

## MEMORANDUM

FROM: Lee Gribovicz, WRAP Air Quality Project Manager  
E-Mail: [lg@westgov.org](mailto:lg@westgov.org) - Phone: 307-778-4927

SUBJECT: O&G GHG Technical Workgroup Call #3 Meeting Notes

### Summary

On December 17, 2008 the Technical Workgroup (TWG) for the Exploration & Production and Natural Gas Gathering & Processing Greenhouse Gas (GHG) Accounting Protocol project held their third call. The first part of the agenda was to go over the Task 1 “Background & Scoping Paper” Outline. The second piece of the call was to go over the December 15<sup>th</sup> revised project schedule. Participants on this call included:

<u>Name</u>	<u>Organization</u>	<u>Name</u>	<u>Organization</u>
Tom Moore	WRAP	Lee Gribovicz	WRAP
Mike Schneider	New Mexico Env Dept	Mary Uhl	New Mexico Env Dept
Bill Winkler	Calif Dept of Conservation	Byard Mosher	Calif Air Resources Board
Chris Trumpy	British Columbia	Jim Meyer	Environmental Defense Fund
Sam Hitz	The Climate Registry	Karin Ritter	American Petroleum Institute
Mark Nordheim	Chevron Corporation	Irvin Thomas	Chevron Corporation
Craig Bock	El Paso Explr & Production	Doug Parse	Williams Production Co.
Jennifer Knowlton	Yates Petroleum	Reid Smith	British Petroleum Company
Coleen West	Canadian Assc Ptrl Prdcrs	Krista Phillips	Canadian Assc Ptrl Prdcrs
Roger Fernandez	EPA Natural Gas Star	Greg Monson	Shell Global Solutions
Terry Snyder	Santa Barbara Co. APCD	Tom Singer	Nat Resources Defns Council
Steve Messner	SAIC	Chris Minnucci	SAIC
Laura Gehlin	SAIC	Sandra Miranda	SAIC
Alison Pollack	Environ International	Amnon Bar-Ilan	Environ International
Ron Friesen	Environ International	Rob Greenwood	Ross & Associates

### Task 1 “Background & Scoping Paper” Outline

The SAIC/Environ Team prepared a December 10<sup>th</sup> version of this Task 1 Outline and Laura Gehlin circulated this document to TWG Members via her December 10<sup>th</sup> Email. This date Staff from the Technical Contractor team went over the outline in some detail, and questions, comments and suggestions were taken after this presentation.

The Outline had seven major topics beginning with Section I covering background information on the O&G E&P sector. Current operations were categorized by Onshore and Offshore E&P, Oil Sands and Oil Shales. Steve Messner noted that SAIC had already received comments that “Drilling” should be listed as a separate category.

Section II of the Outline shows the paper will cover a detail of the emission sources including the types of Kyoto GHG's by source, Direct (Scope 1), Indirect (Scope 2) emissions and TCR reporting.

Section III shows that the paper will look at regional variation in production activities broken down into detailed evaluation of California, the Intermountain West and the Great Plains of Canada and the United States. The remainder of North America including Mexico, U.S. states bordering the Gulf of Mexico and eastern states and provinces will have an overview of production by major producing basins.

Section IV reviews relevant accounting methodologies to determine types of activity data needed. The paper will then rate and rank these accounting methodologies according to preference for the protocol.

Section V covers boundary issues relating to ownership and geographic considerations, while Section VI describes TCR reporting issues that may pose special challenges. These challenges include small source and Scope 3 emissions, non-Kyoto gases such as black carbon, and efficiency metrics.

Section VII covers verification issues specific to O&G operations. These include whether general verification techniques are sufficient, or whether more specific verification techniques are required.

The last Section VIII contains a detailed list of the O&G Sources/Sinks of GHG's that will be assessed for this protocol.

After this overview, the floor was opened to questions from the Call participants. Tom Singer began by trying to clarify exactly what sources were to be considered by this protocol. It was explained that we would be developing the protocol for the O&G Exploration and Production gathering and processing sources up to the inlet valve of a distribution system. It does not consider pipeline transmission after custody transfer to common carriers.

Representatives of the Canadian Association of Petroleum Producers are especially concerned with "Heavy Oil Upgraders" which refine heavy oil and bitumen into lighter, more desirable crude. It was postulated that if the Upgrader facility was associated with a production field, before products were transferred to a common carrier, then the Upgrader facility would be part of this protocol.

A similar question was asked regarding cogeneration facilities, and it was concluded that if the co-gen equipment was part of a covered processing plant, then it would be included in the protocol. If however the co-gen facility was somehow adjacent to the processing plant, then it would fall under the category of Scope 2 purchased energy.

Karen Ritter of the American Petroleum Institute had several comments regarding the Outline. She felt that compressors and turbines should be listed separately in Section 2 from other

stationary combustion sources. And she thought that storage tanks and pneumatic devices should be listed separately from fugitive emissions. And she wondered why the mobile source emissions didn't include various shipping vessels, barges and tugboats associated with offshore production. And regarding the order of the sections, she felt that Section III Regional Variations should come before Section II Emission Source Details. In general she felt that we should use the API Compendium as the guide in designing this project.

Reid Smith of BP asked about the ranking of emission calculation methodologies in Section IV. He wondered whether we would be calculating error bands for the methodologies and when informed that the Contractors felt this was too complicated, he noted that TCR protocols require such assessment.

Tom Moore explained to the group that written comments on this Task 1 Outline should be sent to Laura Gehlin at SAIC ([laura.gehlin@saic.com](mailto:laura.gehlin@saic.com)) by the end of the year. There was a comment that these comments should go before the entire TWG, and Steve Messner suggested that the way to do that was for the person making comment to distribute those comments to as wide an audience as they wanted to be aware of their issues. He was trying to make this process a little more flexible than something like an EPA formal rule adoption program.

### **Revised Project Schedule**

Tom Moore prepared a December 15<sup>th</sup> version of this project schedule and circulated this revision to TWG Members via his December 16<sup>th</sup> Email. This date he went over the schedule, noting that proposed calls and meetings were set in **BOLD** in the PDF document. The next call is proposed for January 23<sup>rd</sup> to discuss the just released (scheduled January 20<sup>th</sup>) Draft Background and Scoping Paper and to prepare the agenda for a February 12-13<sup>th</sup> face to face meeting in Santa Fe. That meeting would review the Task 1 paper and review the Outline for the Task 2 High Tier Emissions Quantification Methods Paper.

The next call would be March 30<sup>th</sup> to check the project progress and discuss the future meeting and call schedule. And Tom has proposed an April 28<sup>th</sup> call to review the Task 2 draft paper. That would be followed by a late May meeting in California to look at the Task 3 Voluntary Reporting and Verification Protocol. Finally it is envisioned that we would have a face to face meeting in late Summer '09 as a public presentation of the Task 3 protocol.

Each of the three project Tasks would go through a cycle in which a draft report is presented to the TWG for review and comment. When it is approved by the TWG, a final draft will go before the PAG for additional public review and comment before it is finalized for the project. The Task 1 Background & Scoping Paper is scheduled for completion in March, while the Task 2 High Tier Emissions Quantification Methods Paper is to be finished in April, and the Task 3 Voluntary Reporting Protocol itself should be completed by late Summer.

Tom Singer was confused regarding the difference between the Voluntary and Mandatory aspects of the Protocol. It was explained that the Task II High Tier Methods will be reviewed by

the Agencies contemplating mandatory reporting requirements to see which of these methods are appropriate for use in a mandatory reporting program. It is their call as to which pieces of the Protocol to adopt. The ultimate product of this project is a voluntary GHG reporting protocol which can be adopted by TCR for all O&G E&P/Processing GHG reporting.