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Obama Administration Announces Goal to Cut Methane Emissions by 40-45% from 2012 Levels by 2025

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On January 14, 2015, the Obama Administration announced the goal of cutting methane emissions by 40–45% from 2012 levels by 2025. The goal would be achieved via a host of proposed and anticipated regulations directed at the oil and gas industry. The most recent announcement concerns plans by the United States Environmental Protection Agency (EPA) to propose methane regulations for new and modified sources.

The EPA is now expected to issue New Source Performance Standards¹ for methane and other volatile organic compounds (VOCs) emissions during the summer of 2015. These standards are expected to apply to new and modified oil and gas production sources, and natural gas processing and transmission sources (the Methane Standards). Final regulations are expected by 2016.²

The contemplated Methane Standards, however, are not expected to regulate existing oil and gas sources unless they undergo significant modification. Specific methane standards for *existing sources* could be imposed at a later date.³ In the January 14, 2015 announcement, the Obama Administration reported that it would expand on voluntary industry and state efforts that focus on innovation, monitoring and transparency for existing sources that emit

¹ In setting these New Source Performance Standards, White House Officials state that the EPA will focus on in-use technologies, current industry practices, emerging innovations and streamlined and flexible regulatory approaches to ensure that emissions reductions can be achieved as oil and gas production and operations continue to grow.

² The Methane Standards will target oil and gas sources, likely including oil well completions, pneumatic pumps, gathering and boosting stations, compressor stations and other sources that vent, flare or leak methane emissions.

³ Under Section 111(d) the Clean Air Act, the imposition of EPA standards for pollution from new sources triggers a legal requirement that the agency develop similar standards for existing sources.

methane. White House Officials have indicated that voluntary efforts could obviate the need for the future regulation of existing sources.

The EPA also plans to set additional guidelines that will focus on assisting states in reducing ozone-forming VOCs in areas that do not meet ozone health standards.⁴ These additional guidelines are also expected to reduce methane emissions.⁵ These guidelines and the Methane Standards complement other pending and anticipated actions concerning methane emissions that were announced on January 14, 2014. Specifically, the Department of the Interior is expected to propose methane standards this spring that would reduce methane leaks, flaring, and wasteful venting from oil and gas wells on federal lands. The Department of Energy (DOE) will advance new energy efficiency standards for natural gas and air compressors. In addition, the DOE is expected to spend \$25 million to develop technologies to identify and reduce natural gas leaks from transmission and distribution systems⁶ and to enhance the quantification of emissions from natural gas infrastructure used in the national greenhouse gas inventory.⁷ The Department of Transportation's Pipeline and Hazardous Materials Safety Administration is expected to propose natural gas pipeline safety standards in 2015, which are also expected to lower methane emissions. The DOE will also work with the Federal Energy Regulatory Commission to modernize natural gas infrastructure and partner with the National Association of Regulatory Utilities Commission and local distribution companies to accelerate pipeline repair and replacement at the local level.

According to the Administration's announcement, methane emissions, which are more potent greenhouse gases than carbon dioxide, accounted for nearly 10% of US greenhouse gas emissions in 2012, of which nearly 30% came from the production, transmission, and distribution of oil and natural gas. Methane emissions from the oil and gas sector, however, are down 16% since 1990 and current data show significant reductions from certain parts of the sector, such as well completions. However, as US oil production is at the highest level in nearly 30 years and the US is now the largest natural gas producer in the world, methane emissions from the oil and gas sector are projected to rise more than 25% against 2014 levels by 2025.

⁴ The EPA plans to issue "Control Technique Guidelines" that will suggest control technologies that will meet the Clean Air Act requirement for the use of "reasonably available control technology" for existing sources in certain "nonattainment" areas.

⁵ The VOC guidelines for existing sources will only apply to sources in ozone nonattainment areas and the Ozone Transport Region. Ozone nonattainment areas are areas that do not meet the National Ambient Air Quality Standard for ozone. The Ozone Transport Region comprises a group of northeastern states, which are subject to specific requirements under the Clean Air Act.

⁶ This will include efforts to repair leaks and develop next generation compressors.

⁷ The EPA also plans to explore potential regulatory opportunities for applying remote sensing technologies and other innovations in measurement and monitoring to further improve the identification and quantification of methane emissions and improve the overall accuracy and transparency of reported data.

The Obama Administration has indicated that achievement of its goal would save up to 180 billion cubic feet of natural gas in 2025; however, the oil and gas industry has pushed back against these proposed regulations, insisting that the voluntary industry-wide standards are already reducing methane because it is a valuable commodity, and that the proposed Methane Standards are redundant, costly, and will stymie an accelerating industry.

Efforts to reduce methane emissions are a part of President Obama's previously announced goal of cutting net greenhouse gas emissions 26–28% below 2005 levels by 2025.

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