

September 20, 2023

The Honorable Michael Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Dear Administrator Regan:

On behalf of the American Petroleum Institute (API) and our members, I write to thank you and your staff at the Environmental Protection Agency (EPA) for the constructive dialogue and engagement over the past year on the proposed rule addressing “Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review” (the “methane rule”). This rulemaking marks an important opportunity to build on our industry’s innovation and progress toward our shared goal of reducing emissions. Thanks to industry initiatives such as The Environmental Partnership¹, average methane emissions intensity has declined by nearly 66 percent across all seven major producing regions from 2011 to 2021. I also write to urge EPA to keep the following considerations in mind as you proceed in the final stages of the rulemaking process:

- Supply chain constraints necessitate a strategic approach to the implementation timelines of the final rule
- A rushed approach to finalization and implementation could hinder innovation and lead to lost production
- Coordination within EPA is critical to avoid regulatory incoherence

API supports the federal regulation of methane and remains a good-faith partner eager to support a balanced final rule that can deliver emissions reductions while enabling our industry to continue to produce affordable, reliable energy. We are concerned that a rushed approach to finalization and implementation of this sweeping regulation could stifle innovation, diminish American energy production and ultimately harm consumers with higher costs and less reliable energy. A strategic approach to implementation could avoid the potentially significant negative supply impacts to both the domestic market and our allies overseas who are counting on more American energy to meet the growing demand of the global market.

Like many sectors of the economy, the natural gas and oil industry has grappled with unprecedented constraints in the global supply chain since the beginning of the COVID-19 pandemic. Enclosed with this letter is a study that examines supply chain delays for equipment necessary to comply with the proposed methane rule. In addition to the procurement delays of six to 24 months that our industry is currently experiencing, new equipment requirements for compliance with the final methane rule could extend the current supply chain backlog by an additional six months on average. If the compliance timeline of the final methane rule does not account for the reality of these supply chain delays for critical equipment, it could force operators to shut in existing production and/or delay new production to avoid the risk of noncompliance. EPA could avert the impact of this potentially lost production by making key adjustments to the final

¹ <https://theenvironmentalpartnership.org/>

rule consistent with API's comments², and by adopting a strategic approach to implementation. Certain aspects of the rule can be implemented shortly after finalization to achieve meaningful emissions reductions, such as the proposed quarterly leak detection and repair (LDAR) requirements. I urge EPA to recognize the supply chain constraints our industry is facing and move forward in a strategic way that differentiates between requirements that can be swiftly implemented and those that must have an extended implementation timeline.

Simply put, lost production resulting from infeasible requirements or an unrealistic compliance timeline could have a negative impact both on domestic supply and costs for consumers, as well as reduce the energy security and hamper the climate goals of our allies. President Biden was recently in Vietnam to announce a new strategic partnership – a move that comes on the heels of the country's recently approved long-term energy plan that aims to reduce carbon emissions by replacing coal with liquefied natural gas (LNG) and renewables. An overly burdensome final rule could hinder our ability to increase LNG exports and provide allies such as Vietnam with an affordable way to reduce emissions and enhance energy security. However, if executed thoughtfully, this rulemaking represents an opportunity to not only continue to reduce domestic emissions, but also to export our principal emissions advantage: U.S. natural gas.

It is equally critical that EPA harmonizes the requirements of the methane rule and the revisions to Subpart W of the Greenhouse Gas Reporting Program (GHGRP). Meaningful coordination is necessary within EPA to ensure that these complex rules work together and do not result in regulatory incoherence. For instance, fully leveraging the emissions reduction capabilities of advanced detection technology is a shared priority for EPA and our industry. However, the misalignment between the methane and Subpart W proposed rules in this area could have a chilling effect that may disincentivize the use and unintentionally limit the emissions reduction potential of advanced technologies, as well as hinder the efficacy of third-party data submitted via the proposed Super-Emitter Response Program. API has provided constructive comments³ with detailed solutions for these challenges. I urge EPA to incorporate these supportive solutions in the final rules.

The natural gas and oil industry has been and continues to be a willing partner in crafting a durable final methane rule that is cost-effective and technically feasible. I urge EPA to adopt a final rule with a reasonable compliance timeline that avoids negative unintended consequences for American consumers and reflects the constructive work our teams have undertaken over the past year toward our shared goal of emissions reductions.

Sincerely,



Mike Sommers
President and CEO

Enclosure

² <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-2428>

³ <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-3819>,
<https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-3817>