HOWARD FELDMAN'S PUBLIC HEARING STATEMENT ON OIL AND GAS RULEMAKINGS

As prepared for delivery

Howard J. Feldman
Senior Director for Regulatory and Scientific Affairs
American Petroleum Institute
Public Hearing Statement on Oil and Gas Rulemakings
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Good morning. My name is Howard J. Feldman and I am the Senior Director for Regulatory and Scientific Affairs at the American Petroleum Institute.

API represents over 625 oil and natural gas companies, leaders of a technology-driven industry that supplies most of America’s energy, supports more than 9.8
million jobs and 8 percent of the U.S. economy, and, since 2000, has invested nearly $2 trillion in U.S. capital projects to advance all forms of energy, including alternatives and many of its members are directly impacted by the regulations underlying today’s hearing.

API emphatically supports environmental protection and EPA’s proposed actions to extend the deadlines of certain components¹ of the 2016 new source performance standards. API encourages EPA to proceed with its review and revision of the underlying rule as expeditiously as possible, based on sound science and economics, considering the operational and technical issues that have been already raised in comments and litigation.

In my few minutes today, I will highlight the progress the industry has made, our recommended approach to regulation, and the benefits of increased use of natural gas and oil.

First, even as US oil and natural gas production has surged, methane emissions have declined significantly. For example, methane emissions from the natural gas industry have fallen 18.6 percent even as production increased by 50 percent between 1990 and 2015. Methane emissions from hydraulically-fractured natural gas wells have fallen nearly 79 percent since 2005 and the increased use of natural gas to fuel the power sector has played the most significant role in the near 30-year lows in carbon dioxide emissions from power generation that we see today. We’re doing our part and these trends are indicative of what our industry, when given the freedom to innovate, can achieve to improve the environment while protecting our nation’s energy security. And progress will continue.

Second, throughout the development of the 2012 oil and gas NSPS rule and its amendments in 2016, API has maintained a collaborative working relationship with EPA staff to provide operational and emissions data to inform the developments of these important rules. During this time, our objective has remained the
identification of cost-effective emission control requirements that reduce VOC emissions for new sources and, as a co-benefit, also reduce methane. This approach, when combined with the leadership the industry has demonstrated to voluntarily reduce emissions from existing sources, has already proven effective. Our industry has led the way in its pursuit of improved operations and loss minimization, and the industry is incentivized to safely recover and capture methane as it is the primary component of natural gas.

EPA’s 2012 rule, which directly reduces VOC emissions from oil and gas operations and those of methane as a co-benefit, was developed in collaboration with industry, is based upon industry innovation, and is proving effective. Unfortunately, as described in detail in our comments on the proposed rule, EPA’s 2016 rule failed to account for all of the costs associated with the final rule requirements and did not provide significant environmental benefit beyond a rule focused on VOC losses.

To close, API and its members recognize the importance of developing oil and gas resources responsibly. However, the last thing we need are more duplicative and costly regulations that could increase the cost of energy for Americans, undermine our competitiveness, and hinder our ability to provide the energy our nation will continue to demand for many years to come. The technologies of hydraulic fracturing and horizontal drilling have elevated the United States to global prominence as an energy superpower. Because of the advanced application of these technologies, the United States is now the world’s largest producer of oil and natural gas while, at the same time, emissions from the industry continue to decline. This energy revolution has helped to energize the U.S. economy by driving domestic investment in energy projects, creating jobs, and enhancing U.S. energy and national security interests. And it’s directly benefitting all Americans. In 2015, unconventional oil and gas production increased real disposable income by over thirteen hundred dollars per household.² We must ensure that government policies, including those of the EPA, do not impede our continued ability to harness these tremendous benefits for the country.
Thank you.

1 Leak monitoring and repair, pneumatic pump, and PE certification requirements.