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December 19, 2022

The Honorable Thomas R. Carper
Chairman
The Honorable Shelley Moore Capito
Ranking Member
Committee on Environment and Public Works
United States Senate

The Honorable Frank Pallone, Jr.
Chairman
The Honorable Cathy McMorris Rodgers
Republican Leader
Committee on Energy and Commerce
House of Representatives

Subject: *Environmental Protection Agency: Federal Implementation Plan for Managing Emissions From Oil and Natural Gas Sources on Indian Country Lands Within the Uintah and Ouray Indian Reservation in Utah*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Environmental Protection Agency (EPA) entitled "Federal Implementation Plan for Managing Emissions From Oil and Natural Gas Sources on Indian Country Lands Within the Uintah and Ouray Indian Reservation in Utah" (RIN: 2008-AA03). We received the rule on November 9, 2022. It was published in the *Federal Register* as a final rule on December 8, 2022. 87 Fed. Reg. 75334. The effective date is February 6, 2023.

According to EPA, this final rule establishes volatile organic compound (VOC) emissions control requirements for oil and natural gas production and processing on Indian country lands within the Uintah and Ouray Indian Reservation (U&O Reservation). EPA stated that these requirements are consistent with those in place in areas within the Uinta Basin where EPA has approved Utah to implement the Clean Air Act (CAA), *codified at* 42 U.S.C. § 7401, and will help ensure that new development of oil and natural gas sources in the Basin will not interfere with attainment of the ozone National Ambient Air Quality Standard (NAAQS). In the rule, EPA recognized that VOC emissions control requirements for existing oil and natural gas sources have already been established in areas within the Basin where EPA has approved Utah to implement the CAA, but such requirements did not exist for most sources on Indian country lands within the U&O Reservation. Additionally, EPA stated that the rule helps demonstrate that new development on Indian country lands within the U&O Reservation will not necessarily cause or contribute to an ozone NAAQS violation.

Enclosed is our assessment of EPA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the

subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive style with a large, stylized 'S' and 'J'.

Shirley A. Jones
Managing Associate General Counsel

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
ENVIRONMENTAL PROTECTION AGENCY
ENTITLED
“FEDERAL IMPLEMENTATION PLAN FOR MANAGING EMISSIONS
FROM OIL AND NATURAL GAS SOURCES ON INDIAN COUNTRY LANDS
WITHIN THE UTAH AND OURAY INDIAN RESERVATION IN UTAH”
(RIN: 2008-AA03)

(i) Cost-benefit analysis

The Environmental Protection Agency (EPA) conducted an impact analysis of this final rule. This analysis included summaries of the rule's air emissions impacts, energy impacts, compliance costs, economic and employment impacts, as well as a summary of the rule's benefits. In regard to the air emissions impacts of the rule, EPA projected that from 2023 to 2032, the rule will result in about 23,000 tons of volatile organic compound (VOC) emissions reductions, 59,000 tons of methane emissions reductions, and 3,100 tons of hazardous air pollutants emission reductions from affected oil and natural gas sources annually. As for energy impacts, EPA stated that there will likely be minimal change in emissions control energy requirements resulting from the rule. Regarding the rule's compliance costs, EPA estimated the total capital cost of the rule to be \$280 million for affected sources. Additionally, EPA concluded that the rule is not likely to have significant energy market effects and will not have a significant impact on a substantial number of small entities under Executive Order 13563. EPA stated that the rule is expected to result in little change in oil and natural gas exploration and production and is not expected to result in significant changes to employment dedicated to these tasks. EPA also projected there will be increases in the labor required for compliance-related activities associated with the rule.

EPA stated that it expects the rule to result in climate and health benefits due to the projected VOC emissions reductions, as well as from methane emissions reductions. EPA estimated the present value (PV) of monetized climate benefits over the 2023 to 2032 period to be \$1 billion using a 3 percent discount rate. EPA estimated the PV of monetized net benefits to be \$390 million using a 3 percent discount rate, and \$440 million using a 7 percent discount rate for costs and a 3 percent discount rate for benefits. EPA also estimated the equivalent annualized value (EAV) of monetized climate benefits over the 2023 to 2032 period to be \$120 million using a 3 percent discount rate. EPA estimated the EAV of net benefits to be \$48 million using a 3 percent discount rate for both benefits and costs. EPA estimated the EAV of net benefits to be \$39 million using a 3 percent discount rate for benefits and a 7 percent discount rate for costs. EPA clarified that these values do not account for health effects of ozone exposure from the decrease in methane emissions. EPA stated that under the rule, it expects that VOC emissions reductions will improve air quality and are likely to result in health and welfare benefits associated with reduced exposure to ozone, but that it did not quantify these effects due to the data limitations described in the rule.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

EPA certified that this final rule will not have a significant economic impact on a substantial number of small entities under the Act.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

EPA stated that this final rule does not contain an unfunded mandate of \$100 million or more as described in the Act, and does not significantly or uniquely affect small governments. EPA also stated that the rule imposes no enforceable duty on any state, local or tribal governments, or the private sector.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On January 21, 2020, EPA published a proposed rule. 85 Fed. Reg. 3492. EPA received several comments about the proposed rule from a variety of stakeholders and responded to significant comments in this final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

EPA stated that the information collection activities in this final rule will be submitted for approval to the Office of Management and Budget (OMB) under the Act. EPA stated that the Information Collection Request (ICR) document that it prepared has been assigned EPA ICR Number 2539.02. EPA clarified that when OMB approves this ICR, EPA will announce that approval in the *Federal Register* and publish a technical amendment to 40 C.F.R. part 9 to display the OMB Control Number for the approved information collection activities contained in the rule. EPA estimated that the total estimated burden of the ICR will be 154,630 hours per year for all operators subject to the rule, and that the total estimated cost of the ICR will be \$26.2 million per year.

Statutory authorization for the rule

EPA promulgated this final rule pursuant to section 7601 of title 42, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

EPA determined that this final rule is an economically significant regulatory action under the Order and submitted the rule to OMB for review.

Executive Order No. 13132 (Federalism)

EPA stated that this final rule does not have federalism implications as it will not have substantial direct effects on the states, on the relationship between the national government and the states, nor on the distribution of power and responsibilities among the various levels of government.