

**Testimony on EPA’s Proposed Rule for
“Oil and Natural Gas Sector: New Source Performance Standards and National Emission
Standards for Hazardous Air Pollutants Reviews”
Docket Number EPA–HQ–OAR–2010–0505; FRL–9456–2**

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My name is Susanne Brooks and I am a Senior Economic Policy Analyst with Environmental Defense Fund (EDF), a non-partisan environmental organization with more than 700,000 members nationwide. EDF is dedicated to working toward innovative cost-effective solutions to environmental problems, building on a foundation of sound science, economics, and law.

Thank you for the opportunity to testify today. EPA’s Proposed Rule for new national clean air standards for oil and natural gas represents a critical step toward protecting public health and the environment from harmful airborne contaminants. The standards will not only reduce air pollution through highly cost-effective air pollution controls, but avoid the needless waste of a valuable domestic energy source by preventing leaks and venting of natural gas, the development of which is expanding briskly across the U.S. Further, they will standardize many common sense practices and technologies already implemented in states such as Colorado and Wyoming, and that are being used by many natural gas companies throughout the country.

Strong air emission standards are vitally important to protect human health and the environment

Oil and gas exploration and production is rapidly expanding into new locations across diverse portions of the country due to technological developments that have made extraction of previously untapped unconventional resources, such as shale gas, feasible. The lack of adequate national-level emission standards poses a serious threat to people and communities across the U.S. since exploration and production activities emit a number of hazardous air pollutants and other airborne contaminants known to negatively affect human health and the environment. For example, wintertime ozone levels in excess of the nation’s health-based air quality standards have been recorded in remote parts of Wyoming and Utah, where little industrial activity other than oil and gas production occurs. The high exceedances in these rural, previously pristine, parts of Wyoming and Utah are higher than levels recorded in some of the most heavily polluted cities. Further, oil and gas activities are the largest source of U.S. methane emissions—a potent greenhouse gas with a warming potential 25 times that of carbon dioxide over the long-term (100 years) and 72 times over the short-term (20 years).

The good news is that there are existing, cost-effective solutions at hand. EPA’s proposal builds from regulations already in place in states such as CO and WY. Further, EPA, in cooperation with oil and gas companies, has identified more than 100 technologies and best management

practices to reduce emissions from upstream activities, a number of which form the basis for EPA's proposed rules. These technologies reduce gas losses, resulting in greater recovery and sale of natural gas, and thus increased economic gains – and the return on the initial investment for many of these practices is sometimes as short as a few months and almost always less than two years. Smart standards would ensure that our domestic resources are being used wisely.

EDF supports EPA's proposal and recommends it be strengthened

EPA's proposal is an important first step in securing cleaner air and more efficient industry practices. It goes a long way toward capturing the multiple benefits achievable through the implementation of readily available technologies and practices. However, we believe that the standards could be strengthened. We are concerned that the proposal fails to reduce emissions from many *existing* sources -- as a result, these sources will continue to contribute to unhealthy levels of air pollution for years to come. EPA has also declined to reduce methane emissions directly. While reductions in this potent greenhouse gas will occur as a co-benefit of compliance with many of the proposed requirements, additional opportunities to prevent waste of natural gas, which is primarily comprised of methane, exist, but were not included in the proposal. EDF applauds EPA's efforts thus far, but calls on the Agency to address these concerns in order to achieve greater health and environmental benefits and reduce waste of a valuable natural resource.

Industry growth is consistent with strong air pollution regulations: WY and CO

We already know that achieving EPA's proposed standards is both possible and cost-effective. The national proposed standards are similar to existing state-level regulations in CO and WY, where compliance has not only been feasible, but has been accompanied by healthy growth in the oil and natural gas industries. Regulations to control emissions from oil and natural gas operations have been in place in WY for over a decade and in CO since 2004. EDF examined trends in three different metrics representative of activity in the oil and gas sectors in these states, including the number of operating rotary rigs, producing natural gas wells, and natural gas gross withdrawals. Our analysis shows that the oil and gas sector in CO and WY has experienced considerable growth while meeting rigorous clean air standards comparable to those proposed by EPA. In fact, CO and WY showed even higher growth than other states without such regulations.

In conclusion, it is vitally important for EPA to enhance the emission standards applicable to the natural gas and crude oil sector. These standards will better protect families, communities and the environment. Solutions are not only available, but cost-effective, and they can prevent the waste of a valuable domestic energy resource. EDF looks forward to submitting more detailed comments on the Proposed Rule to EPA. Thank you again for the opportunity to testify. I am happy to answer any questions.