



Texas Independent Producers and Royalty Owners Association

919 Congress Avenue, Suite 810, Austin, Texas 78701 P: (512) 477-4452 F: (512) 476-8070 www.tipro.org

January 15, 2025

Program Supervisor, MC 205
Texas Register/Rule Development Team - Office of Legal Services
Texas Commission on Environmental Quality
P.O. Box 13087 Austin, Texas 78711-3087

RE: Proposed Rule Project Number 2024-027-113-AI

Dear Program Supervisor, MC 205,

The Texas Independent Producers and Royalty Owners Association (TIPRO) is pleased to provide comment on the Texas Commission on Environmental Quality's (TCEQ) request for input on the Environmental Protection Agency (EPA) New Source Performance Standards OOOOc rulemaking (OOOOc) and required state level implementation plan.

Founded in 1946, TIPRO is the largest statewide association in Texas dedicated to representing the upstream sector. TIPRO's membership, which collectively produces nearly 90 percent of the oil and natural gas in Texas and owns mineral interests in millions of acres, is comprised of the state's largest producers, hundreds of small to mid-sized operators, mineral owners and leading service companies. TIPRO members will be directly or indirectly regulated by the OOOOc rulemaking.

As expressed by members of TIPRO, some policymakers and industry analysts, the impact of this rulemaking will be significant, particularly for marginal operators. Based on analysis conducted by Enverus, and recent testimony provided by TIPRO before the Texas Senate Natural Resources and Economic Development Committee, nearly 300,000 wells in the U.S., or 34 percent of the current well count, are most exposed to becoming uneconomic under the new rule. Approximately 5,000 marginal operators across the Lower 48 have potential insolvency issues that will be accelerated by OOOOc later this decade.

U.S. production overall will absorb an estimated cost of ~30 cents per barrel of oil equivalent (BOE) under this rulemaking, which will vary significantly depending on a producer's operational footprint. Approximately 34 percent of active wells previously mentioned will see added costs above \$10 per BOE, highlighting a very disproportionate impact on predominantly smaller producers. The estimated financial impact for all wells in Texas is \$550 million per year, which equates to roughly 22.4 cents per BOE or ~\$2,000 per well, per year in added fixed costs. TIPRO projects that 50,000 – 60,000 wells in Texas will become plugging and abandonment candidates once OOOOc is fully implemented, resulting in lower production volumes, decreased employment and tax revenue generated by the industry.

Recommendations:

During the rulemaking process, oil and natural gas representatives requested that EPA allow states to adopt existing source performance standards that take a different form of numerical standards than the "presumptive" numerical standards that EPA proposed and adopted, as long as states could demonstrate equivalency. Section 111(d) of the Clean Air Act only requires EPA to "establish a procedure" under which each state can submit existing source performance standard plans, as opposed to requiring EPA to establish

“presumptive” numerical standards. Our members believe that it was misguided for EPA to predetermine that states could not demonstrate equivalency, whether on a source category or programmatic level, because an overly prescriptive approach would eliminate flexibility needed to make adjustments to accommodate advancements in technology and operational practices. We recommend that TCEQ request greater flexibility on these standards in its state level implementation plan due to the burden and cost of developing this rulemaking. This flexibility, and the ability to demonstrate equivalency, would make the rulemaking far less burdensome.

Please note that there is a fundamental difference between marginal well sites and the model plant that EPA used for well sites with major production equipment [§60.24a(e)(2) & EPA-HQ-OAR-2021-0317-3989_attachment_3]. Marginal well sites have fewer major equipment and components and optical gas imaging (OGI) camera surveys are cost prohibitive based on the economics of these wells.

TIPRO recommends that TCEQ utilize Remaining Useful Life and Other Factors (RULOF) provisions to define a different class of facilities for fugitive leaks [§60.24a(e)]. TCEQ should cite unreasonable cost of control for OGI camera-based surveys based on the age, basic process design, and other circumstances [§60.24a(e)(i) & (iii)]. We propose any site that has only marginal wells (per IRS definition) or has less than five pieces of major equipment follow the audio, visual and olfactory (AVO) requirements in the model rule and extend the first attempt and repair completion time frames to 30 days in each in recognition of the difficulty in getting parts.

EPA has proposed that all process controllers (outside of Alaska) emit zero methane. EPA’s model plant used to develop the rule significantly overestimates the number, type, and gas vented at production sites (EPA-HQ-OAR-2021-0317-3989_attachment_12). Further, EPA relies on intermittent bleed emission factors for its OOOOc model plant that are significantly higher than factors in its 2024 revised 40 CFR 98, Subpart W rule. The emission factor for properly functioning intermittent bleed devices is 97 percent lower. Voluntary leak surveys show that intermittent devices rarely malfunction. Those that do malfunction can be identified via AVO methods.

TIPRO recommends that TCEQ utilize RULOF provisions to define a different class of facilities for intermittent bleed process controllers [§60.24a(e)]. TCEQ should cite unreasonable cost of control for zero methane emissions standard based on the age, basic process design, and other circumstances. [§60.24a(e)(i) & (iii)]. Note that there is a fundamental difference between common intermittent bleed process controllers at many well sites in Texas and the model plant that EPA used for production sites [§60.24a(e)(2) & (EPA-HQ-OAR-2021-0317-3989_attachment_12)]. In many cases, low and high continuous bleed devices are rarely used. Intermittent bleed process controllers emit significantly less (<1 percent) based on operator’s actual equipment data (actuation count, physical volume, supply gas pressure) and malfunction checks conducted during voluntary surveys. Many are marginal well sites located off-grid without an existing emissions control device. This requires the most expensive solutions that EPA considered. These sites simply cannot recover this capital expenditure.

We recommend any site that is a marginal well (per IRS definition) or does not have access to electrical power be allowed to use the Alaska option in 40 CFR 60.5394c(b). Marginal and off-grid wells can use AVO methods (not OGI) to monitor intermittent bleed devices for malfunctions or can choose to reduce emissions via an emissions control device. This approach ensures the actual emissions are low. We recommend that the monitoring, testing, and inspection requirements for emission control devices and closed vent systems be simplified. Emission control devices dedicated for process controllers will be much smaller than those used for other sources like tanks.

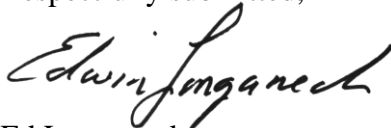
TCEQ should also utilize the RULOF provisions of OOOOc to define a different class of facilities for associated gas from oil wells [§60.24a(e)]. In justifying this different class, TCEQ should cite the unreasonable cost of control based on the age, basic process design, and other circumstances, such as regional differences [§60.24a(e)(i) & (iii)]. Further, TCEQ should note that there are fundamental differences between marginal oil well sites and the representative site that EPA used in the cost effectiveness calculations [EPA-HQ-OAR-2021-0317-3989_attachment_18] because (1) Subpart W data biases to newer and high production wells, (2) costs for wells with low volumes of associated gas were not properly considered, and (3) marginal well sites cannot absorb the cost of flares and associated monitoring equipment.

TCEQ's rules should also incorporate a minimum threshold of 10 tons per year (tpy) methane under which no action is required. The rules should also allow for cost to be a consideration in the technical feasibility demonstration. This allows for local, regional, or basin factors to be fully considered. Additionally, the rules should reduce the complexity and burden of closed vent systems (CVS) and control device requirements for marginal wells and for sites with associated gas less than 40 tpy that choose flaring. The rules should allow for audio, visual and olfactory (AVO) to be used for any CVS inspections. They should eliminate the design assessment for a CVS system that is hard-piped into a flare and eliminate the net heating value (NHV) monitoring and sampling requirements since this generally is not a concern for associated gas. Lastly, the rules should replace the flare pilot remote alarming and data logging with a manual check and logsheet at each visit.

Finally, to understand the full impact of this rulemaking, a cost/benefit analysis should be conducted. Texas Government Code [§2006.002] requires state agencies conduct impact studies for rural and small businesses and taking this step would help illustrate the economic cost of OOOOc regulations compared to the perceived environmental benefit of this rulemaking.

Thank you for the opportunity to provide comments. If you should have any questions, please reach out to me directly by email or by phone.

Respectfully submitted,

A handwritten signature in black ink that reads "Ed Longanecker". The signature is written in a cursive, flowing style.

Ed Longanecker
President
TIPRO
elonganecker@tipro.org
512-477-4452