

Valentine, Velvet, EMNRD

From: Davidson, Florene, EMNRD
Sent: Thursday, January 7, 2021 1:20 PM
To: Valentine, Velvet, EMNRD
Subject: FW: [EXT] Public Comment related to final rule
Attachments: September 16.docx

Case 21528

From: Gay Kernan <ggkern@valornet.com>
Sent: Thursday, January 7, 2021 1:07 PM
To: Davidson, Florene, EMNRD <florene.davidson@state.nm.us>
Subject: [EXT] Public Comment related to final rule

Please accept this written comment related to the proposed final rule on regulating waste prevention

Gay G. Kernan
Senate District 42
Eddy, Lea and Chaves

January 7, 2021

VIA ELECTRONIC MAIL

florene.davidson@state.nm.us

Re: Public Input on Methane Rule

To Whom It May Concern:

Thank you for the opportunity to submit comments to the Oil Conservation Commission of the Energy, Minerals and Natural Resources Department regarding the final methane rule for regulating waste prevention.

As a member of the New Mexico Senate, representing Southeast New Mexico, I am well aware of the substantial source of revenue provided to the state by the oil and gas industry in New Mexico. Reaching almost 40% of the total budget generated by this industry, I am concerned that the proposed rule under consideration could jeopardize our long-term ability to continue to fund public education, public safety, Medicaid and other welfare programs across the state at the level that is necessary to meet the needs of New Mexicans. A recent Activity Report of the Legislative Finance Committee stated the New Mexico Oil and Gas Association provided data on stripper wells, which industry says will be adversely affected by new venting and flaring requirements. NMOGA's data show stripper wells make up 60 percent of oil wells and 55 percent of gas wells and are responsible for 4.3 percent of statewide oil production and 7.2 percent of statewide gas production. It is estimated that small operators could be so overburdened by the new rule that premature abandonment of production is likely to create a negative revenue impact to the state. As an educator, I have heard my fellow legislators serving on the education committee discuss the lost revenue from venting and flaring and the impact that has on funding education. I propose that it will be the premature abandonment of production that will have the greater impact.

In reviewing concerns expressed to me by those who are involved in the production of oil and gas, I am certain that if the proposed rule is adopted as presented we will see over time, a significant reduction in production by the industry in the portion of the Permian Basin that lies within New Mexico. Historically, when overly prescriptive rules do not allow for innovation, adoption of new technologies and the evolution of best practices to achieve the goal of reducing emissions, the industry will simply move across the state line to Texas. The overly burdensome reporting requirements for both the agencies and the industry simply do not achieve the goal of prioritizing areas of improvement toward reducing emissions. I continue to hear that oversight is difficult due to vacancies in the NMED and the EMNRD. All the more reason to be certain that the rule that is implemented will meet the standard of necessary, not overly burdensome or irrelevant to the goal of reducing emissions.

In closing, there could not be a more difficult time for the industry to face the devastating consequences associated with the implementation of the regulatory programs included in the proposed rule.. I urge extreme caution in creating a situation that will cost jobs, reduce economic investment in the state and reduce revenue for the budgetary needs of New Mexico. As a state senator, I will continue to press for a review by the Legislature of all rule-making that impacts revenues and the economic well-being of the state.

Sincerely,

Gay G. Kernan
Senate District 42
Eddy, Lea and Chaves