



441 G St. N.W.
Washington, DC 20548

B-332550

September 29, 2020

The Honorable John Barrasso
Chairman
The Honorable Thomas Carper
Ranking Member
Committee on Environment and Public Works
United States Senate

The Honorable Frank Pallone, Jr.
Chairman
The Honorable Greg Walden
Ranking Member
Committee on Energy and Commerce
House of Representatives

Subject: *Environmental Protection Agency: Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources Reconsideration*

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 "Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources Reconsideration" (RIN: 2060-AT54). We received the rule on August 24, 2020. It was published in the *Federal Register* as a final rule on September 15, 2020. 85 Fed. Reg. 57398. The final rule has an effective date of November 16, 2020.

According to EPA, the final rule finalizes amendments to the new source performance standards (NSPS) for the oil and natural gas sector. EPA stated it granted reconsideration on the fugitive emissions requirements, well site pneumatic pump standards, requirements for certification of closed vent systems by a professional engineer, and the provisions to apply for the use of an alternative means of emission limitation. EPA further stated the amendments are a result of its reconsideration of the issues associated with the above mentioned four subject areas and other issues raised in the reconsideration petitions for the NSPS, as well as amendments to streamline the implementation of the rule. EPA also stated the final rule also includes technical corrections and additional clarifying language in the regulatory text and/or preamble where EPA concludes further clarification is warranted.

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, flowing style.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Mary Manibusan
Director, Regulatory Management Division
Environmental Protection Agency

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
ENVIRONMENTAL PROTECTION AGENCY
ENTITLED
“OIL AND NATURAL GAS SECTOR: EMISSION STANDARDS
FOR NEW, RECONSTRUCTED, AND
MODIFIED SOURCES RECONSIDERATION”
(RIN: 2060-AT54)

(i) Cost-benefit analysis

The Environmental Protection Agency (EPA) estimated the benefits of the final rule would be \$750 million in cost reductions, and the costs due to forgone domestic climate benefits would be \$19 million, for a net total benefit of \$730 million at the 7 percent discount rate in present value. It further estimated the benefits of the final rule would be \$950 million in cost reductions, and the costs due to forgone domestic climate benefits would be \$71 million, for a net total benefit of \$880 million at the 3 percent discount rate in present value. EPA also stated there were non-monetized forgone benefits such as non-monetized climate impacts from increases in methane emissions; health effects of PM_{2.5} and ozone exposure from an increase of about 120,000 short tons of volatile organic compounds from 2021 through 2030; health effects of hazardous air pollutants exposure from an increase of about 4,700 short tons of hazardous air pollutants from 2021 through 2030; health effects of ozone exposure from an increase of about 450,000 short tons of methane from 2021 through 2030; visibility impairment; and vegetation effects.

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

EPA certified the final rule would not have a significant economic impact on a substantial number of small entities.

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

EPA determined the final rule does not contain any unfunded mandate and does not significantly or uniquely affect small governments. EPA further determined the final 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 October 15, 2018, EPA published a proposed rule. 83 Fed. Reg. 52056. EPA received comments and addressed them in the final rule.

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

EPA determined the final rule contained information collection requirements (ICRs) subject to the Act and submitted them to the Office of Management and Budget (OMB) for review. The ICR is entitled “Standards of Performance for Crude Oil and Natural Gas Facilities for which Construction, Modification, or Reconstruction Commenced After September 18, 2015.” It was assigned OMB Control Number 2060-0721. EPA estimated the total burden hours to be 1,124,965 and the total estimated cost to be \$215,874,903.

Statutory authorization for the rule

EPA promulgated the final rule pursuant to 7401 *et seq.* of title 42, United States Code.

Executive Order No. 12,866 (Regulatory Planning and Review)

EPA determined the final rule was economically significant and submitted it to OMB for review.

Executive Order No. 13,132 (Federalism)

EPA determined the final rule does not have federalism implications and that it will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.