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Highlights

Highlights of [GAO-05-240](#), a report to congressional requesters

Why GAO Did This Study

To prevent pollutants from entering storm water runoff, the Clean Water Act's National Pollutant Discharge Elimination System Storm Water Program requires controls for construction activities that disturb land. Phase I of this program requires permitting for construction activities that disturb 5 acres or more, while Phase II requires permitting for activities disturbing between 1 and 5 acres. The Environmental Protection Agency (EPA) extended the Phase II compliance date for discharges associated with oil and gas construction activities until March 2005 to analyze the impact of Phase II on the oil and gas industry. GAO was asked to provide information about oil and gas construction activities—such as well drilling and pipeline construction—affected by Phase I and likely to be affected by Phase II, as well as Phase II's financial and environmental implications.

What GAO Recommends

GAO recommends that EPA's Administrator complete the agency's analysis of the Phase II program before making a final decision on its implementation.

In reviewing our draft report, EPA officials agreed with our recommendation. EPA subsequently proposed an extension for the Phase II deadline for small oil and gas activities until June 2006 to allow time to complete its analysis.

www.gao.gov/cgi-bin/getrpt?GAO-05-240.

To view the full product, including the scope and methodology, click on the link above. For more information, contact John Stephenson at (202) 512-3841 or stephensonj@gao.gov.

STORM WATER POLLUTION

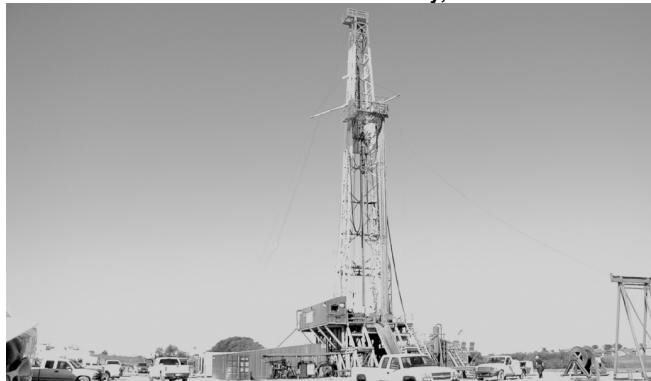
Information Needed on the Implications of Permitting Oil and Gas Construction Activities

What GAO Found

A small fraction of total oil and gas construction activities have been permitted under Phase I of EPA's storm water program. Phase I storm water permit data for three of the six largest oil and gas producing states—Louisiana, Oklahoma, and Texas—showed that 433 construction activities were permitted under Phase I over the most recent 12 months for which data were available. About 70 percent, 304 of the 433, were oil and gas pipeline activities, most of which were much larger than the 5 acre criterion under Phase I. About 17 percent, 72 of the 433, were drilling activities. In comparison, these three states reported drilling an average of about 10,000 wells for each of the past 3 years. Industry must decide whether to seek permit coverage, and it has sought to have its drilling activities permitted on few occasions because it has determined that most drilling activity involves distinct projects that disturb less than 5 acres each. In states we reviewed, there were few reported compliance problems associated with oil and gas construction activities.

While it appears that most oil and gas construction activities may have to be permitted under Phase II, the actual number of activities that could be affected is uncertain, and the financial and environmental implications are difficult to quantify. The oil and gas construction activities affected by the rule may lead to increased financial costs for the oil and gas industry and federal agencies implementing the rule. Many of the potential costs stem from meeting permit requirements to review the impact of construction activities on endangered species, although this impact would be site specific and difficult to quantify. Potentially offsetting these costs, the rule may lead to additional environmental protections that are difficult to quantify, such as decreased levels of sediment in water and benefits for endangered species and their habitat. After delaying implementation of this rule for oil and gas construction activities for 2 years to study the impact of Phase II, EPA is analyzing the impact but, as yet, has not quantified the number of activities affected or the potential financial and environmental implications.

Gas Well Construction Site in Wise County, Texas



Source: GAO.