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Regulatory Affairs

September 23, 2024  
Via Email

Jim Nyarady  
Manager, Oil and Gas  
California Air Resources Board (CARB)  
1001 "I" Street  
Sacramento, CA 95814

**Subject: Comments On Potential Amendments to the Oil and Gas Methane Regulation to Implement U.S. EPA's Emissions Guidelines**

Dear Mr. Nyarady:

Western States Petroleum Association (WSPA) appreciates the opportunity to participate in the California Air Resources Board (CARB) public workshops for amendment of the Oil and Gas Methane Regulation.<sup>1,2</sup> In December 2023, the United States Environmental Protection Agency (U.S. EPA) finalized Standards of Performance for New, Reconstructed, and Modified Sources and Emission Guidelines for Existing Sources: Oil and Gas Sector Climate Review.<sup>3</sup> On August 15, 2024, CARB staff hosted a public workshop to discuss potential changes to the Oil and Gas Methane Regulation to implement U.S. EPA's Emissions Guidelines.<sup>4</sup> WSPA is a non-profit trade association representing companies that explore for, produce, refine, transport, and market petroleum, petroleum products, natural gas, renewable fuels, and other energy supplies in five western states including California. WSPA has been an active participant in air quality planning issues for over 30 years. WSPA-member companies operate well sites and other facilities involved in the production and processing of crude oil that will be impacted by amendments to the Oil and Gas Methane Regulation. WSPA offers the following comments on the information presented in the August 2024 public workshop:

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<sup>1</sup> CARB Presentation: Potential Amendments to the Oil and Gas Methane Regulation to Implement U.S. EPA's Emissions Guidelines. Available at: [https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential\\_Changes\\_COGR\\_EG\\_2024Aug\\_workshop.pdf](https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential_Changes_COGR_EG_2024Aug_workshop.pdf)

<sup>2</sup> California Code of Regulations, Title 17, Division 3, Chapter 1, Subchapter 10, Article 4, Subarticle 13: Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities. Available at: <https://www.law.cornell.edu/regulations/california/title-17/division-3/chapter-1/subchapter-10/article-4/subarticle-13>.

<sup>3</sup> Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review. Available at: <https://www.federalregister.gov/documents/2024/03/08/2024-00366/standards-of-performance-for-new-reconstructed-and-modified-sources-and-emissions-guidelines-for>.

<sup>4</sup> CARB Presentation: Potential Amendments to the Oil and Gas Methane Regulation to Implement U.S. EPA's Emissions Guidelines. Available at: [https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential\\_Changes\\_COGR\\_EG\\_2024Aug\\_workshop.pdf](https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential_Changes_COGR_EG_2024Aug_workshop.pdf)

## **1. WSPA encourages CARB to consider economic feasibility and the implementation timeline of proposed control measures during the rulemaking process.**

California state agencies are required to complete a Standardized Regulatory Impact Assessment (SRIA) for regulations that are expected to result in total costs or benefits greater than \$50 million in any given year of implementation. As part of this assessment, agencies are required to identify costs and benefits due to the proposed regulatory change, identify alternatives and describe costs and benefits of alternative proposals, and describe the methods and approaches used to evaluate economic impacts.<sup>5</sup>

The costs associated with implementation of proposed amendments will impact facilities that have already incurred notable expenses to make improvements in response to local rulemaking. CARB and the California air districts were some of the earliest agencies to regulate methane from the oil and gas sector. This began years before promulgation of U.S. EPA's methane rules and California has continued to make progress. In particular, recent SJVAPCD rule amendments, resulted in considerable emissions reductions from WSPA member operations through significant investments to retrofit existing equipment to utilize Best Available Retrofit Control Technology (BARCT).<sup>6,7,8</sup>

WSPA recommends that CARB consider various economic factors in their evaluation and cost-effectiveness analysis of proposed amendments, including but not limited to, infrastructure design and construction, equipment costs, and maintenance costs. This will allow amendments to balance environmental protection with economic feasibility while complimenting the existing Federal regulations that currently affect approximately 1 million wells across the United States.<sup>9,10,11,12</sup>

Additionally, WSPA recommends that CARB incorporate realistic implementation timelines to allow facilities adequate lead time to plan for and conduct improvements to comply with the regulation. Thus, WSPA suggests that CARB align with the March 9, 2029 deadline listed on Table 1 of 40 CFR Part 60 Subpart OOOOc.<sup>13</sup> Such a timeline would allow facilities to conduct impact assessments, permitting activities, and planning and construction of necessary infrastructure.

## **2. CARB has indicated that one potential change to the Oil and Gas Regulation could be a ban on open well casing vents. WSPA encourages CARB to consider alternative regulation amendment concepts to address methane emissions from open well casing vents.**

The current Oil and Gas Methane Regulation requires:<sup>14</sup>

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<sup>5</sup> State of California Department of Finance, Major Regulations. Available at: <https://dof.ca.gov/forecasting/economics/major-regulations/>.

<sup>6</sup> SJVAPCD Rule 4401. Available at: <https://ww2.valleyair.org/media/be1niqvx/rule-4401.pdf>

<sup>7</sup> [SJVAPCD Rule 4402](https://ww2.valleyair.org/media/1bcle3pe/rule-4402.pdf). Available at: <https://ww2.valleyair.org/media/1bcle3pe/rule-4402.pdf>.

<sup>8</sup> SJVAPCD Rule 4409. Available at: <https://ww2.valleyair.org/media/z11dynbx/rule-4409.pdf>.

<sup>9</sup> 40 CFR Part 60 Subpart OOOOa. Available at: <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-60/subpart-OOOOa>.

<sup>10</sup> 40 CFR Part 60 Subpart OOOOb. Available at: <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-60/subpart-OOOOb>.

<sup>11</sup> 40 CFR Part 60 Subpart OOOOc. Available at: <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-60/subpart-OOOOc>.

<sup>12</sup> The Distribution of U.S. Oil and Natural Gas Wells by Production Rate with data through 2022. Available at: [https://www.eia.gov/petroleum/wells/pdf/Well\\_Distributions\\_report\\_2023\\_full\\_report.pdf](https://www.eia.gov/petroleum/wells/pdf/Well_Distributions_report_2023_full_report.pdf).

<sup>13</sup> 40 CFR Part 60 Subpart OOOOc. Available at: <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-60/subpart-OOOOc>.

<sup>14</sup> CARB Oil and Gas Methane Regulation. Available at: <https://ww2.arb.ca.gov/resources/documents/oil-and-gas-methane-regulation>.

*§95668(g)(1): Owners or operators of wells located at facilities in sectors listed in section 95666 with a well casing vent that is open to the atmosphere shall measure the natural gas flow rate from the well casing vent annually by direct measurement.*

CARB is considering inclusion of a ban on open casing well vents in the Oil and Gas Methane Regulation.<sup>15</sup> Recent studies indicate that a small number of point sources contribute a disproportionate fraction of total methane emissions.<sup>16</sup> In light of these findings, WSPA suggests that CARB consider an approach which would target the highest-emitting wells, prioritizing those within the Senate Bill (SB) 1137 health protection zones.<sup>17</sup> A targeted approach would better ensure emissions and human health benefits. Identification of high-emitting wells and sources could be conducted using the measurements required by §95668(g)(1) in comparison to a methane emissions threshold, such as the 3 tons/year methane threshold previously proposed by the U.S. EPA as part of their November 2021 Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review.<sup>18</sup> WSPA also recommends the regulation be amended to align with the venting requirements in 40 CFR Part 60 Subpart OOOOc.<sup>19</sup>

### **3. WSPA encourages CARB to consider alternative concepts to address methane emissions associated with pneumatic devices.**

In CARB's public workshop presentation, one concept highlighted to address the revised U.S. EPA emissions guidelines proposed a requirement to convert to all zero-emission (ZE) pneumatics and process controllers.<sup>20</sup> In 2023, WSPA members proactively replaced pneumatic devices installed on existing wells, including the replacement of high-bleed pneumatic devices with low-bleed or non-bleed alternatives. This resulted in elimination of hundreds of venting devices and reduced methane emissions by over 500 MT/year. WSPA recommends that CARB include flexibility within the Regulation to avoid creation of stranded assets that would result from a new requirement for ZE pneumatics and process controllers. This concept is consistent with 40 CFR 60.24a(e) and was previously incorporated into other CARB rules and regulations such as the Advanced Clean Fleets and other on-road regulations, which require new equipment to meet specific standards while allowing existing equipment to continue to operate through the end of useful life.<sup>21,22</sup>

<sup>15</sup> CARB Presentation: Potential Amendments to the Oil and Gas Methane Regulation to Implement U.S. EPA's Emissions Guidelines. Available at: [https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential\\_Changes\\_COGR\\_EG\\_2024Aug\\_workshop.pdf](https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential_Changes_COGR_EG_2024Aug_workshop.pdf)

<sup>16</sup> Cusworth DH, Thorpe AK, Ayasse AK, Stepp D, Heckler J, Asner GP, Miller CE, Yadav V, Chapman JW, Eastwood ML, Green RO, Hmiel B, Lyon DR, Duren RM. Strong methane point sources contribute a disproportionate fraction of total emissions across multiple basins in the United States. Proc Natl Acad Sci U S A. 2022 Sep 20; 119(38). Available at: <https://www.pnas.org/doi/10.1073/pnas.2202338119>.

<sup>17</sup> Senate Bill 1137. Available at: <https://legiscan.com/CA/text/SB1137/id/2606996>.

<sup>18</sup> EPA Proposes New Source Performance Standards Updates, Emissions Guidelines to Reduce Methane and Other Harmful Pollution from the Oil and Natural Gas Industry. Available at: <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-operations/epa-proposes-new-source-performance>.

<sup>19</sup> 40 CFR Part 60 Subpart OOOOc. Available at: <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-60/subpart-OOOOC>.

<sup>20</sup> CARB Presentation: Potential Amendments to the Oil and Gas Methane Regulation to Implement U.S. EPA's Emissions Guidelines. Available at: [https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential\\_Changes\\_COGR\\_EG\\_2024Aug\\_workshop.pdf](https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential_Changes_COGR_EG_2024Aug_workshop.pdf).

<sup>21</sup> 40 CFR Part 60 Subpart Ba §60.24a. Available at: <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-60/subpart-Ba/section-60.24a>.

<sup>22</sup> Advanced Clean Fleets Regulation Overview. Available at: <https://ww2.arb.ca.gov/resources/fact-sheets/advanced-clean-fleets-regulation-overview>.

**4. WSPA understands that CARB has received feedback to consider removal of the heavy oil component exemption from leak detection and repair (LDAR) requirements. WSPA agrees with CARB that LDAR for heavy oil components is not cost effective and such change is not necessary to meet the objective of aligning the Oil and Gas Methane Regulation with the U.S. EPA Emission Guidelines.**

The Oil and Gas Methane Regulation currently exempts from LDAR those components used exclusively for heavy crude oil:<sup>23</sup>

*§95669(c) The requirements of this section do not apply to the following: ...*

*(2): Components, - including components found on tanks, separators, wells, and pressure vessels - used exclusively for crude oil with an API gravity less than 20 averaged on an annual basis.*

CARB has noted that emissions from heavy oil components are “extremely small”, and that LDAR for heavy oil components is not cost effective.<sup>24</sup>

While California is currently undergoing an energy transition, Californians continue to rely on domestic oil production to serve California’s energy demand and this will be the case for the foreseeable future. The oil and gas industry has a significant economic impact within the Central Valley and has already expended extensive resources to meet the recent requirements of SB 1137. WSPA urges CARB to focus on those provisions necessary to meet the objectives of the rulemaking for alignment with U.S. EPA Emission Guidelines. As CARB has noted, the LDAR heavy oil components are not addressed in the U.S. EPA Emission Guidelines and the available technical information does not support including such a change in this rulemaking.

Significant emission reductions have been achieved in recent years due to considerable investments made by industry. Consideration of flexible compliance mechanisms and tiered implementation schedules with the prioritization of established health protection zones aligns with precedent and balances health and environmental goals with practical and economic realities.

WSPA appreciates the opportunity to comment on these important issues. If you have questions regarding our comments, please contact me at (661) 343-5753.

Sincerely,



Christine Luther Zimmerman  
Senior Regulatory Affairs Manager

<sup>23</sup> Oil and Gas Methane Regulation. Available at: <https://ww2.arb.ca.gov/resources/documents/oil-and-gas-methane-regulation>.

<sup>24</sup> CARB Presentation: Potential Amendments to the Oil and Gas Methane Regulation to Implement U.S. EPA’s Emissions Guidelines. Available at: [https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential\\_Changes\\_COGR\\_EG\\_2024Aug\\_workshop.pdf](https://ww2.arb.ca.gov/sites/default/files/2024-08/Potential_Changes_COGR_EG_2024Aug_workshop.pdf).

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