

Q749. What are the notification requirements when an Onshore Petroleum and Natural Gas Production facility, reporting under Subpart W, sells wells and associated equipment in a basin?

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Scenario 1. The Purchaser buys all of the Seller's wells and associated equipment in a basin where the Purchaser already operates (and the Purchaser has an e-GGRT ID). In general, an Onshore Petroleum and Natural Gas Production facility that reports under subpart W and sold some or all of its wells and associated equipment in a basin is not required to notify EPA of the transaction. Below is information for six specific hypothetical scenarios.

There is no requirement that the Seller report the sale to EPA. While not required to do so, the selling facility may choose to optionally notify EPA through the GHGRP Help Desk requesting the facility be marked as "not reporting" and explaining that all of the wells and associated equipment in the basin have been transferred to the Purchaser. This will permit the seller to avoid receiving notices from EPA.

The Purchaser must add these newly acquired wells and associated equipment to their Onshore Petroleum and Natural Gas Production facility for purposes of GHG reporting under Subpart W and shall be responsible for all Part 98 requirements for these wells and associated equipment for the entire reporting year.

Scenario 2. The Seller sells some but not all of its wells and associated equipment in a basin and its aggregate annual emissions from the facility after the transaction will still exceed the 25,000 metric tons per year CO2 equivalent reporting threshold.

Seller remains required to comply with all the Rule's requirements. There is no requirement that either entity report this transaction to EPA.

The Purchaser would now be considered the owner or operator of the acquired wells and associated equipment, assuming it now is the permit holder or taxpayer as described at 40 CFR § 98.238. The Purchaser's potential monitoring, calculations, reporting, and notification requirements depend on facility-specific considerations. To ascertain its Part 98 responsibilities, EPA encourages the Purchaser to conduct an applicability determination for its Onshore Petroleum and Natural Gas Production facility, taking into account the emissions from the acquired wells and associated equipment for the entire reporting year.

Scenario 3. The Seller sells some, but not all, of its wells and associated equipment in a basin and its aggregate annual emissions from the facility after the transaction will be between 15,000-25,000 metric tons per year CO2 equivalent.

Seller remains required to comply with all the Rule's requirements, unless and until all the criteria at 40 CFR § 98.2(i) (1) are met that would enable the Seller to cease reporting. There is no requirement that either entity report this transaction to EPA.

The Purchaser would now be considered the owner or operator of the acquired wells and associated equipment, assuming it now is the permit holder or taxpayer as described at 40 CFR § 98.238. The Purchaser's potential monitoring, calculations, reporting, and notification requirements depend on facility-specific considerations. To ascertain its Part 98 responsibilities, EPA encourages the Purchaser to conduct an applicability determination for its Onshore Petroleum and Natural Gas Production facility, taking into account the emissions from the acquired wells and associated equipment for the entire reporting year.

Scenario 4. The Seller sells some but not all of its wells and associated equipment in a basin and the Seller's aggregate annual emissions from the facility after the transaction will be below 15,000 metric tons per year CO2 equivalent.

Seller remains required to comply with all the Rule's requirements, unless and until all the criteria at 40 CFR § 98.2(i) (2) are met that would enable the Seller to cease reporting. There is no requirement that either entity report this transaction to EPA.

The Purchaser would now be considered the owner or operator of the acquired wells and associated equipment, assuming it now is the permit holder or taxpayer as described at 40 CFR § 98.238. The Purchaser's potential monitoring, calculations, reporting, and notification requirements depend on facility-specific considerations. To ascertain its Part 98 responsibilities, EPA encourages the Purchaser to conduct an applicability determination for its Onshore Petroleum and Natural Gas Production facility, taking into account the emissions from the acquired wells and associated equipment for the entire reporting year.

Scenario 5. The Seller sells all of its wells and associated equipment in a basin, with some wells and associated equipment sold to Purchaser 1 and other wells and associated equipment sold to Purchaser 2. Neither Purchaser 1 nor Purchaser 2 owned or operated major sources in the basin prior to the transaction (i.e. neither has an existing reporting ID).

There is no requirement that the Seller report the sale to EPA or report to EPA that it is ceasing operations. While not required to do so, the selling facility may choose to optionally notify EPA through the GHGRP Help Desk requesting the facility be marked as "not reporting" and explaining that all of the wells and associated equipment in the basin have been transferred to the Purchaser 1 and Purchaser 2. This will permit the seller to avoid receiving notices from EPA.

Purchaser 1 and Purchaser 2 would now be considered the owners or operators of the acquired wells and associated equipment, assuming they are now a permit holder or taxpayer as described at 40 CFR § 98.238. Purchaser 1's and Purchaser 2's potential monitoring, calculations, reporting, and notification requirements depend on facility-specific considerations. To ascertain their Part 98 responsibilities, EPA encourages Purchaser 1 and Purchaser 2 to conduct an applicability determination for its Onshore Petroleum and Natural Gas Production facility, taking into account the emissions from the acquired wells and associated equipment for the entire reporting year.

Scenario 6. The Seller sells all of its wells and associated equipment in a basin, with some wells and associated equipment sold to Purchaser 1 and other wells and associated equipment sold to Purchaser 2. Both Purchaser 1 and Purchaser 2 already owned or operated major sources in the basin prior to the transaction (and already have e-GGRT IDs).

There is no requirement that the Seller report the sale to EPA or report to EPA that it is ceasing operations. While not required to do so, the selling facility may choose to optionally notify EPA through the GHGRP Help Desk requesting the facility be marked as "not reporting" and explaining that all of the wells and associated equipment in the basin have been transferred to the Purchaser 1 and Purchaser 2. This will permit the seller to avoid receiving notices from EPA.

Purchaser 1 and Purchaser 2 would add the respective newly acquired wells and associated equipment to their facilities for purposes of GHG reporting and shall be responsible for all Part 98 requirements for these wells and associated equipment for the entire reporting year.

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