



## **REGULATORY UPDATE:**

### ***EPA's Greenhouse Gas Mandatory Reporting Rule- Applicability & Compliance Guidance for Onshore Petroleum and Natural Gas Production Facilities***

Guidance on the EPA's recently enacted Greenhouse Gas (GHG) Mandatory Reporting Rule (40 CFR 98 Subpart W-Petroleum and Natural Gas Systems) and rule applicability and compliance deadlines for domestic oil and natural gas activities is provided below. As of December 31<sup>st</sup> 2010 onshore, upstream petroleum and natural gas operators with "facilities" emitting 25,000 metric tons or more of carbon dioxide equivalent (metric tons CO<sub>2</sub>e) per year are now subject to the reporting requirements outlined in the rule. Carbon dioxide "equivalent" gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorochemicals, and sulfur hexafluoride, as well as other fluorocarbons.

Additional information on the rule is available on the EPA's website:

<http://www.epa.gov/climatechange/emissions/subpart/w.html>.

#### **EPA "Facility" Definition & GHG Emissions Threshold**

Of greatest interest to onshore oil & natural gas producers is the EPA's definition of a "facility". According to the rule, a onshore petroleum and natural gas production facility is defined as *all petroleum or natural gas equipment associated with all petroleum or natural gas production wells under common ownership or control (which includes leased, rented and contracted activities) and located in a single hydrocarbon basin, as defined by the American Association of Petroleum Geologists.*

In essence, all GHG emitting equipment and operations (including wells, central facilities, storage, etc.) owned or operated by a single operator in a single basin are considered one facility for purposes of this rule (regardless of whether the facilities are on private, state or federal lands).

Based on the above definition, petroleum and natural gas production facilities that meet or exceed the 25,000 metric tons per year emission threshold are now subject to the annual reporting requirements and must begin data collection on **January 1, 2011.**

Examples of GHG emission sources at subject facilities include: completion flowback, well venting, pneumatic devices, fugitives (valve, connectors, pressure relief devices, etc.), reciprocating compressor rod seal leaks, engine exhaust emissions, dehydrator still vents, storage tanks, combustion sources (heaters/boilers) and portable non-road equipment (drilling, completion, and work-over rig engines, skid mounted equipment including gensets, etc.).

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### **GHG Emissions Data Collection and Reporting Requirements:**

For applicable facilities, data collection efforts and annual reporting is required starting this year, 2011. The first annual report (i.e. for 2011 data) will be due **March 31, 2012**.

Annual reporting requirements include:

- Annual methane and carbon dioxide emissions from equipment leaks and venting;
- Emissions of methane, carbon dioxide, and nitrous oxide from flaring; and
- Combustion emissions of methane, carbon dioxide, and nitrous oxide from stationary and portable equipment.

EPA's prescribed methods for determining annual emissions from applicable facilities include both direct measurement of emissions and/or facility-specific calculations for emissions estimates but vary based on the type of emission source. For more information on the appropriate estimating and/or calculating techniques for your facilities contact Kleinfelder/B&A's GHG Management Team.

Owners or operators may use Best Available Monitoring Methods (BAMM) for certain parameters between January 1, 2011 and June 30, 2011, as specified in the rule for specific types of activities and sources. For the application of BAMM for specified source categories, or to extend BAMM beyond the specified time period, a request must be filed with EPA. These requests must be submitted to the EPA by no later than **April 30, 2011**.

The rule also requires specific quality assurance/quality control measures and recordkeeping requirements, including the development of a greenhouse gas monitoring plan by **April 1, 2011**.

### **Ensuring GHG Reporting Compliance:**

If you have not already done so, Kleinfelder/B&A encourages you to determine whether your operations are subject to the new GHG reporting requirements and, if so, begin data collection efforts and development of the required monitoring plan. Failure to comply with the new regulations may result in costly and burdensome enforcement actions or even criminal penalties.

If you have any questions or need any assistance with the new Greenhouse Gas Reporting Rule, Kleinfelder/B&A's Greenhouse Gas Management Team offers a full range of GHG compliance solutions, including:

- Rule applicability determinations;
- Data gathering and record keeping programs;
- GHG inventories and annual report preparation;
- Emission source calculations/estimates and/or direct emissions measurements;
- GHG Monitoring Plans;
- Emission reduction opportunities; and
- Customized training workshops.

For more information or for assistance with the new GHG reporting rule please contact either:

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