

Valentine, Velvet, EMNRD

From: Davidson, Florene, EMNRD
Sent: Friday, January 8, 2021 6:26 AM
To: Valentine, Velvet, EMNRD
Subject: FW: [EXT] Public Comment Related to 19.15.27 NMAC
Attachments: CMES Comment.docx

Case 21528

From: Isaac Brown <Isaac@methanesolutions.org>
Sent: Friday, January 8, 2021 5:47 AM
To: Davidson, Florene, EMNRD <florene.davidson@state.nm.us>
Subject: [EXT] Public Comment Related to 19.15.27 NMAC

Dear Ms. Davidson,

Attached are comments from the Center for Methane Emissions Solutions related to OCC's rulemaking related to venting and flaring practices at oil and gas sites. Please let me know if you have any questions or concerns.

Sincerely,

Isaac Brown
Executive Director
Center for Methane Emissions Solutions



**CENTER FOR METHANE
EMISSIONS SOLUTIONS**

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January 8, 2021

Ms. Adrienne Sandoval
Chair, New Mexico Oil Conservation Commission
New Mexico Energy, Minerals and Natural Resources Department (EMNRD)
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Proposed rule is to address the venting and flaring of methane gas.

The Center for Methane Emissions Solutions (CMES) appreciates the opportunity to submit comments on the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) Oil Conservation Division's (OCD) proposed rule to limit the practice of venting and flaring of methane at oil and gas operations.

CMES is a national business coalition that represents the views of companies in the methane mitigation industry across the United States and in New Mexico. The methane mitigation industry is a robust and growing American industry. More than 130 companies have headquarters in the U.S., and there are more than 570 methane mitigation facilities located across the country, in 46 states, including New Mexico.

In New Mexico, CMES has participated throughout the development of this proposal, including in person meetings with staff, participating in public hearings and submitting comments on the Methane Advisory Panel's Draft Technical Report.

Our members commend Governor Lujan Grisham and her Administration for the thoughtful, deliberative approach undertaken to address methane emissions from oil and gas sites in the state of New Mexico. We also appreciate the important role the oil and gas industry have in the state's economy, providing thousands of quality jobs and value to communities. Unfortunately, as the industry has boomed an increasing level of methane emissions has also been created, a highly potent greenhouse gas, over 80 times more potent than carbon in the first 20 years after it is released into the atmosphere.

In addition to the real environmental costs associated with these emissions, there is also a tremendous economic cost. Methane is the primary component of natural gas. New Mexico oil and gas operations lose millions dollars-worth of product each year due to methane emission from inefficiencies at oil and gas well sites including faulty equipment and venting practices. If those issues were addressed, it would mean more product could be brought to market and more revenue

for companies and for the state. Moreover, cutting methane waste can also help ensure a fair return for royalty owners.

Fortunately, this is a problem with a clear solution. Responding to this market and environmental challenge, our member companies have developed a range of effective, innovative, and low-cost services and technologies that reduce wasteful methane emissions. But you don't have to take our word for it. In their March 2020 report entitled "Global methane emissions from oil and gas", the International Energy Agency found that "While natural gas prices today are relatively low, we estimate that around one-third of our latest estimate of methane emissions from oil and gas operations could still be avoided at no net cost."¹ These results reflect our experience in other states, like Colorado, that have imposed proposals similar to the one under consideration in New Mexico.

As a result, the Oil Conservation Commission (OCC) need not make a difficult choice between protecting public health and supporting the economy. It is our view, that for the most part, the rule under consideration today strikes this important balance. While most of concerns with the Administration's proposed approach so far fall under the purview of the New Mexico Environment Department (NMED), there are, in our view, modifications that could be made to the OCD proposal to ensure that the stated goal of capturing 98 percent of fugitive emissions is achieved.

For instance, The OCD's proposal requires both midstream and upstream operators to capture 98 percent of their natural gas by the end of 2026, while also requiring reporting for gas loss at each stage of operations. We support this policy because they can be reasonably met given the wide range of cost-effective technologies available to operators. However, the proposal currently states that any operator that fails to meet required gas capture targets could be denied future drilling permits, prohibited from starting drilling operations or face enforcement actions such as fines. Our view is that in order for the 98 percent capture goal to be met, a more stringent consequence should be considered, especially since viable options for compliance are readily available. Further, in order to be certain that flares function at 98% or better, CMES encourages OCD to require the use of auto-igniters, continuous pilot lights and regular site inspections.

Last, CMES strongly supports OCD's inclusion of emerging technologies as a means of compliance under the ALARM program. Such incentives create important market signals for innovative companies to continue to develop cutting edge technologies to address methane waste. As important as this provision is, we have seen in other states like Colorado, where similar programs have been implemented, that it is critical to include a robust, third-party verification process to give operators and regulators confidence that the reductions promised can be delivered. The current proposal lacks such a process and should be included in the final version.

Recent data indicates that oil and gas companies in New Mexico emit over 1.1 million metric tons of methane per year, more than five times EPA's estimate. Given the gravity of this problem, it is critical that the final rules promulgated adequately address the issues posed by emissions. Therefore, while we are grateful for Governor Lujan Grisham's leadership on this critical issue, there are, without question, gaps in the current proposal that can and should be addressed, both in terms of

¹ International Energy Agency. "Global methane emissions from oil and gas." Found online at <https://www.iea.org/articles/global-methane-emissions-from-oil-and-gas>

improvements to the OCD draft rules and closing loopholes in NMED's proposal. The methane mitigation industry in New Mexico stands prepared to provide solutions that will help address this serious issue, while also supporting our oil and gas partners. We welcome the opportunity to be a resource to the Department as this rule moves forward.

Isaac Brown
Executive Director
Center for Methane Emissions Solutions