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August 25, 2016

Ms. Amanda C. Leiter  
Deputy Assistant Secretary  
Office of the Assistant Secretary, Land and Minerals Management  
United States Department of the Interior  
1849 C Street, N.W.  
Washington DC 20240

Re: Thank You and Follow Up from Meeting August 5, 2016  
Proposed Rule on Waste Prevention, Production Subject to Royalty, and Resource Conservation  
**Via Electronic Transmission**

Dear Ms. Leiter:

On behalf of the American Petroleum Institute (“API”) I want to offer our thanks and appreciation for affording us a meeting Friday, August 5<sup>th</sup>, to follow up on concerns raised in API’s comments filed on the Bureau of Land Management (“BLM”) proposed rule on Waste Prevention, Production Subject to Royalty, and Resource Conservation.

With this letter we would also like to clarify our answers to questions on a few matters that arose during our discussions at that meeting, even though we have just learned that BLM has submitted a review copy of the final rule to the Office of Information and Regulatory Affairs. They are:

1. Flare Flow Measurements
2. Automated Liquids Unloading Method
3. Number of Affected Storage Vessels
4. Emission Sources Covered in the Leak Detection and Repair Requirements

#### Flare Flow Measurements

First, in the course of the meeting, in the context of discussion regarding methods for measurement versus estimation of volumes of gas flared in connection with lease operations, it was mentioned that BLM’s Carlsbad, New Mexico District requests operators to follow certain practices to ascertain quantities of gas flared. In a conversation the week following the meeting with George MacDonell and Duncan Whitlock of the Carlsbad office, we were able to learn that the Carlsbad District informs operators wishing to flare that they must follow NTL-4A, submit information to the Authorized Officer that meets the requirements of Section V of NTL 4A, and must also carry out gas measurement operations in compliance with

Onshore Order No. 5. In our view, this information validates what we understand from member companies that operate in the Carlsbad District. As API stated during the meeting and subsequently confirmed, several variables that exist in current flaring operations such as composition variation of gas flared, intermittent flow, and broad range of flow rates exceed the capabilities of current meter technology to produce accurate volumes in all conditions. This is especially true regarding the approved measurement in Onshore Order 5 and the proposed revision. This variability of operating conditions across industry, basins, fields, and individual well sites makes a case for flexible rather than prescriptive requirements in the final rule. This flexibility also should include use of process knowledge to estimate the flow. Again, we reiterate our recommendation that BLM should avoid prescribing a specific meter manufacturer, model, or type in the final rule, and should continue to allow the use of gas to oil ratio as an alternative to measurement.

#### Automated Liquids Unloading Method

During our meeting, BLM staff sought additional information regarding liquids unloading systems that, similar to manual unloadings, are automated to reduce emissions. During the meeting we communicated that, to the knowledge of those in attendance, no such system existed or was employed in the field. Since our meeting, we have checked with our wider membership, and we remain unaware of any use of automated unloadings without the use of plunger lift. While members do employ automation with plunger lifts, not all plunger lifts are setup as automated systems due to the variable nature of production dynamics at each well. Because methods of liquids unloading vary by well, API continues to recommend that BLM focus on a best management practice requirement rather than a prescriptive technology based requirement.

#### Number of Affected Storage Vessels

During the meeting API representatives expressed the belief that the number of storage vessels in service on BLM leases was considerably greater than the 300 that BLM had estimated to exist in its Regulatory Impact Analysis. At the meeting, BLM representatives invited API to provide information to support the premise that the number of such tanks is in fact greater than BLM has estimated. Since the meeting, because there exists no broadly recognized record of such tanks at an industry level, we have surveyed our members to provide an estimate of potentially affected storage vessels. Based on that informal request, we received feedback to date from just *five* member companies that, together, expect more than 440 storage vessels will be impacted by the rule if finalized as proposed. Based on this informal survey, it's likely that BLM has underestimated the potentially affected storage vessels and the affected population is an order of magnitude greater than BLM's estimate of 300. Therefore, as API has recommended, a higher volatile organic compound ("VOC") emission threshold of 15 tons per year to determine a storage vessels applicability combined with a longer implementation period of three years is warranted. As mentioned in API and other industry public comments on the proposed rule, a higher VOC threshold is also justified because the cost to retrofit existing storage vessels with emissions control is typically much higher than for new vessels, and the life of an existing storage vessel is shorter.

#### Emission Sources Covered in the Leak Detection and Repair Requirements

Finally, during our conversation regarding the leak detection requirements in the proposed rule, there was a discussion concerning the confusion associated with how the closed vent system requirements work with the leak detection and repair requirements. These complications are manifested in EPA's final NSPS

OOOOa rule. This issue was raised by API in our August 2<sup>nd</sup> petition for administrative reconsideration. We are providing a copy of the petition as an attachment to this letter (see Item 2, page 10).

Should you have any questions, please contact Richard Ranger at 202.682.8057, or via e-mail at [ranger@api.org](mailto:ranger@api.org), or Matt Todd at 202.682.8319, or via e-mail at [toddm@api.org](mailto:toddm@api.org).

Very truly yours,

A handwritten signature in cursive script that reads "Richard Ranger".

Richard Ranger  
Senior Policy Advisor  
Upstream and Industry Operations  
American Petroleum Institute

Att.: Letter dated August 2, 2016 to Hon. Gina McCarthy, Administrator, U.S. Environmental Protection Agency, "Request for Administrative Reconsideration EPA's Final Rule "Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources"

cc: Alexandra Teitz, BLM  
Timothy Spisak, BLM