

# OIL AND NATURAL GAS EXPLORATION AND PRODUCTION FACILITIES EXISTING OWNER AUDIT PROGRAM AGREEMENT

## IMPLEMENTATION CONSIDERATIONS

### **General Information**

#### ***What has the EPA announced and why is the EPA doing this?***

The EPA has expanded on its voluntary disclosure program for upstream oil and natural gas facilities by providing existing owners the opportunity to find, correct and self-disclose Clean Air Act violations through finalizing an Oil and Natural Gas Exploration and Production Facilities Existing Owner Audit Program (Oil and Gas Existing Owner Audit Program or Program) tailored for existing owners of upstream oil and natural gas exploration and production facilities.

EPA is making this audit program available to existing owners of oil and natural gas exploration and production facilities for a limited sign-up period of 12 months to accelerate compliance in the EPA National Compliance Initiative – Creating Cleaner Air for Communities. This Program will ensure environmental protection, while providing certainty at upstream oil and natural gas exploration and production facilities based on the EPA’s analysis of these facilities’ unique operations. This is an opportunity to achieve timely and cost-effective public health and environmental protections and Clean Air Act compliance.

This Program offers existing owners of upstream oil and natural gas exploration and production facilities (i.e., well sites, including associated storage tanks and pollution control equipment) (Existing Owners) incentives specifically tailored and designed to encourage voluntary self-disclosures of violations that will, once corrected, yield significant pollutant reductions and public health and environmental protections and to motivate facilities to participate and start making the necessary changes to their equipment to address violations and return to compliance resulting in environmental improvements to the surrounding communities.

EPA and states have seen significant excess emissions and Clean Air Act noncompliance from vapor control systems at these facilities. Offering additional flexibilities under this Program encourages Existing Owners with vapor control systems at these facilities to identify, correct, and self-disclose Clean Air Act violations, thereby providing additional public health and environmental protections.

#### ***What incentives is the EPA offering to Existing Owners under this Program?***

This Program offers Existing Owners certainty when they voluntarily address violations and return to compliance through clearly defined civil penalty mitigation beyond what is offered by the EPA’s [Audit Policy](#). This [Program](#) will be implemented through the Final Agreement Template for Existing Owners, which will reduce transaction costs and improve efficiencies for the EPA and Existing Owners. The EPA identified the need for these efficiencies through its past experiences working with new owners of upstream oil and natural gas exploration and production facilities and believes expanding the voluntary disclosure program to existing owners for a limited period will be similarly beneficial. As we explained when we finalized the New Owner Program, these past experiences led the EPA to conclude that developing a program that streamlines the process for reaching agreement on the audit terms and that sets clearer expectations up front for corrective actions and penalty mitigation would lead to efficiencies that result in enhanced compliance and environmental benefits sooner than might otherwise occur.

This Program is voluntary and has been tailored to address concerns regarding excess emissions from tanks and vapor control systems related to operation, maintenance, and/or design issues at oil and natural gas exploration and production facilities. The EPA will not impose civil penalties for violations that are discovered, corrected, and disclosed to the EPA by Existing Owners that enter into, and fulfill all obligations under, an Oil and Natural Gas Exploration and Production Facilities Existing Owner Audit Program Agreement (Agreement).

## **Logistical Considerations**

### ***Timeframe to Complete the Audit and Audit Scope***

The schedule for completing the audits and corrective actions under the Program will be based primarily on the scope of the audit and the number of facilities subject to the Agreement. With respect to the audit's scope, the EPA strongly encourages Existing Owners of these facilities to conduct a comprehensive Clean Air Act audit of all applicable statutory and regulatory requirements, including permitting requirements. The EPA reserves its right not to enter into an Agreement under this Program if the proposed audit appears insufficient to address the engineering and design, and operation and maintenance, issues related to storage tanks at upstream oil and natural gas exploration and production facilities that this Program seeks to address.

### ***Existing Noncompliance at Oil and Natural Gas Production Facilities***

This Program is not available if the EPA or a state has already discovered Clean Air Act noncompliance at oil and natural gas production facilities that an owner/operator has proposed to audit under this Program (e.g., a notice of violation has been issued or there is an ongoing enforcement action or active investigation for violations at the facilities).

### ***State Audit Programs***

An Existing Owner participating in this Program may choose to enter into a parallel audit agreement with a state that has an audit policy or equivalent self-disclosure program. However, a parallel agreement with a state (or states) with an equivalent audit policy or self-disclosure program is not required for participation in this Program. Further, an Existing Owner may choose to enter into an audit agreement with a state that has an audit policy or equivalent self-disclosure program in lieu of an agreement with the EPA. The EPA may take enforcement action with respect to violations that were not disclosed to the state or that were disclosed but not corrected.

## **The Final Agreement Template**

The EPA modeled the Final Agreement Template for Existing Owners on the template that was finalized on March 29, 2019 for new owners under the New Owner Program. The EPA has revised and updated both the New Owner and Existing Owner Final Agreement Templates to include, under Appendix B, the option to design, install, verify, and operate a Closed Loop Vapor Control System as an alternative to ensure that storage vessel tank emissions are properly controlled. In finalizing the New Owner Program, EPA solicited both written and oral comments and conducted significant outreach from a variety of stakeholders. A summary of stakeholder feedback and changes that EPA made to the draft agreement template can be found [here](#). For more information on Appendix B, please see the Implementation Considerations for the New Owner Program posted [here](#).

## **EPA Points of Contact for the Oil and Gas Existing Owner Program**

Existing Owners interested in participating in this Program or with questions about the Program should contact Gregory Fried at [fried.gregory@epa.gov](mailto:fried.gregory@epa.gov) or (202) 564-7016 or Tim Sullivan at [sullivan.tim@epa.gov](mailto:sullivan.tim@epa.gov) or (303) 312-6196.