

## Facility Definition Summary for Petroleum and Natural Gas Systems

This document clarifies the petroleum and natural gas systems “facility” definitions in the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, title 17, California Code of Regulations, sections 95100-95158 (MRR).

### Application of Facility Definitions

- Section 95101(e) of the MRR includes eight industry segments for petroleum and natural gas systems. Of these segments, two industry segments, natural gas distribution, and onshore petroleum and natural gas production, have specific, more specialized “facility” definitions within the MRR. These specialized definitions are included below:

*Section 95102(a) (299) “Natural gas distribution facility” means the collection of all distribution pipelines, metering stations, and regulating stations that are operated by a local distribution company (LDC) that is regulated as a separate operating company by a public utility commission or that are operated as an independent municipally-owned distribution system.*

*(324) “Onshore petroleum and natural gas production facility” means all petroleum or natural gas equipment on a well pad, or associated with a well pad or to which emulsion is transferred and CO<sub>2</sub> EOR operations that are under common ownership or common control including leased, rented, or contracted activities by an onshore petroleum and natural gas production owner or operator that are located in a single basin as defined in 40 CFR §98.238. When a commonly owned cogeneration plant is within the basin, the cogeneration plant is only considered part of the onshore petroleum and natural gas production facility if the onshore petroleum and natural gas production facility operator or owner has a greater than fifty percent ownership share in the cogeneration plant. Where a person or operating entity owns or operates more than one well in a basin, then all onshore petroleum and natural gas production equipment associated with all wells that the person or entity owns or operates in the basin would be considered one facility.*

- For the remaining six industry segments listed in section 95101(e), the “facility” definition from 95102(a)(167) applies. In that definition, “facility” means “all petroleum and natural gas equipment on a well-pad, associated with a well pad or to which emulsion is transferred and CO<sub>2</sub> EOR operations that are under common ownership or common control including leased, rented, or contracted activities by an onshore petroleum and natural gas production owner or operator and that are located in a single basin as defined in section 95102(a). When a commonly owned cogeneration plant is within the basin, the cogeneration plant is only considered part of the onshore petroleum and natural gas production facility if the onshore petroleum and natural gas production facility operator or owner has a greater than fifty percent ownership share in the cogeneration plant. Where a person or entity owns or operates more than one well in a basin, then all onshore petroleum and natural gas production equipment associated with all wells that the person or entity owns or operates in the basin would be considered one facility.”

### **Application of the Term “Associated with” within the Onshore Petroleum and Natural Gas Production Facility Definition**

- For MRR implementation, onshore petroleum and natural gas system emissions sources shall be considered “associated with” the hydrocarbon stream produced from the well pad. This includes steam generators, dehydrators, amine treaters, and other equipment (portable and stationary) that are associated with the production and treatment of the hydrocarbon stream produced at the well pad. The “associated with” term is also inclusive of cogeneration facilities that supply steam and/or electricity to the well pad.

### **Natural Gas Plants and Onshore Natural Gas Processing Facilities**

- Natural gas plants that are involved in the separation or treating of petroleum and/or natural gas are considered “associated with a well pad” and should report their emissions with the onshore petroleum and natural production facility.
- Onshore natural gas processing facilities that fractionate or that do not fractionate but have a throughput of 25 million standard cubic feet (MMscf) per day or greater must report according to the general facility definition in section 95102(a)(167).

### **Examples of Application of Facility Definitions for Oil and Gas Facilities**

- Example 1: An onshore petroleum production operator in a single hydrocarbon basin owns greater than a 50% share in a cogeneration plant, which supplies steam to some of the wells for production. How many ARB facility IDs does this owner need?
  - Answer: One. The cogeneration plant is associated with the onshore petroleum production facility and emissions from the cogeneration plant must be reported because the operator owns greater than a 50% share in the cogeneration plant as specified in §95103(a)(324).
- Example 2: An oil company operates a natural gas processing plant that has a throughput of 35 MMscf/day in an oil field that consists of multiple well pads (not necessarily under common ownership) in single hydrocarbon basin. How many ARB facility IDs are needed?
  - Answer: At least two. The natural gas processing facility has a separate facility ID from the well pads. However, depending on how many owners or operators of the well pads there are in the single hydrocarbon basin, the onshore natural gas production facility may consist of one ID or multiple IDs.
- Example 3: A liquefied natural gas storage facility is located contiguous to a commonly owned cogeneration plant. How many ARB facility IDs does this owner need?
  - Answer: One. The liquefied natural gas storage facility is contiguous to the cogeneration facility. Because the MRR does not include a specific, specialized facility definition for liquefied natural gas storage facilities, the general facility definition in section 95102(a) applies, so this is considered a single facility.