

General permits were not final. As presented in later sections of this preamble, today's proposal (including the facilities covered by the Region VI permit) would remove 4.3 billion pounds of pollutants in produced water from being discharged per year. The Region VI permit covers approximately 71 percent of the produced water volume being discharged in the coastal subcategory. The remaining 29 percent is derived from coastal facilities treating offshore produced waters and currently discharging them into main deltaic river passes in Louisiana, as well as from other coastal operations in the U.S. Thus, with the Region VI General permits final, this rule would actually result in the removal of 1.25 billion pounds (29 percent of 4.3 billion pounds) of pollutants per year from being discharged into coastal waters.

As also presented in later sections of this preamble, compliance costs of today's rulemaking (including the facilities covered by the Region VI permit) total approximately \$40.4 million annually. With the Region VI General permits final, the costs of this rule would be reduced to approximately \$19.9 million annually.

EPA will more fully incorporate regulatory effects of the Region VI General permits upon promulgation of the final rule.

#### *D. Preventing the Circumvention of Effluent Limitations Guidelines and New Source Performance Standards*

This rule also proposes a provision intended to prevent oil and gas facilities subject to Part 435 of this title from circumventing the effluent limitations guidelines, new source performance standards and pretreatment standards applicable to those facilities by moving effluent from one subcategory to another subcategory. When EPA establishes its effluent limitations guidelines and standards, it does so based on a determination, supported by analyses contained in the rulemaking record, that facilities in that subcategory, among other factors also considered under the CWA, can technologically and economically achieve the requirements of the rule. The purpose of the rule is not accomplished if facilities move effluent from a subcategory with more stringent requirements to a subcategory with less stringent requirements or if facilities move effluent from a subcategory with less stringent requirements to a subcategory with more stringent requirements and discharge effluent at the less stringent limitations. Until now, EPA has attempted to prevent this circumvention in the National Pollution Discharge

Elimination System (NPDES) permits issued for this industry. EPA believes, however, that it would enhance the enforcement of these provisions to include them as part of the effluent limitations guidelines, new source performance standards and pretreatment standards.

Therefore, this rule proposes to prohibit oil and gas facilities from moving effluent from a subcategory with more stringent requirements to a subcategory with less stringent requirements, unless that effluent is discharged in compliance with the limitations imposed by the more stringent subcategory. For example, facilities could not move produced water generated from the onshore subcategory of the oil and gas industry (which is subject to zero discharge requirements) to the offshore subcategory of the oil and gas industry and dispose of the effluent at the offshore limitations and standards. Similarly, this rule proposes to prohibit facilities from moving produced water generated from the offshore subcategory to the coastal or onshore subcategory and discharging the produced water at the offshore limitations. (An offshore oil and gas facility could, however, pipe produced water to shore for treatment and return it to offshore waters for disposal at the offshore limits. Disposal of such produced water onshore however, would be subject to zero discharge.) EPA intends that these provisions would be applied prospectively in future NPDES permits.

#### *E. Common Sense Initiative*

On August 19, 1994, the Administrator established the Common Sense Initiative (CSI) Council in accordance with the Federal Advisory Committee Act (U.S.C. Appendix 2, Section 9 (c)) requirements. A principal goal of the CSI includes developing recommendations for optimal approaches to multimedia controls for industrial sectors including Petroleum Refining, Metal Plating and Finishing, Printing, Electronics and Computers, Auto Manufacturing, and Iron and Steel Manufacturing. The following are the six overall objectives of the CSI program, as stated in the "Advisory Committee Charter."

- Regulation. Review existing regulations for opportunities to get better environmental results at less cost. Improve new rules through increased coordination.
- Pollution Prevention. Actively promote pollution prevention as the standard business practice and a central ethic of environmental protection.

- Recordkeeping and Reporting. Make it easier to provide, use, and publicly disseminate relevant pollution and environmental information.

- Compliance and Enforcement. Find innovative ways to assist companies that seek to comply and exceed legal requirements while consistently enforcing the law for those that do not achieve compliance.

- Permitting. Improve permitting so that it works more efficiently, encourages innovation, and creates more opportunities for public participation.

- Environmental Technology. Give industry the incentives and flexibility to develop innovative technologies that meet and exceed environmental standards while cutting costs.

The coastal oil and gas extraction rulemaking effort was not among those included in the Common Sense Initiative. However, many oil and gas producers (mostly large companies) involved in coastal oil and gas extraction activities also have refineries. These companies are projected to incur costs associated with the requirements contained in this proposal, however, these costs are not projected to have an economic impact at the firm level. The Agency believes that the CSI objectives already have been incorporated into the coastal oil and gas extraction industry rulemaking, and the Agency intends to continue to pursue these objectives. The Agency particularly will focus on avenues for giving state and local authorities flexibility in implementing this rule, and giving the industry flexibility to develop innovative and costs effective compliance strategies. In developing this rule, EPA took advantage of several opportunities to gain the involvement of various stakeholders. Sections III, E, V and X of this preamble describe consultations with state and local governments and other parties including the industry. EPA has internally coordinated among relevant program offices in developing this rule as well. Section XIV describes related rulemakings that are being developed by EPA's Office of Air Quality, Planning and Standards, Underground Injection Control Program, and Spill Prevention, Control and Countermeasure Program. EPA will be monitoring these related rulemakings to assess their collective costs to the industry. Section VIII of the preamble describes the non-water quality impacts this proposed rule would have on other media including air emissions and solid waste disposal.