

Client Alert

Health, Safety, & Environmental Practice

April 1, 2014

Obama Administration Targets Oil & Gas Industry in Methane Reduction Strategy

On March 28, the Obama Administration unveiled a new Strategy to Reduce Methane Emissions, as part of the President's overall Climate Action Plan.¹

Methane is the second largest source of greenhouse gases, after carbon dioxide (CO₂), and it is projected to increase to over 620 million tons of CO₂ equivalent by 2030, absent efforts to further reduce emissions. The White House Strategy targets four sectors thought to be the primary sources of domestic methane emissions – agriculture, landfills, coal mining, and oil and gas systems. The Strategy outlined detailed plans for reducing methane emissions from oil and gas operations, the second-most significant source of domestic emissions:

EPA –

- Evaluate potentially significant sources of methane from the oil and gas sector, soliciting input from independent experts through a series of technical white papers this spring. The white papers will focus on “emissions and control technologies that target both VOC and methane – with particular focus on oil and co-producing wells, liquids unloading, leaks, pneumatic devices, and compressors.” EPA will make peer reviewer comments available this summer.

- Determine this fall whether and under what regulatory authorities the Agency will regulate such emissions. Such authorities possibly include setting standards under section 111 of the Clean Air Act or issuing Control Techniques Guidelines under section 182 of the Act. The Administration expects to issue such regulations, if any, by the end of 2016.

- Complete revisions to the Greenhouse Gas Reporting Program for petroleum and natural gas systems by 2015. In March 2014, EPA proposed revisions to the calculation, monitoring, and data reporting requirements from petroleum and natural gas systems in the Program, including requirements related to liquids unloading, completions and workovers, and compressors.

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- Continue voluntary industry efforts to reduce such emissions through the Natural Gas STAR Program, which already has identified several technologies and practices to reduce emissions.

BLM - Propose updated standards to reduce venting and flaring from oil and gas production on federal lands (informally known as Onshore Order 9) later this year.

DOE - Identify additional “downstream” opportunities to reduce methane through the Quadrennial Energy Review and DOE-convened roundtables.

Other Initiatives –

- Prioritize sources of federal and state funding designed to promote replacement technologies and technology upgrades.
- Continue federal support for effective state policies and mitigation efforts acknowledging that “[s]tates are the primary regulators of many aspects of oil and gas production and activities and the distribution of natural gas.”
- Promote industry partnerships with environmental groups to better characterize and reduce methane emissions in oil and gas operations, as evidenced by the partnership between the Environmental Defense Fund and 13 American Gas Association Members

As the elements of the Strategy unfold, companies in the energy sector will have opportunities to engage with the agencies tasked with making the Strategy succeed. King & Spalding’s health, safety and environmental (HSE) lawyers look forward to working with clients on strategies for effective participation in and responses to these initiatives.

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¹ <http://www.whitehouse.gov/blog/2014/03/28/strategy-cut-methane-emissions>;
http://www.whitehouse.gov/sites/default/files/strategy_to_reduce_methane_emissions_2014-03-28_final.pdf .