



**Remarks of the Marcellus Shale Coalition  
Before the  
U.S. Environmental Protection Agency  
Regarding  
Proposed Rules for the Oil and Natural Gas Sector: New Source Performance  
Standards and National Emission Standards for Hazardous Air Pollutants Reviews  
Pittsburgh, Pennsylvania  
September 27, 2011**

Good afternoon. I am Kathryn Klaber, President and Executive Director of the Marcellus Shale Coalition, a multi-state association formed in 2008 and currently comprised of nearly 250 exploration and production, midstream, and supply-chain member companies fully committed to developing clean-burning natural gas resources in the Marcellus geological formation. Last year, our Coalition adopted a set of Guiding Principles, which comprise our vision for operating in a responsible, transparent manner in order to maximize the environmental, economic, and energy security benefits of clean-burning, abundant natural gas. Among those Guiding Principles is our focus on implementing state-of-the-art environmental protection across our operations. These are words we live and operate by – our commitment to our neighbors in this region and to the state agencies responsible for tightly regulating this industry.

I join you this afternoon not only as President of this dynamic Coalition, but also as a member of Pennsylvania’s Air Quality Technical Advisory Committee. I serve on the Committee for the same reason I proudly represent Marcellus producers today and every day: the work we are doing is improving environmental quality. Clean-burning natural gas has undeniable air quality benefits, and increasing its use in heating and fueling, transportation, and electricity generation serves all of us well. Ours is an industry committed not only to producing more clean-burning American natural gas, but to promoting it as well in our daily operations – from the use of natural gas-powered vehicles to rigs fueled in part by natural gas.

It is with these benefits in mind that I would briefly like to share my thoughts on some of the proposals made by the EPA. The Coalition will go into greater detail concerning these issues in the written comments to be submitted at a later date.

**1. EPA has Underestimated Cost of Compliance**

There are several examples in the Regulatory Impact Analysis in which EPA bases cost per ton reduction on gas with an inflated volatile organic compound weight percentage. For example, the northern Marcellus play in Pennsylvania contains dry gas, which would dramatically increase the cost per ton reduction when evaluating the feasibility of reduced emissions completions, vapor recovery units, flares, optical

imaging leak detection and repair programs, as well as others. EPA should reconsider and provide for exemptions or other reasonable provisions for activities associated with dry gas plays.

## **2. Phase-in Period and Change in Effective Date**

The proposed rule calls for a New Source Performance Standards compliance date immediately upon publication of the final rule in the Federal Register. The Coalition proposes EPA implement a reasonable phase in period for any regulations that may create delays in delivering gas to market and disrupt energy supplies. Considering the myriad of regulation changes and additions proposed with this rulemaking; sufficient equipment, manpower and contractors likely will not be available to handle the inevitable rush. In addition, the MSC strongly suggests EPA reconsider its retroactive NSPS effective date of August 23<sup>rd</sup>. Delaying the effective date will help provide the time necessary to develop effective compliance programs and secure the equipment and manpower necessary to meet the requirements of the rules.

## **3. Extension of the Comment Period**

The rulemaking proposes modifications to existing New Source Performance Standards, as well as the introduction of a new standard. In addition, it also proposes changes to two separate National Emission Standards for Hazardous Air Pollutants subparts. A 60-day comment period would barely be a sufficient comment period for a single proposed rule, much less a reasonable length of time to comment on the five included in this rulemaking. We strongly recommend a 60-day extension.

The compliance costs associated with the proposed rulemaking clearly would place a severe burden on all operators, particularly those with limited manpower, equipment, and resources. We encourage EPA to reconsider the financial impacts with a more realistic approach relying on the extensive amount of supporting data from industry experts that will follow in the written comments.

Just as importantly, it is my hope that members of this panel will join me and my Marcellus Shale Coalition partners in recognizing the tremendous air quality benefits of natural gas – benefits that must be taken into account as rulemaking progresses on this issue. With that, I would like to thank you again for your time and the opportunity to appear before you today.

