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EPA Finalizes Methane Emissions Limits for Oil and Gas Industry

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May 13, 2016

On May 12, 2016, the Environmental Protection Agency (EPA) released its final rules establishing – for the first time – limits on methane emissions. In addition to creating the new methane emissions standards, the amendments to the New Source Performance Standards (NSPS) further curb permissible volatile organic compound (VOC) and other toxic air emissions and mandate routine monitoring and repair of new or modified point sources for the oil and gas sector.

EPA Administrator Gina McCarthy introduced the new rules in prepared remarks, explaining that they are the first step in the agency's efforts to support President Obama's Climate Action Plan.

"Today we are underscoring the Administration's commitment to finding commonsense ways to cut methane – a potent greenhouse gas fueling climate change – and other harmful pollution from the oil and gas sector," McCarthy said.

Noting that nearly one-third of methane emissions come from the oil and gas sector, the EPA stated that the regulations are needed to keep the agency on track to reduce methane emissions from oil and gas activities by 40 to 45 percent of 2012 levels by 2025.

Since unveiling its proposed rules in September 2015, the EPA received more than 900,000 comments. While environmentalists were supportive of the effort to slow global warming, many industry leaders urged the EPA to abstain from regulating methane emissions. Some argued that the proposed rules were unnecessary because the industry was already incentivized to reduce losses of the commodity. Others expressed fears that the added costs of compliance, which comes at a time when the industry has been rocked by low prices, will further deter future oil and gas investment, including shale plays. Only time will tell the true impact of the new rules.

In the meantime, the EPA is moving ahead with plans to address existing sources of methane emissions within the industry, issuing notice of its Draft Information Collection Request for the Oil and Natural Gas Industry. The proposal would require oil and natural gas companies to provide extensive information to the EPA for use in developing additional emissions control regulations.