



February 14<sup>th</sup>, 2023

The Honorable Michael S. Regan, Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, N.W.  
Washington, D.C. 20460

**ATTN: Docket ID EPA-HQ-OAR-2021-0317**

**Re: Proposed “Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review”**

Dear Administrator Regan:

Occidental (Oxy) appreciates the opportunity to submit comments on the Environmental Protection Agency’s (EPA) proposed “Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review” (87 FR 74702, December 6, 2022).

Oxy continues to support the regulation of methane emissions from new and existing oil and gas operations. We provided comments on the proposed rule published in the Federal Register on November 15, 2021. Our comments can be accessed at <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-0610>. Oxy works with state and federal regulators, environmental groups, and other external stakeholders to advocate for environmentally sound methane regulations that achieve methane emission reductions, incentivize early action, and support flexibility and innovation.

Oxy is an international energy company with assets primarily in the United States, the Middle East, and North Africa. We are one of the largest oil and gas producers in the U.S., including a leading producer in the Permian and DJ Basins, and offshore Gulf of Mexico. Our Oxy Low Carbon Ventures subsidiary is advancing cutting-edge technologies, like direct air capture, and business solutions that sustainably grow our business while reducing all emissions, including but not limited to methane. We are committed to using our global leadership in carbon management to advance a lower-carbon world.

Oxy supports EPA’s efforts to focus on energy-producing communities, including sustainable development and environmental justice in its oil and gas sector methane rulemaking. We work closely with NGOs, unions, community leaders, and other stakeholders to advocate for policies that serve the goals of the Paris Agreement. We believe these capabilities position Oxy, our diverse workforce, our



customers and the communities where we operate to succeed in our changing world and reinforce our reputation as a respected Partner of Choice®. Oxy recognizes the significant challenge that climate change poses to our society and is fully committed to be part of the solution. Oxy was the first major U.S. oil and natural gas producer to establish net-zero emission goals for its operations and products (Scopes 1, 2, and 3) aligned with the goals of the Paris Agreement. Oxy's overarching climate goals are to achieve net-zero emissions in our operations and energy use before 2040, with an ambition to do so before 2035, and net-zero emissions from our total carbon inventory, including the use of our products, with an ambition to do so before 2050.

Oxy has undertaken several measures to reduce emissions and reduce flaring from our operations. In 2022, we achieved Zero Routine Flaring across our U.S. oil and gas operations, eight years ahead of the World Bank's 2030 target, with our Rockies and Gulf of Mexico operations meeting this target since 2020. We are also taking steps to reduce non-routine flaring through innovations such as closed-loop gas capture during plant and pipeline outages or other temporary operational disruptions.

In addition, Oxy's Emissions Technology Team (ETT) is implementing advanced remote emissions monitoring technologies using continuous fixed monitors, aircraft, and satellites. The technologies help identify, detect, monitor, and predict unplanned emissions events and alert Oxy's operations, maintenance, and air quality personnel for rapid action. The ETT is also working with technology providers and data scientists to evaluate improvements to techniques that estimate and measure methane emissions, which is a core component of Oxy's carbon management program. On a parallel track, Oxy's Find It, Fix It, Measure It and Predict It ("Find It/Fix It") program enlists our key resource – our dedicated operators and maintenance personnel – to identify and fix unplanned emissions.

In addition to Oxy's demonstrated public support of methane regulations, discussed above, Oxy also submits the following comments with respect to specific aspects of EPA's proposal.

**I. Oxy is committed to working with EPA, state regulators, and other stakeholders to reduce emissions from the oil and gas sector.**

Oxy's leading position as the first U.S. producer to endorse international commitments, including the World Bank's "Zero Routine Flaring by 2030" initiative and the Energy Transition Principles, further illustrates our commitment to promote policies that will successfully accelerate a lower-carbon economy while meeting the needs and aspirations of a growing, energy-dependent global population. We believe that the routine flaring of natural gas represents a gap in the value chain that must be filled through



targeted infrastructure to convey natural gas from field locations to transmission pipelines or gas processing plants or expanded beneficial use of field gas for operational purposes.

Oxy supports EPA's proposal to eliminate routine venting and flaring of associated gas (i.e., natural gas produced from oil wells at or upstream of the first stage of separation) and encourages EPA to more specifically define conditions when non-routine flaring may occur by including a set list of activities where an exemption may apply. Providing an exemption list would streamline compliance, eliminate the need for a detailed technical feasibility analysis during real-time non-routine events, and align with the framework adopted in New Mexico and Colorado regulations. Lastly, Oxy implements Reduced Emissions Completions to capture gas at the wellhead during completions and minimize releases to the atmosphere. We also plan our drilling programs and facilities in tandem to deploy the necessary infrastructure in advance of well completion so that methane and other emissions can be captured and sent to processing facilities and pipelines for sale. Oxy believes a framework could be adopted prospectively for the well completion section of the rule that applies many of these same principles.

## **II. Oxy supports EPA's efforts to streamline the process for obtaining approval to demonstrate compliance using advanced measurement technologies.**

In addition to the efforts described above, Oxy is actively engaged and has participated in numerous technology pilots in the pursuit of supplementing our leak detection and repair (LDAR) capabilities, including fixed monitors, drone-mounted cameras, fixed-wing aircraft surveys, and satellite surveys.

Oxy deploys drones at several of our oil and gas production facilities. At our DJ basin facilities, we use drones to survey thousands of wellheads as part of a voluntary initiative to reduce emissions. In addition, Oxy surveys wellheads, facilities, and pipeline segments across U.S. operations with fixed-wing aircraft, deploying both broad-coverage campaigns and individual asset surveys. Oxy participates in The Environmental Partnership and its collaborative efforts to better understand and utilize the capabilities of remote sensing technologies that are being developed. A summary of The Environmental Partnership's efforts and learnings can be accessed at <https://theenvironmentalpartnership.org/collaboration-on-remote-sensing-technologies/>.

These innovative LDAR technologies show great promise as tools to supplement traditional LDAR methods. For instance, aerial surveys – both fixed-wing and satellite – allow operators to rapidly inspect large geographic areas, including remote sites, pipelines and gathering lines, that cannot readily be traversed at ground level and elevated equipment such as columns or towers at facilities. Fixed monitoring stations allow for operators to continuously gather monitoring data, creating additional



opportunities to identify and address leaks that may otherwise not be identified until a periodic survey using currently approved LDAR inspection methods. These benefits can assist operators and inspection and maintenance personnel in efficiently and timely directing resources and response efforts to high-priority sites, with less time spent traveling to remote locations that could be covered by fixed monitors or remote sensing.

Oxy appreciates EPA's inclusion of a matrix framework that allows alternative technologies to be used for varying survey frequencies based on the resolution of the technology. Oxy also appreciates the inclusion of a framework for continuous monitoring systems based on certain action levels and supports the use of these technologies in lieu of the conventional AVO and OGI surveys. Although we are supportive of the matrices and allowance for continuous monitoring systems, we have concerns with the proposed frequencies and action levels, respectively. The proposed frequencies and action levels may not promote the use of these technologies, and OGI/AVO may still be a more resource-efficient approach for many operators. For continuous monitoring systems, action levels should be reflective of the facility type, complexity, and design and should be in addition to authorized emissions to focus on identifying and resolving leaks and abnormal conditions. Oxy is supportive of the framework and believes that EPA can encourage the continued innovation and accelerated deployment of these technologies even more strongly in the final rule by incorporating the feedback mentioned above. Lastly, Oxy continues to support EPA's proposal to streamline the use of these technologies through a pre-approved alternative screening approach in lieu of the proposed nine-month application process. Oxy supports the requirement to survey wellhead-only sites but the feasibility of surveying all of these locations requires the use of alternative technologies to satisfy the requirements. These alternative technologies need a streamlined approval process to allow for early adoption once the rule is finalized.

Accordingly, Oxy encourages EPA to work with all stakeholders to further develop the proposed advanced measurement technology framework prior to issuing the final rules.

### **III. Oxy is committed to identifying, repairing, and designing fugitive emissions out of our operations.**

#### **Low Emissions Facility Designs**

Oxy appreciates EPA adopting an equipment-based approach for determining the fugitive emissions monitoring frequency in lieu of the baseline emissions approach. This framework incentivizes low-emission designs and aligns with Oxy's low-emissions designs for new oil and gas facilities.



Our designs for new oil and gas facilities in the Permian and DJ Basins use pipelines instead of trucks to transport oil to a central processing facility, eliminating the need for oil storage near wells. These tankless designs reduce both the volume of oil and gas on-site and the amount of potentially emitting equipment. They also use instrument air to operate the pneumatic devices at these facilities. These innovative facility designs decrease our environmental footprint by reducing emissions, dust, noise, and truck traffic.

Complementing their low-emissions design, these facilities are also less susceptible to leaks and fugitive emissions due to automation and measurement systems. Oxy's automation and measurement systems are used in many locations to continuously monitor the performance of our wells and facilities. Oxy monitors key processes, process variables (such as temperature, pressure, and flow rate), and equipment components in real-time or near-time that alert our operators to a potential issue, allowing them to take swift action. The automation and measurement systems also enable us to trend equipment performance and plan for maintenance and replacement.

#### **Plugged and Abandoned Wells**

Oxy supports fugitive emissions monitoring until wells are plugged and abandoned. The well closure plans include several elements that are currently regulated by state agencies (e.g., financial assurance, plugging plans, notice, etc.). We suggest EPA defer to the states on these requirements.

#### **Super Emitters**

Oxy supports the framework of EPA's proposed Super Emitter Response program. We encourage EPA to refine the specifics of the program implementation (e.g., how an operator is identified and contacted when there is a detection). We also encourage EPA to defer publishing the reports online until an operator has had a reasonable opportunity to validate the event. Deferring publication will help to ensure accurate information is disseminated to the public and avoid the need for EPA to issue corrections. Lastly, we recommend EPA define the time in which a third party provides notice to an operator. This will ensure operators can promptly respond to and take swift action on these events.

#### **IV. EPA's final rule should recognize compliance through state programs.**

Oxy proposes that EPA avoid promulgating duplicative regulations that are inconsistent with state or other Federal regulatory programs. Oxy recommends that a mechanism be included in the New Source Performance Standards and Emissions Guidelines to provide flexibility for states to utilize their programs. This flexibility will allow operators to focus resources on implementing changes that result in substantive emissions reductions and eliminate any confusion surrounding duplicative requirements.



Oxy has observed how effectively the performance-based approach applied by states has addressed regional differences and expedited technical advances to detect and reduce methane emissions, despite significant increases in activity levels. There are extensive regulations in place in each state where Oxy operates that take local community, operational and environmental considerations into account to reduce emissions and address unique challenges and situations. Therefore, any Federal regulations should complement and not duplicate or complicate compliance with those state regulations. Oxy works in cooperation with the regulatory agencies and environmental groups where we operate to help develop and implement regulations that produce effective emissions reductions. For example, Oxy has been supportive of ground-breaking regulations in the New Mexico and Colorado rules. In Colorado, the state's 2022 regulations require significant decreases in GHG emissions at milestones through 2030. In 2021 and 2022, New Mexico finalized its New Mexico Oil Conservation Commission (NMOCD) and New Mexico Environment Department (NMED) rules that reflect the diverse operations, oil and gas formations and types of production conducted in the state.

These state regulations require significant emission reductions and associated recordkeeping and reporting requirements for pneumatics, tanks, flaring and venting, associated gas and fugitive emissions that have unique frameworks. Oxy supports the non-emitting standard for new pneumatic sources prospectively and the retrofitting of existing natural gas-driven pneumatics over a reasonable time period consistent with leading state rules that consider the variety of factors at play.

If an additional EPA requirement were superimposed on the stringent state requirements, it would cause confusion and additional regulator and operator burdens with no additional environmental benefit. Oxy is concerned that the confusion caused by duplicative or conflicting Federal regulations would divert resources from implementing these state regulations that are resulting in significant reductions in emissions.

Oxy appreciates the opportunity to comment on EPA's proposals for new, modified, and existing sources and looks forward to continued engagement on the rules to ensure they effectively reduce emissions throughout our industry.

Sincerely,

**Thomas Janiszewski**

VICE PRESIDENT

LAND, REGULATORY, GOVERNMENT RELATIONS, AND CORPORATE AFFAIRS