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Oil Industry Braces for Pair of Blows Regarding Policy on Upstream Pollution.

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WASHINGTON - A couple more nails are poised to be hammered into the oil industry's regulatory coffin.

One is the dismissal by administration sources as "unconvincing" of a report designed to persuade federal regulators that oil and gas exploration and production (E&P) facilities should not be included in the recently expanded toxic release reporting program.

The second is a possible news investigation into past E&P waste disposal by Exxon Corp., according to industry sources.

The Environmental Protection Agency (EPA) considered adding oil and gas E&P facilities to its Toxic Release Inventory (TRI) program for reporting chemical releases to the public last year. But it decided to exclude them, at least temporarily, and revisit the issue.

Arguing against E&P inclusion, the American Petroleum Institute said it would add nearly 5,000 facilities to the program nationwide and could cost \$200 million in the first year. It also said the same information was already available through state reporting.

Trying to substantiate that claim, the Interstate Oil and Gas Compact Commission (IOGCC) in January prepared and delivered to EPA a six-state survey showing what data are collected now and how they are publicly available.

EPA has since tried to make a "clean match" between TRI and the state reporting requirements, but a preliminary review by an EPA contractor has been less than satisfactory, an EPA source said.

"It doesn't appear that there's really anything that's duplicative of TRI that's out there already," he told The Oil Daily on Monday.

"So I don't think that what we're going to find in this report will change our opinion that TRI data probably are not available for the industry."

EPA is scheduled to brief Energy Department officials today on the agency's current position. They will in turn brief IOGCC and the National Petroleum Council.

But the source said that while E&P TRI is still on the table, it's not a hot issue. In the meantime, EPA plans to review the report in more detail to understand state requirements better, he said.

"But a lot is federal information requirements that we've looked at

already ... including RCRA [Resource Conservation and Recovery Act]

data for the facilities that do report; we don't think it's a substitute for TRI," he added.

The agency plans to publish an advanced notice of proposed rulemaking to address the issues raised by adding extraction facilities, possibly by year end, though that is subject to change.

The source said EPA is considering altering the definition of a facility to allow it to apply to a group of wells, rather than a single well.

Another shadow could be cast on E&P regulation by CBS News' moves to investigate a lawsuit pertaining to waste disposed of years ago in Louisiana by Exxon. CBS has approached industry sources, IOGCC and EPA about the story.

Though the investigation is not directly related to the TRI expansion, a source from a major oil company said the CBS report - due this summer - could create the perception that more regulation of E&P is needed.

But another industry source was hopeful that such "hysterical anecdotes," if aired, would not get in the way of common-sense regulation.

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