



Oil & Gas (O&G) Exploration & Production (E&P) Greenhouse Gas Accounting Protocol Project

Technical Workgroup Call #5 Meeting Notes

Summary

On April 17, 2009 the Technical Workgroup (TWG) for the O&G (O&G) Exploration & Production (E&P) and Natural Gas Gathering & Processing Greenhouse Gas (GHG) Accounting Protocol project held their fifth project call. The agenda and materials for this call are posted on the WRAP Calendar notice which can be reached via the “Meetings and Calls” link of the WRAP Project Website at:

<http://www.wrapair.org/ClimateChange/GHGProtocol/meetings.html>.

The primary focus for the call was an overview by the SAIC/Environ Technical Team on the first draft of the Task 2 paper, “Technical Review of Significant Source Categories”. This draft paper was released to the TWG following the call for comments, which are due to the Technical Team by COB April 27. In addition, there were brief discussions on the possibility of the TWG drafting comments on the EPA draft GHG reporting rule, and on the preliminary agenda for the May 4-5th Denver meeting.

Participants on the call included:

Name	Organization	Name	Organization
Vincent Agusiegbe	CA Air Resources Board	Andrew Reed	Alberta Environment
Craig Bock	El Paso Explr & Production	Karin Ritter	American Petroleum Institute
Mark Fesmire	New Mexico Oil Commission	Reid Smith	British Petroleum Company
Sue Folger	(for Susie Holland, Chevron)	Jim Tangeman	Williams Production
Miriam Levon	American Petroleum Institute	Mary Uhl	New Mexico Env Dept
Jim Meyer	Environmental Defense Fund	Coleen West	Canadian Assc Ptrlm Prdcrs
Tom Moore	WRAP	Justin Wheler	Alberta Environment
Byard Mosher	CA Air Resources Board	Amnon Bar-Ilan	Environ International
Mark Nordheim	Chevron Corporation	Steve Messner	SAIC
Tim O'Connor	Environmental Defense Fund	Sandra Miranda	SAIC
Krista Phillips	Canadian Assc Ptrlm Prdcrs	Rob Greenwood	Ross & Associates
Tom Singer	Nat Resources Defns Council	Lydia Dobrovolny	Ross & Associates
Terry Snyder	Santa Barbara Co. APCD		

Task 2 “Technical Review of Significant Source Categories” Overview

The SAIC/Environ Technical Team presented a PowerPoint slide show summarizing the four main chapters and goals of the Task 2 report, and soliciting specific comments from TWG members. The Technical Team answered clarifying questions.

Chapter I describes the geographic domain of the Task 2 analysis, and the approach taken of dividing each jurisdiction into basins or regions of production. The goal of this chapter is to present production statistics by basin and region for the six WCI states and provinces, and to discuss the production types within each of these basins or regions. Specific comment solicited from TWG members for Chapter I includes:

1. Are the production types discussed for each basin or region accurate?
2. Are additional production types prevalent in some of the basins or regions which were not described in Chapter I?

The intent of Chapter II is to present, for each basin or region where sufficient data is available, the result of a ranking analysis of GHG source categories in the O&G E&P sector by percentage contribution to the GHG inventory. Source categories contributing to the top 95% of the GHG inventory for a basin or region are identified as being “significant” source categories, and these categories are presented as guidance for use by state/province agencies in crafting GHG reporting regulations for the O&G sector.

To conduct the Chapter II analysis, the Technical Team reviewed activity data on O&G production basins and regions gathered from previous studies, and assembled screening-level GHG inventories of the three primary greenhouse gases of interest (CO₂, CH₄ and N₂O) for each basin or region where data was available. Screening level inventories were used to estimate the percentage contribution of each source category to the total GHG inventory for each basin or region in order to identify “significant” source categories. Limitations to the Chapter II analysis include insufficient activity data for some source categories or basins, and uncertainty regarding quality of existing data. Where data was insufficient, the Technical Team relied on engineering judgment to conduct qualitative analyses. Work is still ongoing to assemble data on the San Joaquin Valley (SJV) in California because some of the production operations are unique and no alternative data source could be identified to characterize the activity. Rankings for the SJV GHG source categories will be developed as additional data is obtained, and will be appended to the document at a later date as a revised version

Specific comments solicited from TWG members for Chapter II include:

1. Do the rankings capture the significant GHG source categories for each basin, region or production type?
2. Should additional source categories be included as significant GHG emissions categories?
3. Is additional activity data available that could be used to add GHG emissions to the screening-level inventories to capture additional source categories?

The goal of Chapter III is to present a set of methodologies for all of the source categories considered in the screening-level inventories and ranking analysis conducted in Chapter II for use as guidance for states/provinces regarding the type of data currently available for use in GHG emissions estimation. The discussion in Chapter III is intended in part as a starting point for the Task 3 voluntary protocol development, which will address a more complete list of source categories. Specific comments solicited for Chapter III include:

1. Are additional methodologies available for estimation of GHG emissions from the source categories considered in the analysis?
2. Are there additional data regularly gathered or measured as part of O&G E&P activity that could be used to recommend alternative methodologies than the ones selected for the screening-level inventories and rankings?

At the request of the Project Steering Committee, the Technical Team has drafted a fourth chapter examining the mandatory GHG reporting rule recently proposed by U.S. EPA¹. Chapter IV provides an overview of the rule, an analysis of the rule subparts that are most relevant to the O&G E&P sector, an initial comparison of the proposed rule reporting requirements to the O&G source categories covered in the Task 1 report, and a discussion of fugitive emission monitoring requirements and higher ranked sources. Sections of the proposed rule that are of potential relevance and discussed further in the paper include Parts C (General Stationary Fuel Combustion Sources), W (Oil & Natural Gas “Systems”), NN (Suppliers of Natural Gas and NGLs) and PP (Suppliers of Carbon Dioxide). The public comment period on the proposed rule is open until June 9, 2009.

Discussion on Task 2 “Technical Review of Significant Source Categories” - Clarifying Questions and Responses

The group discussed Chapters I-III of the draft Task 2 report:

- A question was raised about whether the Task 2 draft presents the calculation methodologies and addresses fugitive emissions in sufficient detail to inform mandatory GHG reporting programs. The Technical Team clarified that Chapter III contains an extensive discussion of methodologies, and fugitive emissions are discussed in both Chapters III and IV. The Technical Team noted that their scope of work did not include a comprehensive review of all calculation methodologies.
- A member asked why only CO₂, CH₄ and N₂O were examined, and whether there might be additional tracer gases that should be examined. The Technical Team responded that based on the discussion at the last TWG meeting in Santa Fe, they concluded that these gases are not used extensively enough to be included at this point. TWG members are invited to comment on the appropriateness of that decision.

¹ For more information, visit <http://www.epa.gov/climatechange/emissions/ghgrulemaking.html>.

- In response to a question about whether measurement techniques as well as estimation techniques are included in the methodologies, the Technical Team noted that both are covered, and that it is left to the reader to decide whether these techniques are coincident with those from EPA.
- A member commented that by limiting analysis to only those cases for which there is sufficient data, an opportunity for more thorough inquiry is being missed. The Technical Team noted that the scope of work for this process depends on available data. The document elucidates those significant source categories that do not currently have good activity data.

The group also briefly discussed the proposed reporting rule from EPA and findings in Chapter 4:

- A member asked whether the stringent specification of methodologies proposed by EPA might eclipse voluntary reporting efforts. The Technical Team responded that the decision about whether to report in a voluntary framework in addition to any mandatory reporting required under the EPA reporting rule will be up to each reporter. The scope and threshold of the proposed rule and the methodologies may not be applicable for some O&G companies or facilities.
- In response to a question about whether emissions from a combustion device to facilitate oil extraction that meets the threshold equivalent in Part C might trigger Part W, the Technical Team responded that it would not necessarily be triggered, based on their interpretation of the draft rule.
- Another commenter noted that the group may want to consider how data are reported in way that connects covered and non-covered entities in a way that makes reporting easy, transparent, and not duplicative with existing reporting databases.

The draft Task 2 paper, “Technical Review of Significant Source Categories”, was sent to TWG Members following the call. Comments for discussion at the May 4-5 TWG meeting are due to Sandra Miranda at SAIC (sandra.miranda@saic.com) by close of business on April 27th.

TWG Comments on EPA Draft GHG Reporting Rule

Several members of the TWG have proposed that the group consider drafting a comment letter to EPA on the proposed GHG reporting rule, given the timing of the rule, the collection of experts assembled for the protocol effort, and the potential that the work accomplished might help inform the federal rule. The comments would be framed within the specific scope and charge of the TWG related to the O&G E&P sector. TWG members agreed that a discussion at the May meeting to elucidate common comments would be a beneficial exercise, and if consensus can be achieved, it would be a valuable outcome. TWG members also noted the importance of being disciplined. In order to allow TWG members to effectively and efficiently prepare for this conversation at the May meeting, project staff will work with the project sponsors to develop an

initial list of topic areas that might be practical in light of the draft rule, and forward this list to members in advance of the May meeting.

May 4-5th Denver Face to Face Meeting

The TWG discussed the draft agenda for the May 4-5th face to face meeting in Denver. The meeting will include a review of comments on the Task 2 “Technical Review of Significant Source Categories” paper, a discussion of specific comment areas, a discussion on the EPA comment letter, and a review of the outline for the Task 3 “Voluntary Reporting and Verification Protocol” preparation.

Meeting logistics are available at the WRAP Calendar meeting notice at:
<http://www.wrapair.org/cal/calendar.php?op=view&id=1093>.