

(d) Pneumatic pump affected facilities at a well site are not subject to the requirements of paragraphs (a) and (b) of this section until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

8. Section 60.5420a is amended by:

a. Revising paragraph (b) introductory text;

b. Staying paragraphs (b)(7), (8), and (12) until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**;

c. Adding paragraph (b)(13); and

d. Staying paragraphs (c)(15) through (17) until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER]**.

The revision and addition read as follows:

§60.5420a What are my notification, reporting, and recordkeeping requirements?

* * * * *

(b) *Reporting requirements.* You must submit annual reports containing the information specified in paragraphs (b)(1) through (8) and (12) of this section and performance test reports as specified in paragraph (b)(9) or (10) of this section, if applicable, except as provided in paragraph (b)(13) of this section. You must submit annual reports following the procedure specified in paragraph (b)(11) of this section. The initial annual report is due no later than 90 days after the end of the initial compliance period as determined according to § 60.5410a. Subsequent annual reports are due no later than same date each year as the initial annual report. If you own or operate more than one affected facility, you may submit one report for multiple affected facilities provided the report contains all of the information required as specified in paragraphs (b)(1) through (8) of this section, except as provided in paragraph (b)(13) of this section. Annual reports may coincide with title V reports as long as all the required elements of the annual report are included. You may arrange with the Administrator a common schedule on which reports required by this part may be submitted as long as the schedule does not extend the reporting period.

* * * * *

(13) The collection of fugitive emissions components at a well site (as defined in §60.5430a), the collection of fugitive emissions components at a compressor station (as defined in §60.5430a), and pneumatic pump affected facilities at a well site (as defined in §60.5365a(h)(2)) are not subject to the requirements of paragraph (b)(1) of this section until **[DATE 2 YEARS AFTER PUBLICATION OF FINAL RULE IN THE FEDERAL REGISTER].**

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