



## EPA Issues Guidelines Addressing VOC Emissions from Oil and Gas Sector

The U.S. Environmental Protection Agency (“EPA”) is adopting guidelines that will ultimately require oil and gas sources in certain areas with elevated ozone concentrations to implement emissions controls for volatile organic compounds (“VOCs”). Some of the areas subject to the new guidance are in states with significant oil and gas activity, such as California, Colorado, Pennsylvania, and Texas. EPA links elevated ambient ozone concentrations with human health impacts, and the federal Clean Air Act therefore requires the imposition of reasonable control measures. The guidelines will have the additional effect of reducing greenhouse gas emissions, as many of the VOCs that will be controlled are also greenhouse gases.

### Background

EPA periodically issues documents known as [Control Techniques Guidelines](#) (“CTGs”). CTGs consist of EPA’s recommendations for controlling VOC emissions from a specific source category. CTGs establish emissions limitations based on reasonably available control technology (“RACT”). RACT refers to the lowest emissions limitations that a particular source is capable of

meeting through the application of control technology that is reasonably available, considering technological and economic feasibility.<sup>1</sup> States that are either not meeting the National Ambient Air Quality Standards (“NAAQS”) for ozone, or that are within the ozone transport region, must incorporate the CTGs into their respective State Implementation Plans (“SIPs”).<sup>2</sup>

On October 20, 2016, EPA submitted for publication in the Federal Register a Notice of Availability for a final document titled [Control Techniques Guidelines for the Oil and Natural Gas Industry](#) (“Guidelines”). The Guidelines are intended to assist states in developing plans to reduce emissions of VOCs, an ozone precursor, from certain oil and gas sources.

### Summary

The Guidelines address the following sources of VOC emissions for onshore production and processing segments of the oil and natural gas industry: storage vessels, pneumatic controllers, pneumatic pumps, compressors, equipment leaks, and fugitive emissions. EPA’s RACT recommendations are summarized below.<sup>3</sup>

- **Storage Vessels:** 95 percent reduction of VOC emissions, or maintain less than four tons per year (“tpy”) uncontrolled actual VOC emissions.
- **Pneumatic Controllers Located at Natural Gas Processing Plants:** Natural gas bleed rate of zero standard cubic feet per hour (“scfh”).
- **Pneumatic Controllers Located at the Wellhead to a Natural Gas Processing Plant or at the Point of Custody Transfer to an Oil Pipeline:** Natural gas bleed rate less than or equal to six scfh.
- **Pneumatic Pumps Located at Natural Gas Processing Plants:** Zero VOC emissions.
- **Pneumatic Pumps Located at Well Sites:** Achieve 95 percent control by routing VOC emissions to an existing onsite control device or process.
- **Reciprocating Compressors Located between the Wellhead and the Point of Custody Transfer to a Natural Gas Transmission and Storage Segment:** Replace reciprocating compressor rod packing on or before 26,000 hours of operation or 36 months since the most recent rod packing replacement, or route rod packing emissions to a process through a closed vent system under negative pressure.
- **Centrifugal Compressors Located between the Wellhead and the Point of Custody Transfer to a Natural Gas Transmission and Storage Segment:** 95 percent reduction of VOC emissions.
- **Equipment Leaks:** Implement the leak detection and repair program at 40 C.F.R. Part 60, Subpart VVa.
- **Fugitive Emissions:** Develop and implement an optical gas imaging monitoring and repair plan.

The Guidelines also include applicability thresholds. For example, the RACT recommendations for storage vessels apply only if the tank has the potential to emit greater than or equal to six tpy of VOCs. Similarly, the RACT applicability for

fugitive emissions varies depending on the oil-to-gas ratio at the site and the site’s per-day production volume.

In addition to explaining its RACT determinations for these various source categories, EPA also included model rule language in the Guidelines, which states may use as a starting point when formulating their new SIP provisions.<sup>4</sup>

## What to Expect Going Forward

Sources covered by the Guidelines include those located in 2008 ozone NAAQS nonattainment areas classified as “moderate” or higher. There are [28 such areas](#) within Arizona, California, Colorado, Connecticut, Georgia, Illinois, Indiana, New Jersey, New York, Maryland, Texas, and Wisconsin. The Guidelines will also affect sources located within the ozone transport region: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.<sup>5</sup>

The Guidelines will become effective on the date that the Notice of Availability is published in the Federal Register. SIP provisions must be submitted by the above-noted states within two years of that date. EPA will then go through a notice and comment process for approving the submissions. States may choose to adopt EPA’s RACT recommendations or may develop their own, as long the identified approach is consistent with the RACT provisions in the Clean Air Act and with EPA’s implementing regulations, policies, and guidance. Alternatively, some areas or states may satisfy their obligations by submitting a statement to EPA certifying that there are no oil or natural gas sources within their jurisdiction. Once EPA approves a state’s SIP revision, the new RACT requirements must be implemented by covered sources no later than January 1, 2021.<sup>6</sup>

SIP revisions under the Guidelines will be an ongoing process. For example, after EPA finalizes nonattainment designations for the 2015 ozone NAAQS (expected to be effective in early 2018), states may be required to adopt or revise RACT requirements under these Guidelines within two years after the effective date of the designations.<sup>7</sup>

Additional information about the Guidelines is available [here](#).

## Lawyer Contacts

For further information, please contact your principal Firm representative or one of the lawyers listed below. General email messages may be sent using our “Contact Us” form, which can be found at [www.jonesday.com/contactus/](http://www.jonesday.com/contactus/).

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## Endnotes

- 1 Guidelines at 1-1.
- 2 42 U.S.C. §§ 7511a; 7511c.
- 3 Guidelines at Table 3-1.
- 4 Guidelines at Appendix A.
- 5 Guidelines at 1-1.
- 6 See EPA Memorandum, *Implementing Reasonably Available Control Technology Requirements for Sources Covered by the 2016 Control Techniques Guidelines for the Oil and Natural Gas Industry* (Oct. 20, 2016); EPA Fact Sheet, *Final Control Techniques Guidelines for Reducing Smog-Forming Volatile Organic Compounds from the Oil and Natural Gas Industry*.
- 7 *Id.*

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