

**SUPPORTING STATEMENT  
ENVIRONMENTAL PROTECTION AGENCY**

**NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal)**

**1. Identification of the Information Collection**

**1(a) Title of the Information Collection**

NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal),  
EPA ICR Number 1788.10, OMB Control Number 2060-0417

**1(b) Short Characterization/Abstract**

The National Emission Standards for Hazardous Air Pollutants (NESHAP) for Oil and Natural Gas Production were proposed on February 06, 1998, and promulgated on June 17, 1999 only for major sources. On July 8, 2005, a supplemental proposal was proposed for area sources with the final rule, effective date on January 03, 2007. The rule was subsequently amended in August 2012 to include emission sources for which standards were not previously developed. This ICR combines the burden associated with the original rule, ICR 1788.09, and those for the amendment, ICR 2440.02. The inclusion of the 2012 amended rule results in an increase in the number of major sources. These regulations apply to existing and new facilities that are both major and area sources. A major source of hazardous air pollutants (HAP) is one that has the potential to emit 10 tons or more of any single HAP or 25 tons or more of total HAP per year; an area source is one with the potential to emit less than this. New facilities include those that commenced construction, modification, or reconstruction after the date of proposal. This information is being collected to assure compliance with 40 CFR part 63, subpart HH.

In general, all NESHAP standards require initial notifications, performance tests, and periodic reports by the owners/operators of the affected facilities. They are also required to maintain records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of an affected facility, or any period during which the monitoring system is inoperative. These notifications, reports, and records are essential in determining compliance, and are required of all affected facilities subject to NESHAP.

Any owner/operator subject to the provisions of this part shall maintain a file of these measurements, and retain the file for at least five years following the date of such measurements, maintenance reports, and records. All reports are sent to the delegated state or local authority. In the event that there is no such delegated authority, the reports are sent directly to the U. S. Environmental Protection Agency (EPA) regional office.

Over the next three years, an average of 3,735 respondents per year will be subject to the standard. This is comprised of 169 new sources and 3,566 existing sources; from this latter number, there are 3,141 sources that only maintain records, but do not submit reports. Of the new sources, 28 are major sources, 3 are area sources, and 138 are area sources that only maintain records.

The active (previous) ICR had the following Terms of Clearance (TOC):

When this ICR is renewed, EPA should review the respondent burden, universe, labor rates, and capital costs and ensure these estimates have been updated.

EPA has addressed each item of concern in the TOC by consulting with industry. EPA has updated the respondent universe and burden using the projected industry growth estimate from the previous ICR. Additionally, EPA has updated all labor rates and costs using the most recent information available.

All of the oil and natural gas facilities in the United States are owned and operated by the oil and natural gas industry (the “Affected Public”). None of the facilities in the United States are owned by state, local, tribal or the Federal government. They are all privately-owned, for-profit businesses. The “burden” to the Affected Public is listed below in Table 1: Annual Respondent Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal). The burden to the “Federal Government” is attributed entirely to work performed by either Federal employees or government contractors and may be found below in Table 2: Average Annual EPA Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal).

## **2. Need for and Use of the Collection**

### **2(a) Need/Authority for the Collection**

The EPA is charged under Section 112 of the Clean Air Act, as amended, to establish standards of performance for each category or subcategory of major sources and area sources of hazardous air pollutants. These standards are applicable to new or existing sources of hazardous air pollutants and shall require the maximum degree of emission reduction. In addition, section 114(a) states that the Administrator may require any owner/operator subject to any requirement of this Act to:

(A) Establish and maintain such records; (B) make such reports; (C) install, use, and maintain such monitoring equipment, and use such audit procedures, or methods; (D) sample such emissions (in accordance with such procedures or methods, at such locations, at such intervals, during such periods, and in such manner as the Administrator shall prescribe); (E) keep records on control equipment parameters, production variables or other indirect data when direct monitoring of emissions is impractical; (F) submit compliance certifications in accordance with Section 114(a)(3); and (G) provide such other information as the Administrator may reasonably require.

In the Administrator's judgment, HAP emissions from oil and natural gas production cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. Therefore, the NESHAP were promulgated for this source category at 40 CFR part 63, subpart HH.

## **2(b) Practical Utility/Users of the Data**

The recordkeeping and reporting requirements in the standard ensure compliance with the applicable regulations which were promulgated in accordance with the Clean Air Act. The collected information is also used for targeting inspections and as evidence in legal proceedings.

Performance tests are required in order to determine an affected facility's initial capability to comply with the emission standard. Continuous emission monitors are used to ensure compliance with the standard at all times. During the performance test a record of the operating parameters under which compliance was achieved may be recorded and used to determine compliance in place of a continuous emission monitor.

The notifications required in the standard are used to inform the Agency or delegated authority when a source becomes subject to the requirements of the regulations. The reviewing authority may then inspect the source to check if the pollution control devices are properly installed and operated, leaks are being detected and repaired and the standard is being met. The performance test may also be observed.

The required semiannual reports are used to determine periods of excess emissions, identify problems at the facility, verify operation/maintenance procedures and for compliance determinations.

The information generated by the monitoring, recordkeeping and reporting requirements described in this ICR is used by the Agency to ensure that facilities affected by the NESHAP continues to operate the control equipment in compliance with the regulation.

## **3. Non-duplication, Consultations, and Other Collection Criteria**

The requested recordkeeping and reporting are required under 40 CFR part 63, subpart HH.

### **3(a) Non-duplication**

If the subject standards have not been delegated, the information is sent directly to the appropriate EPA regional office. Otherwise, the information is sent directly to the delegated state or local agency. If a state or local agency has adopted its own similar standards to implement the Federal standards, a copy of the report submitted to the state or local agency can be sent to the Administrator in lieu of the report required by the Federal standards. Therefore, duplication does not exist.

### **3(b) Public Notice Required Prior to ICR Submission to OMB**

An announcement of a public comment period for the renewal of this ICR was published in the Federal Register (77 FR 63813) on October 17, 2012. No comments were received on the burden published in the Federal Register.

### **3(c) Consultations**

The Agency has consulted industry experts and internal data sources to project the number of affected facilities and industry growth over the next three years. The primary source of information as reported by industry, in compliance with the recordkeeping and reporting provisions in the standard, is the Online Tracking Information System (OTIS) which is operated and maintained by EPA's Office of Compliance. OTIS is EPA's database for the collection, maintenance, and retrieval of all compliance data. The growth rate for the industry is based on our consultations with the Agency's internal industry experts.

Industry trade associations and other interested parties were provided an opportunity to comment on the burden associated with the standard as it was being developed and the standard has been previously reviewed to determine the minimum information needed for compliance purposes. In developing this ICR, we contacted: 1) the Independent Petroleum Association of America (IPAA), at (202) 857-4722; 2) the American Petroleum Institute (API), at (202) 682-8319; and 3) the American Gas Association (AGA), at (202) 824-7000.

It is our policy to respond after a thorough review of comments received since the last ICR renewal as well as those submitted in response to the first Federal Register notice. In this case, no comments were received.

### **3(d) Effects of Less Frequent Collection**

Less frequent information collection would decrease the margin of assurance that facilities are continuing to meet the standards. Requirements for information gathering and recordkeeping are useful techniques to ensure that good operation and maintenance practices are applied and emission limitations are met. If the information required by these standards was collected less frequently, the proper operation and maintenance of control equipment and the possibility of detecting violations would be less likely.

### **3(e) General Guidelines**

These reporting or recordkeeping requirements do not violate any of the regulations promulgated by OMB under 5 CFR part 1320, section 1320.5.

These standards require the respondents to maintain all records, including reports and notifications for at least five years. This is consistent with the General Provisions as applied to the standards. EPA believes that the five-year records retention requirement is consistent the Part 70 permit program and the five-year statute of limitations on which the permit program is

based. The retention of records for five years allows EPA to establish the compliance history of a source, any pattern of non-compliance and to determine the appropriate level of enforcement action. EPA has found that the most flagrant violators have violations extending beyond five years. In addition, EPA would be prevented from pursuing the violators due to the destruction or nonexistence of essential records.

### **3(f) Confidentiality**

Any information submitted to the Agency for which a claim of confidentiality is made will be safeguarded according to the Agency policies set forth in Title 40, chapter 1, part 2, subpart B - Confidentiality of Business Information (CBI) (see 40 CFR 2; 41 FR 36902, September 1, 1976; amended by 43 FR 40000, September 8, 1978; 43 FR 42251, September 20, 1978; 44 FR 17674, March 23, 1979).

### **3(g) Sensitive Questions**

The reporting or recordkeeping requirements in the standard do not include sensitive questions.

## **4. The Respondents and the Information Requested**

### **4(a) Respondents/SIC Codes**

The respondents to the recordkeeping and reporting requirements are the oil and natural gas production industry. The United States Standard Industrial Classification (SIC) code for the respondents affected by the standards, and the corresponding North American Industry Classification System (NAICS) codes are listed below for this source category.

<b>Standard (40 CFR Part 63, Subpart HH)</b>	<b>SIC Codes</b>	<b>NAICS Codes</b>
Natural Gas Liquid Extraction	1321, 2819	211112
Crude Petroleum and Natural Gas Extraction	1311	211111

### **4(b) Information Requested**

#### **(i) Data Items**

In this ICR, all the data that is recorded or reported is required by the NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH).

A source must make the following reports:

<b>Notifications / Reports</b>	
Initial notification	63.775(b)(1), 63.9(b)(2) major source, 63.775(c)(1) area source
Notification of intent to construct/reconstruct	63.5(d), 63.9(b)(4) major source 63.9(b)(5) area source
Notification of actual startup date	63.9(b)(4), 63.9(b)(5)(ii) major source 63.9(b)(5) area source
Notification of date of CMS performance evaluation	63.775(b)(2), 63.8(e)(2), 63.9(g)(1) major source 63.775 (c)(2) area source
Notification of intent to conduct a performance test	63.775(b)(3), 63.7(b), 63.9(e) major source 73.775(c)(3) area source
Notification of compliance status	63.775(b)(4), 63.9(h), 63.775(d), major source 63.775(c)(4) area source
Periodic reports	63.775(b)(5), 63.769(c), 63.772(f) major source 63.775(c)(5) area source
Results of performance test	63.7(g), 63.10(d)(2)
Notification of change in compliance demonstration method for control device performance	63.772(f)
Notification of process change	63.775(f)
Startup, shutdown and malfunction reports	63.775(b)(6), 63.6(e)(3), 63.10(d)(5) major source 63.775(c)(6) area source
Semiannual excess emissions and continuous monitoring system performance report	63.8(c)(8), 63.10(e)(3)
Semiannual HAP summary report	63.10(e)(3)

A source must keep the following records:

<b>Recordkeeping</b>	
Record retention	63.10(b)(1), 63.774(b)(1)

<b>Recordkeeping</b>	
Copies of notifications and reports and supporting documentation	63.10(b)(2)(xiv)
Records of performance tests, other compliance demonstrations, and performance evaluations (area sources)	63.10(b)(2)(vii)-(ix)
Record related to control equipment inspections (area sources)	63.774(b)(5-8) 63.773(c)(7)
Records related to CMS (area sources)	63.10(b)(2)(vi), (x), (xi), 63.10(c), 63.774(b)(3-4)
Records required if complying via process modification (area sources)	63.774(b)(10-11), 63.771(e)
Records required if complying via benzene emission limit (area sources)	63.774(c)
Records related to equipment that is exempt or subject to other standards	63.764(e), 63.774(d) 63.774(b)(9)
Startup, shutdown, or malfunction plan	63.6(e)(3), 63.762(d), 63.8(c)(1)(iii)
Records of exempt glycol dehydration units	63.764(e)(1), 63.774(d)(1)
Records of exempt ancillary equipment and compressors	63.764(e)(2), 63.774(d)(2)
Records of glycol dehydration unit baseline operations (alternative standards)	63.771(e)(1), 63.774(b)(10)
Records of conditions for which glycol dehydration unit baseline operations shall be modified to achieve 95% HAP emission reduction (alternative standards)	63.771(e)(2), 63.774(b)(11)
Records to demonstrate that glycol dehydration unit operates under conditions for HAP reduction (alternative standards)	63.771(e)(3), 63.774(b)(11)
Documentation of control device design analysis	63.769(c), 63.772(e)(4)
Records relating to startup, shutdown, and malfunction periods; maintenance; compliance measurements; performance tests and evaluation; calibrations and adjustments	63.10(b)(2), 63.774(b)(2)
Records of periods when monitoring systems are not operating (breakdowns, repairs, startup, shutdown, malfunctions, etc.)	63.10(c), 63.774(b)(3)
Records of control device operating parameters – continuous and daily average (except flares)	63.774(b)(4)(i-ii)
Records of flare design, visible emissions, heat content, flow-rate, exit velocity, pilot flame outages (flares only)	63.774(b)(4)(i-ii), 63.774(e)
Records of 365 days rolling average condenser efficiency (condensers only)	63.774(b)(4)(ii)(B)

<b>Recordkeeping</b>	
Records of flow indicator operation, flow detection, vent stream diversions	63.774(b)(4)(iii)
Records of inspections of seals or closure mechanisms, records of broken/changed/checked out seals/valves/locks	63.774(b)(4)(iv)
Records of unsafe-to-inspect parts	73.773(c)(7), 63.774(b)(5)
Records of difficult-to-inspect parts	63.773(c)(7), 63.774(b)(6)
Records of leak or defect detection and repair	63.769(c), 61.246, 63.773(c)(7), 63.774(b)(7)
Records of inspections during which no leaks or defects were detected	63.773(c)(7), 63.774(b)(8)
Records of compliance with benzene emission limit (alternative standards)	63.774(c)
Site-specific performance evaluation test plan	63.7(c)(2), 63.8(d)(2), 63.8(e)(3)(i)
Records of results of performance test	63.7(g)(3)
Continuous monitoring system quality control program	63.8(d)
Records of continuous monitoring system performance	63.10(c)

### Electronic Reporting

Some of the respondents are using monitoring equipment that automatically records parameter data. Although personnel at the affected facility must still evaluate the data, internal automation has significantly reduced the burden associated with monitoring and recordkeeping at a plant site.

Also, regulatory agencies in cooperation with the respondents continue to create reporting systems to transmit data electronically. However, electronic reporting systems are still not widely used. At this time, it is estimated that approximately 10 percent of the respondents use electronic reporting.

### **(ii) Respondent Activities**

<b>Respondent Activities</b>
Read instructions.
Gather relevant information.
Perform initial performance test and repeat performance tests if necessary.
Write the notifications and reports listed above.
Enter information required to be recorded above.



<b>Respondent Activities</b>
Submit the required reports developing, acquiring, installing, and utilizing technology and systems for the purpose of collecting, validating, and verifying information.
Develop, acquire, install, and utilize technology and systems for the purpose of processing and maintaining information.
Develop, acquire, install, and utilize technology and systems for the purpose of disclosing and providing information.
Adjust the existing ways to comply with any previously applicable instructions and requirements.
Train personnel to be able to respond to a collection of information.
Transmit, or otherwise disclose the information.

Currently, sources are using monitoring equipment that provides parameter data in an automated way (e.g., continuous parameter monitoring system). Although personnel at the source still need to evaluate the data, this type of monitoring equipment has significantly reduced the burden associated with monitoring and recordkeeping.

## **5. The Information Collected: Agency Activities, Collection Methodology, and Information Management**

### **5(a) Agency Activities**

EPA conducts the following activities in connection with the acquisition, analysis, storage, and distribution of the required information.

<b>Agency Activities</b>
Observe initial performance tests and repeat performance tests if necessary.
Review notifications and reports, including performance test reports, and excess emissions reports, required to be submitted by industry.
Audit facility records.
Input, analyze, and maintain data in the Online Tracking Information System (OTIS).
Maintain data in the Central DATA Exchange (CDX).

### **5(b) Collection Methodology and Management**

Following notification of startup, the reviewing authority could inspect the source to

determine whether the pollution control devices are properly installed and operated. Performance test reports are used by the Agency to discern a source's initial capability to comply with the emission standards. Data and records maintained by the respondents are tabulated and published for use in compliance and enforcement programs. The semiannual reports are used for problem identification, as a check on source operation and maintenance, and for compliance determinations.

Information contained in the reports will be required to be submitted electronically to EPA's Central DATA Exchange (CDX) using the Electronic Reporting Tool. The Central Data Exchange (CDX) enables fast, efficient and more accurate environmental data submissions from state and local governments, industry and tribes to the Environmental Protection Agency (EPA) and participating program offices. EPA's CDX is the point of entry on the Environmental Information Exchange Network (Exchange Network) for environmental data submissions to the Agency. CDX works with both EPA program offices looking for a way to better manage incoming data, and stakeholders looking for a way to reduce burden from reporting requirements.

Information contained in the reports is entered into OTIS which is operated and maintained by EPA's Office of Compliance. OTIS is EPA's database for the collection, maintenance, and retrieval of compliance data for approximately 125,000 industrial and government-owned facilities. EPA uses the OTIS for tracking air pollution compliance and enforcement by local and state regulatory agencies, EPA regional offices and EPA headquarters. EPA and its delegated authorities can edit, store, retrieve and analyze the data.

The records required by this regulation must be retained by the owner/operator for five years.

### **5(c) Small Entity Flexibility**

A majority of the respondents are large entities (i.e., large businesses). However, the impact on small entities (i.e., small businesses) was taken into consideration during the development of the regulation. Due to technical considerations involving the process operations and the types of control equipment employed, the recordkeeping and reporting requirements are the same for both small and large entities. The Agency considers these to be the minimum requirements needed to ensure compliance and, therefore, cannot reduce them further for small entities. To the extent that larger businesses can use economies of scale to reduce their burden, the overall burden will be reduced.

### **5(d) Collection Schedule**

The specific frequency for each information collection activity within this request is shown in below Table 1: Annual Respondent Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal).

## **6. Estimating the Burden and Cost of the Collection**

Table 1 documents the computation of individual burdens for the recordkeeping and reporting requirements applicable to the industry for the subpart included in this ICR. The individual burdens are expressed under standardized headings believed to be consistent with the concept of burden under the Paperwork Reduction Act. Wherever appropriate, specific tasks and major assumptions have been identified. Responses to this information collection are mandatory.

The Agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

### **6(a) Estimating Respondent Burden**

The average annual burden to industry over the next three years from these recordkeeping and reporting requirements is estimated to be 46,642 (Total Labor Hours from Table 1 below). These hours are based on Agency studies and background documents from the development of the regulation, Agency knowledge and experience with the NESHAP program, the previously-approved ICR, and any comments received.

### **6(b) Estimating Respondent Costs**

#### **(i) Estimating Labor Costs**

This ICR uses the following labor rates:

Managerial	\$121.44 (\$57.83+ 110%)
Technical	\$100.23 (\$47.73 + 110%)
Clerical	\$50.51 (\$24.05 + 110%)

These rates are from the United States Department of Labor, Bureau of Labor Statistics, March 2012, "Table 2. Civilian Workers, by occupational and industry group." The rates are from column 1, "Total compensation." The rates have been increased by 110 percent to account for the benefit packages available to those employed by private industry.

#### **(ii) Estimating Capital/Startup and Operation and Maintenance Costs**

The type of industry costs associated with the information collection activities in the subject standard are both labor costs which are addressed elsewhere in this ICR and the costs associated with continuous monitoring. The capital/startup costs are one-time costs when a facility becomes subject to the regulation. The annual operation and maintenance costs are the ongoing costs to maintain the monitors and other costs such as photocopying and postage.

**(iii) Capital/Startup vs. Operation and Maintenance (O&M) Costs**

<b>Capital/Startup vs. Operation and Maintenance (O&amp;M) Costs</b>						
(A) Continuous Monitoring Device	(B) Capital/Startup Cost for One Respondent	(C) Number of New Respondents	(D) Total Capital/Startup Cost, (B X C)	(E) Annual O&M Costs for One Respondent	(F) Number of Respondents with O&M	(G) Total O&M, (E X F)
THC analyzer (major source) <sup>a</sup>	\$10,200	28	\$285,600	\$1,020	498	\$507,960
Monitoring equipment (CMS) <sup>b, c</sup>	\$1,015	31	\$31,465	\$134	498	\$66,732
Postage cost <sup>d</sup>	NA	0	\$0	\$7.63	2,487	\$18,976
<b>Total</b>			<b>\$317,065</b>			<b>\$593,668</b>

a. Cost information for THC analyzer is from the EPA Air Pollution Control Cost Manual, January 2002, "Table 4.12: Default Analyzer and Monitor Equipment Costs for CEMS (\$)." EPA assumes all major sources utilize an organic monitoring device to measure the concentration level of organic compounds in the exhaust vent system.

EPA estimates the cost for a TOC/HAP monitor based on the cost of a total hydrocarbon (THC) analyzer.

b. We assume that all new major sources and 2 percent of new area sources are required to purchase CMS per year.

c. We assume the average number of existing major sources (498) have O&M costs associated with CMS.

d. We estimate an average of 2,423 responses (reports).

The total capital/startup costs for this ICR are \$317,065. This is the total of column D in the above table.

The total operation and maintenance (O&M) costs for this ICR are \$593,668. This is the total of column G.

The average annual cost for capital/startup and operation and maintenance costs to industry over the next three years of the ICR is estimated to be \$910,733. These are recordkeeping costs.

**(iv) Affirmative Defense/Root Cause Analysis/Malfunction Costs.**

The EPA's estimate for an affirmative defense and root cause analysis in the table below is based on general experience to calculate the time and effort required of a source to review relevant data, interview plant employees, and reconstruct the events prior to a malfunction in order to determine primary and contributing causes. The level of effort also includes time to produce and retain the report in document form so that the source will have it available should EPA or state enforcement agencies ever request to review it.

The labor rates used for these costs are from the U. S. Department of Labor,

Bureau of Labor Statistics, March 2012, Table 2, Civilian Workers, by occupational and industry group. The rates are from column 1, Total compensation. The rates have been increased by 110 percent to account for the benefit packages available to those employed by private industry.

<b>Personnel</b>	<b>Number of Personnel</b>	<b>Time Requirement (hours)</b>	<b>Total Hours</b>	<b>Hourly Rate (\$/hr)</b>	<b>Total</b>
Technical Personnel	3	6	18	\$100.23	\$1,804
Managerial Personnel	2	6	12	\$121.44	\$1,457
Total	5		30		\$3,261

### **6(c) Estimating Agency Burden and Cost**

The only costs to the Agency are those costs associated with analysis of the reported information. EPA's overall compliance and enforcement program includes activities such as the examination of records maintained by the respondents, periodic inspection of sources of emissions, and the publication and distribution of collected information.

The average annual Agency cost during the three years of the ICR is estimated to be \$244,404.

This cost is based on the average hourly labor rate as follows:

Managerial	\$62.27 (GS-13, Step 5, \$38.92 + 60%)
Technical	\$46.21 (GS-12, Step 1, \$28.88 + 60%)
Clerical	\$25.01 (GS-6, Step 3, \$15.63 + 60%)

These rates are from the Office of Personnel Management (OPM), 2012 General Schedule, which excludes locality, rates of pay. The rates have been increased by 60 percent to account for the benefit packages available to government employees. Details upon which this estimate is based appear below in Table 2: Average Annual EPA Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal).

### **6(d) Estimating the Respondent Universe and Total Burden and Costs**

Based on our research for this ICR, on average over the next three years, approximately 3,566 existing respondents will be subject to the standard. It is estimated that an additional 169 respondents per year will become subject; this estimate includes 28 major sources, 3 area sources, and 138 area sources that only keep records but do not submit reports. The overall average number of respondents, as shown in the table below, is 3,735 per year.

The number of major source respondents was updated based on the NEI database, which was used during the development of the 2012 amendment to determine the MACT. The number

of area source respondent was derived from information in EPA ICR number 1788.09.

The number of respondents is calculated using the following table that addresses the three years covered by this ICR.

Number of Respondents								
Year	(A) Number of New Respondents <sup>1&amp;2</sup>			(B) Number of Existing Respondents <sup>3</sup>		(C) Number of Existing Respondents that keep records but do not submit reports <sup>4</sup>	(D) Number of Existing Respondents That Are Also New Respondents <sup>5</sup>	(E) Number of Respondents (E=A+B)
	Major	Area	Area Only Keep Records	Major	Area			
1	28	3	138	470	2,927	3,003	25	3,566
2	28	3	138	498	3,068	3,141	25	3,735
3	28	3	138	526	3,209	3,279	25	3,904
Average	28	3	138	498	3,068	3,141	25	3,735

<sup>1</sup> New respondents include sources with constructed or reconstructed affected facilities.

<sup>2</sup> We assume that there are 141 new area sources and 28 new major sources for a total of 169.

<sup>3</sup> We assume there are 3,068 existing area sources and 498 existing major sources.

<sup>4</sup> We assume that 98 percent of area sources will only be required to maintain records. All major sources and 2 percent of area sources will maintain records and submit reports.

<sup>5</sup> We estimate 25 of the new major sources are existing facilities, while 3 new major sources are new facilities.

Column D is subtracted to avoid double-counting respondents. As shown above, the average Number of Respondents over the three year period of this ICR is 3,735.

The total number of annual responses per year is calculated using the following table:

Total Annual Responses				
(A) Information Collection Activity	(B) Number of Respondents	(C) Number of Responses	(D) Number of Existing Respondents That Keep Records But Do Not Submit Reports	(E) Total Annual Responses E=(BxC)+D
Affirmative Defense	13	1	N/A	13
Major sources				
Notification of construction/reconstruction	28	1	0	28
Notification of actual startup	28	1	0	28

<b>Total Annual Responses</b>				
Notification of date of CMS performance evaluation	28	1	0	28
Notification of date of performance test	28	1	0	28
Notification of compliance status report	28	1	0	28
Startup, shutdown, malfunction reports	526	2	0	1,052
Semiannual periodic report	526	2	0	1,052
Area sources				
Notification of intent to construct	3	1	0	3
Notification of actual startup date	3	1	0	3
Notification of intent to conduct performance test	16	1	0	16
Notification of date of CMS performance evaluation	16	1	0	16
Notification of compliance status	16	1	0	16
First periodic report	3	1	0	3
Subsequent periodic reports	66	1	0	66
Startup, shutdown, malfunction reports	12	10	0	120
			Total	2,500

The number of Total Annual Responses is 2,500.

The total annual labor costs are \$4,520,905. Details regarding these estimates may be found below in Table 1. Annual Respondent Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal).

### **6(e) Bottom Line Burden Hours and Cost Tables**

The detailed bottom line burden hours and cost calculations for the respondents and the Agency are shown in Tables 1 and 2, respectively, and summarized below.

#### **(i) Respondent Tally**

The total annual labor hours are 46,642 at a cost of \$4,520,905. Details regarding these estimates may be found below in Table 1: Annual Respondent Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal).

Furthermore, the annual public reporting and recordkeeping burden for this collection of information is estimated to average 19 hours per response.

The total annual capital/startup and O&M costs to the regulated entity are \$910,733. The cost calculations are detailed in Section 6(b)(iii), Capital/Startup vs. Operation and Maintenance (O&M) Costs.

### **(ii) The Agency Tally**

The average annual Agency burden and cost over next three years is estimated to be 5,423 labor hours at a cost of \$244,404. See Table 2 below: Average Annual EPA Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal).

### **6(f) Reasons for Change in Burden**

This ICR combines the requirements from the existing regulations and the 2012 amendment, which are EPA ICR Numbers 1788.09 and 2440.02, respectively. The 2012 rule amended title 40, chapter I, part 63 subpart HH to include emission sources for which standards were not developed previously. This results in an increase in the number of affected major sources. The amendment did not affect the number of area sources.

Several changes were made to this ICR: 1) A correction in the estimated number of respondents based on recent data obtained during development of the 2012 rule amendment; 2) Inclusion of requirements associated with the 2012 amendment, including affirmative defense; and 3) Update to labor rates used in calculating burden estimates. These changes result in an overall decrease in the labor hours and costs and an increase in the total capital and O&M costs as currently identified in the OMB Inventory of Approved Burdens. The current OMB Inventory adds the burdens from EPA ICR Number 1788.09 and 2440.02, thus double-counting the burden associated with several requirements. This ICR has been updated to remove any duplicates and to reflect the revised standard correctly.

The EPA estimate for the required notification, reports and records, including the root cause analysis, associated with a single affirmative defense incident totals \$3,261 and is based on the time and effort required for a source to review relevant data, interview plant employees, and document the events surrounding a malfunction that has caused an exceedance of an emission limit. The estimate also includes time to produce and retain records and reports for submission to the EPA. For the purpose of estimating the annual burden, the EPA is attributing a total of 39 instances of affirmative defense over a three-year period across all sources in the category. The EPA is using this frequency because among the number of excess emission events reported by source operators, only a small number would be expected to result from a malfunction, and only a subset of excess emissions caused by malfunctions would result in the source choosing to assert affirmative defense. We therefore believe the number of instances in which source operators may be expected to avail themselves of the affirmative defense will be extremely small.



**6(g) Burden Statement**

The annual public reporting and recordkeeping burden for this collection of information is estimated to average 19 hours per response. “Burden” means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB Control Number. The OMB Control Numbers for EPA regulations are listed at 40 CFR part 9 and 48 CFR chapter 15.

To comment on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including the use of automated collection techniques, EPA has established a public docket for this ICR under Docket ID Number EPA-HQ-OECA-2012-0669. An electronic version of the public docket is available at <http://www.regulations.gov/>, which may be used to obtain a copy of the draft collection of information, submit or view public comments, access the index listing of the contents of the docket, and to access those documents in the public docket that are available electronically. When in the system, select “search,” then key in the docket ID number identified in this document. The documents are also available for public viewing at the Enforcement and Compliance Docket and Information Center in the EPA Docket Center (EPA/DC), EPA West, Room 3334, 1301 Constitution Ave., NW, Washington, DC. The EPA Docket Center Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Reading Room is (202) 566-1744, and the telephone number for the docket center is (202) 566-1752. Also, you can send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW, Washington, DC 20503, Attention: Desk Officer for EPA. Please include the EPA Docket ID Number EPA-HQ-OECA-2012-0669 and OMB Control Number 2060-0417 in any correspondence.

**Part B of the Supporting Statement**

This part is not applicable because no statistical methods were used in collecting this information.

**Table 1: Annual Respondent Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal)**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Technical Person hours per occurrence	No. of occurrences per respondent per year	Technical Person hours per respondent per year (C=AxB)	Respondents per year <sup>a</sup>	Technical person-hours per year (E=CxD)	Management person hours per year (Ex0.05)	Clerical person hours per year (Ex0.1)	Total Cost Per Year <sup>b</sup>
<b>Burden item</b>								
1. Applications	N/A							
2. Surveys and studies	N/A							
3. Reporting requirements								
a. Read rule and instructions <sup>c</sup>	4	1	4	169	676	33.8	67.6	\$75,274.63
b. Required activities	N/A							
c. Create information	N/A							
d. Gather existing information <sup>c</sup>	8	1	8	169	1,352	67.6	135.2	\$150,549.26
e. Affirmative defense <sup>d</sup>	18	1	18	13	234	156	0	\$42,398.46
Major sources								
i. Notification of construction/reconstruction <sup>c</sup>	2	1	2	28	56	2.8	5.6	\$6,235.77
ii. Notification of actual startup <sup>c</sup>	2	1	2	28	56	2.8	5.6	\$6,235.77
iii. Notification of date of CMS performance evaluation <sup>c</sup>	2	1	2	28	56	2.8	5.6	\$6,235.77
iv. Notification of date of performance test <sup>c</sup>	2	1	2	28	56	2.8	5.6	\$6,235.77
v. Notification of compliance status report <sup>c</sup>	4	1	4	28	112	5.6	11.2	\$12,471.54
vi. Startup, shutdown, malfunction reports <sup>e</sup>	2	2	4	498	1,992	99.6	199.2	\$221,815.18
vii. Semiannual periodic report <sup>e</sup>	2	2	4	498	1,992	99.6	199.2	\$221,815.18
Area sources								
i. Notification of intent to construct <sup>c</sup>	2	1	2	3	6	0.3	0.6	\$668.12

ii. Notification of actual startup date <sup>c</sup>	1	1	1	3	3	0.15	0.3	\$334.06
iii. Notification of intent to conduct performance test <sup>c, f</sup>	2	1	2	16	32	1.6	3.2	\$3,563.30
iv. Notification of date of CMS performance evaluation <sup>c, f</sup>	2	1	2	16	32	1.6	3.2	\$3,563.30
v. Notification of compliance status	10	1	10	16	160	8	16	\$17,816.48
vi. First periodic report <sup>g</sup>	4	1	4	3	12	0.6	1.2	\$1,336.24
vii. Subsequent periodic reports <sup>g</sup>	2	1	2	66	132	6.6	13.2	\$14,698.60
viii. Startup, shutdown, malfunction reports <sup>h</sup>	2	10	20	12	240	12	24	\$26,724.72
<b>Subtotal for Reporting Requirements</b>						<b>8,400</b>		<b>\$817,972.11</b>
4 Recordkeeping requirements								
a. Read instructions								
- Major source <sup>i</sup>	4	1	4	28	112	5.6	11.2	\$12,471.54
- Area source <sup>i</sup>	4	1	4	141	564	28.2	56.4	\$62,803.09
b. Plan activities								
- Major source	16	1	16	28	448	22.4	44.8	\$49,886.14
- Area source								
i. Sources required to operate add-on controls <sup>j</sup>	16	1	16	69	1,104	55.2	110.4	\$122,933.71
ii. Sources required to implement MP <sup>k</sup>	4	1	4	138	552	27.6	55.2	\$61,466.86
c. Implement activities								
- Major source	N/A							
- Area source								
i. Performance test <sup>l</sup>	35	1	35	9	315	15.75	31.5	\$35,076.20
ii. Design analysis <sup>l</sup>	12	1	12	61	732	36.6	73.2	\$81,510.40
iii. Control equipment leak monitoring <sup>j</sup>	3	2	6	69	414	20.7	41.4	\$46,100.14
iv. Operate and maintain CMS <sup>j, m</sup>	2	12	24	69	1,656	82.8	165.6	\$184,400.57
d. Develop record system								
- Major source								
i. Control equipment <sup>c</sup>	8	1	8	28	224	11.2	22.4	\$24,943.07

ii. Equipment inspection and monitoring <sup>n</sup>	13	1	13	498	6,474	323.7	647.4	\$720,899.32
- Area source								
i. Startup, shutdown, malfunction plan <sup>l</sup>	20	1	20	25	500	25	50	\$55,676.50
ii. Control equipment <sup>l</sup>	8	1	8	9	72	3.6	7.2	\$8,017.42
e. Time to enter information								
- Major source								
i. Control equipment monitoring <sup>n, o</sup>	1	2	2	498	996	49.8	99.6	\$110,907.59
ii. Control device CMS <sup>n, o, p</sup>	1	12	12	498	5,976	298.8	597.6	\$665,445.53
iii. Equipment inspection and monitoring <sup>n, o, p</sup>	1	12	12	498	5,976	298.8	597.6	\$665,445.53
- Area source								
i. Control equipment leak monitoring <sup>j, q</sup>	1	2	2	69	138	6.9	13.8	\$15,366.71
ii. CMS measurements <sup>j</sup>	1	12	12	69	828	41.4	82.8	\$92,200.28
f. Time to train personnel								
- Major source <sup>c, l</sup>	8	1	8	28	224	11.2	22.4	\$24,943.07
- Area source <sup>c, l</sup>	16	1	16	3	48	2.4	4.8	\$5,344.94
g. Maintain records (area source) <sup>j, s</sup>	20	1	20	69	1,380	69	138	\$153,667.14
h. Retain records of emission <sup>t</sup>	1	1	1	3,141	3,141	157.05	314.1	\$349,759.77
i. Retrieve records/reports <sup>j, u</sup>	20	1	20	69	1,380	69	138	\$153,667.14
<b>Subtotal for Recordkeeping Requirements</b>						<b>38,242</b>		<b>\$3,702,932.66</b>
<b>TOTAL LABOR BURDEN AND COST (rounded)</b>						<b>46,642</b>		<b>\$4,520,905</b>

**Assumptions:**

<sup>a</sup> We have assumed that on average there are 498 existing major sources and 3,068 existing area sources. We also assume that there are an additional 28 new major sources and 141 new area sources per year (with only 3 of the new area sources required to submit reports). In addition, there are 3,141 existing sources per year that are subject only to the recordkeeping requirement of this regulation over the three years of this ICR.

<sup>b</sup> This ICR uses the following labor rates: \$121.44 per hour for Executive, Administrative, and Managerial labor; \$100.23 per hour for Technical labor, and \$50.51 per hour for Clerical labor. These rates are from the United States Department of Labor, Bureau of Labor Statistics, March 2012, Table 2. Civilian Workers, by occupational and industry group. The rates are from column 1, Total Compensation. The rates have been increased by 110 percent to account for the benefit packages available to those employed by private industry.

<sup>c</sup> This is a one-time only activity for each new facility, which comprised of 28 new major sources, 3 new area sources, and 138 new area sources that only maintain

records, for a total of 169 new sources per year on average. The hours required to complete each activity is based on estimates from EPA ICR Number 1788.09.

<sup>d</sup> We estimate 39 instances of affirmative defense over a 3 year period across all sources in the category, or a frequency of 13 instances per year. We estimate 18 technical hours, 12 managerial hours, and no clerical hours are required for each instance of affirmative defense.

<sup>e</sup> We have assumed that startup, shutdown, malfunction (SSM) reports may be included as part of the semiannual periodic reports. In addition, we estimate two hours are required to complete each report. There are 498 existing major sources that are subject to SSM and semiannual reports.

<sup>f</sup> We have assumed that the requirements does not apply to sources located outside of an urbanized area (UA)/urban cluster (UC) plus offset boundary.

<sup>g</sup> We have assumed that 66 existing area sources (i.e., 2 percent of existing area sources) and 3 new area sources will complete this activity.

<sup>h</sup> We have assumed that this report is only required if actions taken during SSM does not follow the SSM plan. We estimate 12 sources (0.4 percent of existing area sources) will complete this activity.

<sup>i</sup> We have assumed that it will take each of the new sources (28 major and 141 area) four hours to read instructions.

<sup>j</sup> We have assumed that 66 existing area sources (e.g., 2% of existing area sources), and 3 new area sources will complete this activity.

<sup>k</sup> This applies to new area sources that only keep records (138 sources).

<sup>l</sup> The estimated hours per activity and number of sources are based on estimates from EPA ICR Number 1788.09 and 2440.02.

<sup>m</sup> We have assumed that it will take each respondent two hours twelve times per year to implement this activity.

<sup>n</sup> This applies to the 498 existing major sources.

<sup>o</sup> We assume that all of the major sources will each take one hour to enter information.

<sup>p</sup> We have assumed that each respondent will be required to enter information twelve times per year.

<sup>q</sup> We have assumed that each respondent will be required to enter information two times per year.

<sup>r</sup> We have assumed that respondents will each take sixteen hour to train personnel..

<sup>s</sup> We have assumed that it will take 20 hours for each respondent to maintain records.

<sup>t</sup> We have assumed that all of the respondents that are subject only to the recordkeeping requirements (3,141 sources) will take one hour each year to process records of emissions.

<sup>u</sup> We have assumed that each respondent will take twenty hours once per year to retrieve records/reports.

**Table 2: Average Annual EPA Burden and Cost – NESHAP for Oil and Natural Gas Production (40 CFR Part 63, Subpart HH) (Renewal)**

Activity	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	EPA person-hours per occurrence	No. of occurrences per plant per year	EPA person-hours per plant per year	Plants per year <sup>a</sup>	Technical person-hours per year	Management person-hours per year	Clerical person-hours per year	Cost, \$ <sup>b</sup>
			(C=AxB)		(E=CxD)	(Ex0.05)	(Ex0.1)	
<b>Major source</b>								
Initial notification <sup>c</sup>	2	1	2	28	56	2.8	5.6	\$2,902.17
Preconstruction review application <sup>c</sup>	4	1	4	28	112	5.6	11.2	\$5,804.34
Performance test notification <sup>c</sup>	2	1	2	28	56	2.8	5.6	\$2,902.17
Compliance status notification <sup>c</sup>	4	1	4	28	112	5.6	11.2	\$5,804.34
Startup, shutdown, malfunction reports <sup>d</sup>	2	2	4	498	1,992	99.6	199.2	\$103,234.40
Semiannual periodic reports <sup>e</sup>	2	2	4	498	1,992	99.6	199.2	\$103,234.40
<b>Area sources</b>								
Notification of intent to construct	2	1	2	3	6	0.3	0.6	\$310.95
Notification of actual startup date	2	1	2	3	6	0.3	0.6	\$310.95
Notification of intent to conduct performance test <sup>f</sup>	2	1	2	16	32	1.6	3.2	\$1,658.38
Notification of date of CMS performance evaluation	2	1	2	16	32	1.6	3.2	\$1,658.38
Notification of compliance status	4	1	4	16	64	3.2	6.4	\$3,316.77
Periodic reports – new source <sup>g</sup>	2	1	2	66	132	6.6	13.2	\$6,840.83
Startup, shutdown, malfunction reports <sup>g,h</sup>	2	1	2	62	124	6.2	12.4	\$6,426.24
<b>TOTAL ANNUAL BURDEN AND COST (rounded)</b>						<b>5,423</b>		<b>\$244,404</b>

**Assumptions:**

<sup>a</sup> We have assumed that on average there are 498 existing major sources and 3,068 existing area sources. We also assume that there are an additional 28 new major sources and 141 new area sources per year (with only 3 of the new area sources required to submit reports). In addition, there are 3,141 existing sources per year that are subject only to the recordkeeping requirement of this regulation over the three years of this ICR.

- <sup>b</sup> This cost is based on the following labor rates which incorporates a 1.6 benefits multiplication factor to account for government overhead expenses: \$62.27 Managerial rate (GS-13, Step 5), \$46.21 Technical rate (GS-12, Step 1), and \$25.01 Clerical rate (GS-6, Step 3). These rates are from the Office of Personnel Management (OPM) 2012 General Schedule which excludes locality rates of pay.
- <sup>c</sup> We have assumed that this is a one-time only activity for each facility.
- <sup>d</sup> We have assumed that startup, shutdown, malfunction reports may be included as part of the semiannual periodic reports.
- <sup>e</sup> We have assumed that each respondent will take two hours two times per year to complete the semiannual periodic reports.
- <sup>f</sup> We have assumed that each of the respondents will take two hours once per year to complete requirements.
- <sup>g</sup> We have assumed that the requirements does not apply to sources located outside of an urbanized area (UA)/urban cluster (UC) plus offset boundary.
- <sup>h</sup> We have assumed that each respondent will take two hours once per year to review reports.