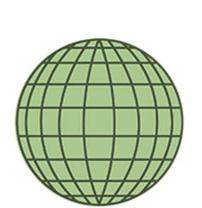
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Oil and gas producers likely to face tougher regulation in 2015

Romany Webb

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Barely a week into the new year, a myriad of new regulations have already been proposed for the oil and gas industry. This is hardly surprising given widespread concern about the rise in hydraulic fracturing (fracking) – whereby water, mixed with sand and chemicals, is injected underground at high pressure to release oil and gas – and its potential environmental impacts. Allegations of air pollution, groundwater contamination, and seismic events linked to fracking and produced water disposal have led to its banning in some areas. Here in Texas, for example, a citywide ban on fracking was passed last year in Denton. In other parts of the state, and across the nation, many are calling for tighter regulation of the practice.

Recently, the U.S. Environmental Protection Agency (EPA) and other federal regulators have faced significant pressure to limit air emissions from fracking and related activities. Just last week, a coalition of nine environmental and citizen groups filed suit against the EPA for failing to require oil and gas producers to disclose releases of hazardous air pollutants and other toxic chemicals under the Toxics Release Inventory (TRI).

Briefly, the TRI was established under the Emergency Planning and Community Right to Know Act

(42 U.S.C. Ch. 116) to enhance access to information on toxic chemicals and facilitate planning for. and management of, chemical emergencies. To this end, the Act requires annual reporting of releases of over 600 toxic chemicals by certain facilities in the manufacturing sector, including chemical plants, oil refineries, paper mills, and textile producers. The EPA can extend the reporting requirements to facilities in other industries if "such action is warranted on the basis of toxicity of the toxic chemical, proximity to other facilities that release toxic chemicals or to population centers, the history of releases of such chemical at such facility, or such other factors as...appropriate." Pursuant to this authority, the EPA has required reporting by designated facilities in the mining and energy industries, such as coal mines and electric utilities. Reporting is not, however, required by most facilities in the oil and gas sector. (Only facilities that recover sulfur from natural gas are currently required to report to the TRI).

Back in 1996, the EPA considered adding the oil and gas extraction industry to the list of facilities required to report to the TRI. Despite finding that the industry's extensive use of toxic chemicals makes it a "primary candidate" for addition, the EPA ultimately decided not to add the industry. The EPA failed to respond to a 2012 petition for reconsideration of that decision, prompting the current litigation.

In a suit filed in the U.S. District Court for the District of Columbia last Wednesday, environmental

groups allege that the oil and gas extraction industry is "one of the largest sources of toxic releases in the United States." The groups claim that fracking has led to a significant expansion of the oil and gas extraction industry and a dramatic rise in its use of toxic chemicals, many of which are carcinogenic, neurotoxic, or otherwise harmful to humans and the environment. The groups express particular concern about air toxins, stating "the industry releases an estimated 127,000 tons of hazardous air pollutants annually – more than any other industry sector except electric utilities."

change. As previously reported, natural gas is comprised principally of methane – a short-lived but potent greenhouse gas – which is released through intentional venting and accidental leaks during production. The Environmental Defense Fund has commissioned a series of studies investigating methane

emissions at each stage of the natural gas production process. The first study, conducted by

Concern is also growing about the industry's emission of greenhouse gases that contribute to climate

researchers at the University of Texas and published in the Proceedings of the National Academy of <u>Sciences</u> in 2013, found methane emissions from natural gas well sites equal to 0.42 percent of total gas production. Other studies are estimating methane emissions from gas gathering, processing, storage, and transportation. While the final results are yet to be published, initial data suggests a high level of emissions, particularly from natural gas pipelines. (I have <u>previously written</u> about the problem of gas leaks from corroded pipelines in the cities of Boston, New York, and Washington D.C.). As the evidence of methane emissions grows, so too does the pressure for action by the EPA. Taking

an important first step, the EPA last month proposed new rules that would require additional reporting of methane and other greenhouse gas emissions by oil and gas producers. EPA regulations (40 CFR Part 98) currently require annual reporting of greenhouse gas emissions from approximately 8,000 large industrial sources. The EPA is proposing to extend these reporting requirements to several new emissions sources in the oil and gas industry. For the first time, emissions from oil and gas gathering and boosting systems and gas transmission pipelines will have to be reported, as will emissions from oil well completions and workovers with fracking. Currently, only emissions from oil well completions and workovers that involving flaring are required to be reported. Expanded reporting will provide more comprehensive data on greenhouse gas emissions from the oil

climate change and will likely be used to develop new mitigation strategies. In its 2014 Strategy to Reduce Methane Emissions, the Obama Administration directed several

and gas sector. Such data is vital to enhance understanding of how oil and gas operations affect

federal agencies to investigate opportunities for mitigating the climate impacts of oil and gas operations. Most significantly, the EPA was directed to consider whether methane emissions from the oil and gas sector should be regulated under the Clean Air Act (42 U.S.C. Ch 86). It is expected to announce a decision on this issue in January. The Department of the Interior is also expected to release long awaited rules, first proposed back in 2009, designed to reduce methane emissions by limiting the venting and flaring of natural gas at well sites on federal and Indian lands. Similar action is also likely at the state level. Last week, the incoming Governor of Pennsylvania, Tom

Wolf, committed to exploring opportunities for reducing methane emissions from natural gas production. Precisely what action will be taken there and elsewhere remains to be seen. Emergency Planning and Community Right air Clean Air Act climate change

greenhouse gas

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