

# EPA Issues Final Policy and Technical Rules for the Oil and Natural Gas Industry

## Overview Fact Sheet

### Summary

- On August 13, 2020, the U.S. Environmental Protection Agency (EPA) issued two final rules related to the New Source Performance Standards (NSPS) for the Oil and Natural Gas Industry.
- Combined, the two final rules are estimated to yield net benefits of \$750 to \$850 million dollars from 2021 to 2030, the annualized equivalent of about \$100 million a year. These final rules combined with other deregulatory actions have saved Americans an estimated \$94 billion in unnecessary regulatory costs.
- The Obama-Biden Administration implemented regulatory burdens that fell heavily on small and medium-size energy businesses. Today's policy and technical amendments to the NSPS for the oil and natural gas industry correct course by aligning with the Clean Air Act and relieving industry of burdensome, overregulation.
- These rules will provide significant benefits to our small oil and natural gas producers that make up over 80 percent of the industry. With these rules, EPA is restoring the rule of law, cooperating with the states, making it simpler and less burdensome for the oil and natural gas industry to comply, and easing implementation of new and better emissions reductions technologies.

### Policy Amendments

The policy amendments, which were issued in response to President Trump's Executive Order on Promoting Energy Independence and Economic Growth, are accomplishing the following:

- **Restoring rule of law to the NSPS** by removing the transmission and storage segment of the oil and gas industry from regulation and rescinding emissions standards for that sector. The Clean Air Act requires EPA to make a formal finding that a pollutant contributes significantly to air pollution before setting NSPS requirements. Since the Obama EPA did not make this finding, the addition of the transmission and storage segment to the oil and gas category and the additional methane control requirements in the 2016 rule were inconsistent with the law. These additional regulatory requirements are thereby removed from NSPS regulation.
- **Rescinding ineffective, redundant methane standards for the production and processing segments.** The Obama EPA's regulation of methane was improper, because it was directed at a source category that included transmission and storage, and because the Agency did not establish criteria to support its significant contribution finding. Pollution controls used to reduce VOC emissions also reduce methane emissions making clear that the separate regulation of methane imposed by the 2016 rule was both improper and redundant.

### Technical Amendments

The technical amendments revise overly burdensome federal overreach from the 2016 NSPS. These amendments include commonsense changes to the NSPS that will directly benefit smaller oil and gas operators who rely on straightforward regulatory policy to run their businesses and provide Americans with reliable, affordable energy, by:

- Exempting low-production wells from expending significant funds to monitor leaks (leaks are called "fugitive emissions" in the rule). These low-producing wells are usually owned and

operated by small businesses that do not have the same access to capital as larger companies. This change respects the differences between wells that produce large amounts of oil and gas per day and those that produce less than 15 barrels a day instead of treating them the same.

- Reducing monitoring of leaks at gathering and boosting compressor stations from quarterly to twice a year.
- Improving cooperation with states by allowing industry to meet certain states' requirements instead of complying with EPA's requirements. This change means that owners and operators in those states only have to comply with one set of regulations.
- Removing burdens to utilize new and more efficient emissions reductions technologies to allow industry to innovate.
- Updating the required schedule for repairing leaks to respect the realities of the oil and gas industry, such as allowing repair deferral if a repair within 30 days is not technically feasible.
- Changing recordkeeping and removing certain convoluted reporting requirements, reducing the cost burden by an estimated 25 percent per site.
- Other technical changes that will simplify compliance.

### **Background**

Three different segments of the oil and gas industry have been regulated under the NSPS since 2016: 1) the production segment; 2) the processing segment; and 3) the transmission and storage segment ([see graphic](#)). The two rules make changes to the NSPS for each of those three segments by revising the VOC NSPS for certain facilities in the production and processing segments, rescinding the methane NSPS for those segments, and rescinding all NSPS for the transmission and storage segment.

### **Net Benefits of the Two Rules**

The Regulatory Impact Analysis (RIA) for the two rules estimates that, combined, the two actions will yield \$750 to \$850 million in net benefits over the period from 2021-2030, which include cost savings.

### **For More Information**

- To read both rules, additional fact sheets, and the Regulatory Impact Analysis for both actions, visit: <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry/actions-and-notices-about-oil-and-natural-gas#regactions> .