



Industrial Energy Consumers of America *The Voice of the Industrial Energy Consumers*

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February 24, 2012

Information Quality Guidelines Staff (Mail Code 2811R)
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

RE: Request for Correction, Technical Support Document, “Greenhouse Gas Emissions Reporting from the Petroleum and Natural Gas Industry”

The Industrial Energy Consumers of America (IECA) joins the U.S. Chamber of Commerce in its request for correction (Chamber RFC or RFC)¹ of information developed by the Environmental Protection Agency (EPA) in a background technical support document titled “Greenhouse Gas Emissions Reporting from the Petroleum and Natural Gas Industry,”² and relied upon for rulemakings over the past two years. IECA believes that information in the technical support document grossly overestimates emissions of methane, volatile organic compounds (VOCs) and hazardous air pollutants (HAPs) from natural gas wells. IECA requests immediate correction of the information for its failure to comply with the Information Quality Act (IQA) as implemented under Office of Management and Budget guidelines and EPA guidelines. New federal regulation based on erroneous data and information could result in regulation or overregulation of natural gas and oil production just when it is needed most – and increase its costs, impacting manufacturing jobs and competitiveness.

Requester Identity and Information

IECA is a nonpartisan association of leading manufacturing companies with \$700 billion in annual sales and with more than 650,000 employees nationwide. IECA membership represents a diverse set of industries including: chemicals, plastics, cement, paper, food processing, brick, fertilizer, insulation, iron and steel, glass, industrial gases, pharmaceutical, aluminum and brewing. IECA membership consumes natural gas, natural gas liquids and electricity to produce basic materials for globally competitive manufacturing. Natural gas and natural gas liquids are major energy and materials feedstock for industrial processes. Natural gas is also increasingly used for power generation that we rely upon. New rules based on erroneous information could impact the production and costs of natural gas, natural gas liquids and electricity to IECA member companies and compromise global competitiveness.

¹ Letter dated December 19, 2011 from William L. Kovacs to Information Quality Guidelines Staff (Mail Code 2811R), U.S. Environmental Protection Agency.

² www.epa.gov/climatechange/emissions/downloads10/Subpart-W_TSD.pdf

We insist that erroneous data and information used to support scientifically unfounded and excessively costly regulation be corrected, e.g., NSPS and NESHAP for Oil and Gas Production and Gas Transmission (76 FR 52738, dated August 23, 2011), Docket No. EPA-HQ-OAR-2010-0505.

Under the IQA, IECA is an affected person that seeks to correct information maintained and disseminated by the agency that does not comply with the OMB and EPA Guidelines. IECA's main point of contact for this RFC is listed below.

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Description of Errors

In 2010, EPA issued (disseminated) a technical support document, "Greenhouse Gas Emissions Reporting for the Petroleum and Natural Gas Industry" (GHG TSD). This document estimates a well emission completion factor of 9,175 MCF of methane per completion. However, the estimate is based on:

- Unverified information from a limited number of wells;
- An assumption that gas volumes vented during non-green completions equals the amount of gas captured from green completions;
- An assumption that gas emissions are controlled by green completions for only 15% of gas well completions; and
- An assumption that gas is vented for 49% of non-green completions.

As described in the Chamber RFC, a review of the GHG TSD by IHS CERA cites serious errors of estimation in methane emitted and assumption of industry practices. The Chamber also cites and includes a URS Corporation survey of gas well completions from more than 1000 unconventional shale wells. The survey showed actual gas emissions more than 1200% lower than EPA's estimate with green completions on 92% and 55% of non-green completed wells flared, rather than vented.

Explanation of How the Information Does Not Comply with OMB or EPA guidelines

The information described in the Chamber RFC and supported here is by definition "influential." EPA could determine that dissemination of the information will have or does have important public policy or private sector decision impacts.³ Notice of proposed rulemaking based in part

³ OMB Guidelines at 8455.

on erroneous information is tantamount to dissemination of the information with the meaning of the EPA Guidelines.⁴

This RFC and the Chamber RFC contend that the 9,175 MCF natural gas emissions/completion estimate as disseminated by EPA for unconventional shale gas well completions is in great error. Use of limited and unverified data, along with unsupported assumptions, does not meet requirements for quality, utility, objectivity and integrity under the IQA and relevant guidelines. Such data and assumptions do not meet IQA standards of accuracy, completion, or reliability. Health, safety or environmental risk assessments based on this data or information cannot be relied upon as best available science.

Recommendation of Corrective Action, Effect of Error on IECA, and How a Correction Would Help

IECA recommends that EPA correct its erroneous calculations as soon as possible. The erroneous data and information has been used in several rulemakings across federal agencies over the past two years. EPA should return to the methane emissions estimates used prior to the 2010 GHG Reporting from the Petroleum and Natural Gas Industry technical support document.

Proposed New Source Performance Standards for the natural gas and oil industry are founded in part on the erroneous data and information cited in this RFC.⁵ This erroneous data and information simply compounds errors in EPA's proposed Reduced Emission Completion well requirements by supporting requirements that are wholly unnecessarily and extraordinarily costly.⁶ This erroneous data and information supports unfounded and unnecessary costs through the natural gas and oil supply chain to users who are manufacturers in global competition, i.e., IECA members. For energy intensive industries these costs are of high concern and can determine continued investment in domestic operations that directly maintain millions of jobs.

Clearly, rules based on erroneous data and information would slow down the production of the gas and oil that we need for economic growth. Federal revenues from such production would slow as would the States themselves. There are no winners – only losers.

Since 2000, the manufacturing sector has lost 5.5 million jobs. For the first time in two decades, we have the potential for a manufacturing renaissance because of low natural gas prices. Low natural gas prices provide a strategic advantage over our non-U.S. competitors and companies are beginning to invest in the U.S. We urge you to not impose regulations that are unnecessary and particularly those that are based on erroneous data and information as identified in this RFC. The adverse consequences are simply too great. Correction of errors should adequately

⁴ EPA Guidelines at 32.

⁵ The claims of erroneous data and information identified in this RFC (and the Chamber RFC) were also raised in public comments to EPA for the rulemaking under Docket ID No. EPA-HQ-OAR-2010-0505 (Oil and Natural Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants Reviews)

⁶ See for example the comments of Chevron (Lisa Barry via e-mail) dated November 30, 2011 in Docket ID No. EPA-HQ-OAR-2010-0505.

Page 4

Industrial Energy Consumers of America

protect public health, safety and the environment while supporting sustainable domestic economic growth in manufacturing.

Pursuant to EPA Guidelines, IECA requests the correction requested by this RFC within 90 days. If EPA requires more than 90 days, please provide IECA notice that more time is required, an explanation, and an estimated decision date.

Sincerely,

Lynn Schloesser
Executive Director