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Re: THE DEPARTMENT'S DRAFT MANDATORY REPORTING RULE

Dear Mary:

Please accept these comments on behalf of the Natural Resources Defense Council and Western Environmental Law Center regarding the Department's Draft Mandatory Reporting Program ("MRP") for greenhouse gas ("GHG") emissions from the oil and gas industry. New Mexico is in an excellent position to lead GHG reduction efforts from upstream oil and gas exploration and production, at least nationally if not internationally, and should embrace this leadership opportunity.

We therefore appreciate the Department's efforts to institute the MRP and look forward to continued discussions with the Department and the other stakeholders. In addition to promoting New Mexico's leadership role, these discussions are important to ensure that the MRP actively supports efforts to achieve the GHG emission reduction targets set forth in Governor Richardson's Executive Orders 2005-033 and 2006-69. In so doing, New Mexico can properly combat the risks posed to our state by global warming.

We preface our comments with the observation that the oil and gas industry is not a model of transparency. This complicates the public's efforts to engage with and assist the Department and other stakeholders in this rulemaking effort and, more broadly, the State's effort to address global warming. The Department, as it moves forward, should therefore be careful not to prejudge the rulemaking effort based solely on the limited stakeholder discussions conducted

thus far and should emphasize further discussions and intensified public outreach and involvement.

The public discourse surrounding global warming is evolving rapidly, and the public can assist the Department in its efforts, providing a healthy, common-sense perspective concerning the fundamental significance of global warming to New Mexico and what the State should do about. In this context, the information and knowledge obtained through the MRP's development and implementation will be important. In the words of James Madison:

Knowledge will forever govern ignorance. And a people who mean to be their own governors must arm themselves with the power knowledge gives. A popular government without popular information, or the means of acquiring it, is but a prologue to a farce or a tragedy, or perhaps both.

James Madison, letter to W.T. Barry (August 4, 1822), *reprinted in* G.P. Hunt, Ed., IX The Writings of James Madison 103 (1910).

With that said, our comments are set forth below.

I. MANDATORY REPORTING SHOULD SUPPORT ROBUST GHG EMISSIONS REDUCTIONS

The Department's position appears to be that the MRP is intended to improve the Statewide GHG Inventory. We suggest, however, that it would be unwise to fixate on this intention in a vacuum as the MRP and Statewide GHG Inventory are not ends in and of themselves. Instead, the MRP should be intentionally designed as a key tool in New Mexico's effort to achieve the GHG emission reduction targets set forth in Governor Richardson's Executive Orders 2005-033 and 2006-69: "2000 levels by the year 2012, 10 percent (10%) below 2000 levels by the year 2020, and 75 percent (75%) below 2000 levels by the year 2050," and any future reduction goals or hard caps established as State policy.

Unfortunately, the Draft MRP, as written, constitutes a missed opportunity to support GHG emissions reductions and, indeed, could unacceptably delay GHG reduction efforts.¹ This is unfortunate because early reductions will not only help the state reach its reduction targets in the most cost-effective manner, but will likely also benefit participating companies. Put another way, the longer it takes to implement GHG reduction efforts, the more likely it is that the Governor's targets and the State's leadership role on reducing GHG emissions from upstream oil and gas exploration and production could be compromised given the significant and still uncertain emissions from this sector in New Mexico.

¹ We again emphasize New Mexico's leadership role and note that the Multi-State Climate Change Registry intends to "help develop a GHG emissions management system that could support state mandated programs ... [and] might also develop a model rule for state and tribe mandated reporting programs that could serve as an exemplar of best practices to support state/tribes in designing their mandatory GHG reporting programs. Multi-State Climate Registry Stakeholder Briefing Packet #1 at 10 (December 2006). The Department thus has an opportunity, with the MRP, to exercise its leadership role – an opportunity that the Draft MRP does not seize, notwithstanding the fact that the Multi-State Climate Registry is intended to be policy neutral with regard to state-level mandatory reporting.

Our concern is based on the fact that the Department does not appear to have accurate bottom-up data concerning the sources of GHG emissions from the oil and gas industry and therefore does not have accurate data concerning the total level of GHG emissions. The existing Statewide GHG Inventory suggests that the GHG emissions footprint from the oil and gas industry may be significantly higher than estimated. Properly identifying the sources of GHG emissions from the oil and gas industry – and their magnitude – is therefore an important first step in identifying the most effective reduction measures and policies for the oil and gas industry. As explained in the GHG Inventory and Reference Case Projections, 1990-2020:

[T]he sheer number and diversity of GHG-emitting activities, combined with the fact that GHG emissions are typically unmonitored, means that there is significant uncertainty with regard to emission levels. Local estimates of field gas use and provided by NMOGA suggest that top-down estimates of natural gas production-related emissions provided here (based on national average emission rates) may be low. Furthermore, CO₂ emissions that may occur as the result of CO₂ mining and use for enhanced oil recovery could be significant, but have not been estimated. Further analysis of emissions from activities in all of the State’s principal gas and oil basins, as well as of emissions from transmission and distribution sources could help to resolve some of these uncertainties. Given the large emission reduction potential that may exist in these sectors, such efforts could be quite valuable.

New Mexico Climate Change Advisory Group, Final Report, Appendix D, Climate Change Advisory New Mexico Greenhouse Gas Inventory and Reference Case Projections, 1990-2020 at D-18 (2006) (www.nmclimatechange.us/ewebeditpro/items/O117F10150.pdf) (“CCAG Report”). Furthermore, the Department’s suggestions that any deficiencies or gaps in the MRP would be addressed through either the parallel-track Oil and Gas Reduction Study or the voluntary reporting program are unconvincing.

This leads to two recommendations:

- First, we recommend that the Department expand 20.2.87.6 of the Draft MRP to provide that the MRP’s “objective . . . is to establish requirements for the reporting of greenhouse gas emissions to the Department, refine New Mexico’s statewide greenhouse gas emissions inventory, ensure consistency with the Multi-State Climate Registry, and support greenhouse gas reduction efforts.”
- Second, we recommend that the Department ensure that the MRP: (1) captures a significant majority of the actual GHG emissions footprint from the oil and gas industry; (2) resolves key data gaps and uncertainties currently undermining the accuracy and precision of the GHG Inventory; (3) accounts for the different emissions footprints resulting from production, processing, transmission, and distribution; and (4) reflects differences between the San Juan and Permian Basin.²

² In significant part, this would entail significant modifications to 20.2.87.303 of the Draft MRP. We do not provide modified language to the Department because the Department has already conceded that this component of the Draft

These recommendations strongly suggest that the Department must step back from the direction reflected in the Draft MRP and reconsider and clarify its assumptions to ensure that the MRP, in improving the Statewide GHG Inventory, will support a range of policy measures to reduce GHG emissions in the oil and gas sector both in the near and longer term. For example, many reduction opportunities have already been identified by the Governor's Climate Change Advisory Group. *See* CCAG Report at 5-13 thru 5-14 (ES-12 & 13). There are also additional efforts underway to increase our understanding of reduction opportunities and the barriers to their implementation, including the Oil & Gas Emissions Reduction Study.

The key is not to simply obtain a single, aggregate GHG emissions total for individual companies or for the oil and gas industry as a whole. Rather, the key is to understand with as much precision as possible regarding the sources and magnitude of those emissions. Such a perspective will more readily support the Department's parallel-track Oil & Gas Emissions Reduction Study and, consequently, the prompt deployment of appropriate measures and policies to reduce GHG emissions. Once deployed, the impact of these measures and policies can then be more readily tracked over time through the MRP.

If limited Departmental resources become an issue, proper design of the MRP will ensure that the Department will be able to help policy-makers prioritize those measures and policies that hold the greatest potential to reduce GHG emissions as quickly as possible in accord with the GHG emission reduction targets in Executive Orders 2005-033 and 2006-69. To quote Thomas Friedman of the New York Times, "[e]veryone has an energy plan for 2020. But we need one for 2007 that will start to have an impact by 2008...." *Only Halfway There*, New York Times Op-ed, May 13, 2007.

II. PHASE 1 OF MANDATORY REPORTING SHOULD INCLUDE METHANE EMISSIONS

The reporting of methane emissions should not be deferred to Phase II. Indeed, we recommend that the Department prioritize methane reporting in Phase I of the MRP, since it appears that methane emissions present by far the greatest opportunities for cost-effective GHG reductions. Methane is a very significant contributor of the oil and gas industry's overall GHG footprint, and the CCAG has already made recommendations regarding methane emissions reductions (CCAG Report at 5-13 thru 5-14 (ES-12)), recommendations that have a proven track record of success as demonstrated by the Environmental Protection Agency's underutilized Natural Gas STAR Program (www.epa.gov/gasstar/). By prioritizing methane, we believe the Department can best position itself relative to the oil and gas industry to drive early action and achieve or even surpass Executive Orders 2005-033 2006-69's GHG emission reduction targets.

MRP is confusing and needs to be re-thought. For this reason, we have simply provided the Department with the essential principles that should serve as the foundation for 20.2.87.303 and the determination of "who's in and who's out." Importantly, our recommendations are designed consistent with the intent of the Multi-State Climate Registry which provides that "[r]eporting should be based on five GHG protocol principles: relevance, completeness, consistency, transparency, accuracy." Multi-State Climate Registry, Stakeholder Briefing Packet #1 at 16 (December 2006).

The concern over the lack of emissions calculation procedures for methane proffered by some members of the oil and gas industry is unsubstantiated, and we refer the Department to the American Petroleum Institute's Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Gas Industry (2004) (<http://ghg.api.org/>) ("API Compendium"). Granted, emissions calculations procedures can always be improved. But this does not obviate the value of obtaining accurate counts of the sources of methane emissions to improve the Statewide GHG Inventory and support GHG emissions reduction efforts. The Draft MRP concedes as much, building in a flexible process for identifying emissions calculation procedures in the Draft MRP's 20.2.87.302, NMAC.

We therefore recommend that the Department modify 20.2.87.201(A) by adding a subsection (3) to address methane. This new subsection (3) could mirror existing subsection (2) in terms of delineating specific sources of emissions captured by the MRP. Alternatively, the Department could move the existing Phase II language for methane in 20.2.87.202(B)(2) – where the Department purports to defer a determination of the scope of coverage to the emissions calculation process established by 20.2.87.301 – into new subsection (3) to provide the Department with some breathing room to identify precisely what sources of methane emissions will be captured by the MRP.

Regardless of the Department's preference, we recommend that the Department work with the stakeholders and the public to define the scope of coverage.³ Based on our initial review of available data and information, Phase I should require the mandatory reporting from the following sources and devices of methane emissions:

- **Pneumatic devices.** According to the 1990-2003 National Inventory of U.S. GHG Emissions and Sinks, pneumatic devices are responsible for ~62% (~2.28 MMt of CO₂e/yr) of methane-based CO₂e emissions from production, and ~14% (~0.12 MMt of CO₂e/yr) of methane-based CO₂e emissions from transmission.
- **Stationary engines over 50 hp (the same revised threshold recommended below for combustion-based emissions).** According to the 1990-2003 National Inventory of U.S. GHG Emissions and Sink, compressor engines account for ~13% (~0.48 million MMt of CO₂e/yr) of methane-based CO₂e emissions from production and ~67% (~0.61 million MMt of CO₂e/yr) of methane-based CO₂e emissions from processing.
- **Separators (specifically, dehydrator vents).** According to the 1990-2003 National Inventory of U.S. GHG Emissions and Sink, dehydrator vents on separators account for

³ As suggested, we think the Department, in identifying the scope of coverage for the reporting of emissions – whether methane or carbon dioxide – should acknowledge the difference in calculating the type and number of sources or devices releasing GHG emissions and calculating the GHG emissions released by those sources or devices. Obtaining a better understanding of the numbers and types of sources and devices is intrinsically valuable, and thus should be an important goal of the MRP. We emphasize this point in particular given our own difficulty in properly understanding the type of devices that constitute the oil and gas industry's operations, and the emissions from those operations. Significant clarity would be provided if the Department established universal, transparent protocols for delineating the types of devices and their role in oil and gas operations. This would go far in ensuring the MRP's credibility with the broader public.

~4% (~0.14 MMt of CO₂e/yr) of methane-based CO₂e emissions from production and ~3% (~0.03 MMt of CO₂e/yr) of methane-based CO₂e emissions from processing. Given the extensive use of separators in the 125,000 to 500,000 BTUs/hour range within the San Juan Basin (based on data provided by Bruce Gantner of ConocoPhillips to the Energy Sector Technical Working Group for the Climate Change Advisory Group), the threshold for separators should be set at 100,000 BTUs/hour in order to accurately capture the bulk of devices and emissions from this device.

- **Kimray glycol pumps.** According to the 1990-2003 National Inventory of U.S. GHG Emissions and Sinks, Kimray pumps account for ~12% (~0.45 MMt of CO₂e/yr) of methane-based CO₂e emissions from production.
- **Maintenance & Recording Taps (valves).** According to the 1990-2003 National Inventory of U.S. GHG Emissions and Sinks, M&R Taps account for ~5% (~0.04 MMt of CO₂e/yr) of methane-based GHG emissions from transmission.

In identifying the scope of coverage, we also refer the Department to the API Compendium which provides arguably the best available information regarding the sources and devices contributing methane-based CO₂e emissions and procedures for calculating those sources and device's emissions. As a disclaimer, we are still reviewing the API Compendium and therefore reserve the right to revisit the recommended list of sources and devices through the rulemaking process.

III. THE SOURCES OF COMBUSTION-BASED EMISSIONS SUBJECT TO MANDATORY REPORTING SHOULD BE EXPANDED

The Draft MRP's list of sources in 20.2.87.201 appears unnecessarily and unduly limited. Even if the intent was simply to improve the Statewide GHG Inventory, the Draft MRP's current list of reporting sources would only marginally improve the Inventory and would miss the bulk of sources for which the Department has little information. Most importantly, the list of sources currently delineated in the Draft MRP, if not expanded, could severely impair the Department's ability to use the MRP and, consequently, the Statewide GHG Inventory, to support GHG emissions reductions from the oil and gas industry in a timely fashion. At present, the list of sources reflects a missed opportunity, and therefore should be expanded. Expanding the list is feasible, practical, and necessary.

Furthermore, the MRP should be perceived by the Department as a critical tool to collect data concerning not just aggregate GHG emissions, but the individual sources of those emissions. By obtaining such data, the Department obtains a better understanding of oil and gas operations and, consequently, a better understanding of what GHG reduction measures and policies are the most effective and appropriate. Concurrently, the Department can improve transparency and thereby facilitate intensified public involvement and encourage the investment of community resources to assist the industry and Department in GHG reduction efforts.

Accordingly, we recommend that the Department modify the list of operations subject to the MRP currently delineated in 20.2.87.201(A)(2) as follows:

- **Stationary engines – 20.2.87.201(A)(2)(a).** First, the Department should eliminate the reference to 40 C.F.R. Part 63 Subpart ZZZZ as it has no basis and limits the scope of coverage. Second, the Department should reduce the horsepower threshold from 500hp to 50hp. The current threshold of 500 horsepower risks severely undercounting the GHG emissions from the myriad of smaller horsepower engines in operation from oil and gas production, processing, and transmission. Our review of the types of engines used by the oil and gas industry, in particular through a review of bottom-up data for the San Juan Basin provided by Bruce Gantner during the CCAG process demonstrates that the 50 horsepower+ threshold would more accurately capture GHG emissions.

The importance of expanding the scope of engines covered by the MRP is illustrated by the 1990-2003 National Inventory of U.S. GHG Emissions and Sink wherein 500 horsepower+ engines involved in oil and gas production account for only ~3% (~0.05 MMt of CO₂e/yr) of combustion-based CO₂e emissions, while all compressor engines, in the aggregate, account for ~77% (~1.46 MMt of CO₂e/yr) of combustion-based CO₂e emissions. Thus, at least ~74% (~1.20 MMt of CO₂e/yr) of combustion-based emissions from production would not be captured by the Draft MRP's current threshold. Even if you view the threshold by looking at only processing, where the 500 horsepower threshold would capture ~88% (~1.78 MMt of CO₂e/yr) of combustion-based CO₂e emissions, the Draft MRP would not capture a significant ~12% (~0.24 MMt of CO₂e/yr) of combustion-based CO₂e emissions that should be captured.

- **Heaters – 20.2.87.201(A)(2)(b).** First, the use of the generic term “heaters” is slightly confusing.⁴ The Department should therefore clarify that this source category includes – as we think is intended – heaters, tank heaters, and separators. Second, and mirroring the threshold established for methane-based emissions from field separators discussed above, this subsection's threshold of 10,000,000 BTUs/hour should be reduced to 100,000 BTUs/hour. Reducing this threshold is necessary to accurately capture the anticipated bulk of operations and thus more accurately account for the significant GHG emissions from these sources noted by the 1990-2003 National Inventory of U.S. GHG Emissions and Sinks. According to the 1990-2003 National Inventory, field separators account for ~16% (~0.31 MMt of CO₂e/yr) of combustion-based CO₂e emissions from production, and tank heaters account for ~3% (~0.07 MMt of CO₂e/yr) of combustion-based CO₂e emissions from production.
- **Turbines – 20.2.87.201(A)(2)(c).** Although we do not have a specific recommended threshold at this time, the threshold should be reduced. Our understanding is that 25

⁴ Our limited research and conversations indicate that the Department's generic use of “heaters” would capture both “field separators” and “tank heaters.” However, our research also indicates that there is some confusion on this count and that there are some differences between heaters, tank heaters, and separators (heaters are apparently used in oil-dominant production to remove water from production streams while separators are used in gas-dominant product to remove water and impurities, such as CO₂ and sulfur) that could be exploited by the reporting entities, thereby undermining the MRP, and suggesting that clarification is necessary and appropriate.

megawatt turbines are very large devices that the oil and gas industry may not even deploy in New Mexico, except, perhaps, in major pipeline boost stations.

Consistent with recommendations pertaining to methane, above, we refer the Department to the API Compendium which provides arguably the best available information regarding, also, the sources and devices contributing combustion-based CO₂e emissions and, similarly, as we review the API Compendium, we reserve the right to revisit the recommended list of sources and devices through the rulemaking process.

IV. MANDATORY REPORTING REQUIREMENTS SHOULD BE EXTENDED TO THE ENTIRE OIL AND GAS INDUSTRY WITH AN EXCEPTION PROVIDED FOR COMPANIES WITH DE MINIMUS OPERATIONS

The Department should structure the MRP to phase in mandatory reporting for the entire oil and gas industry, not simply an arbitrary subset. To do otherwise could deprive non-reporting entities of the benefits of baseline protection and early action, or provide them with an unfair competitive advantage by avoiding the costs of reporting. We are, however, sympathetic to the fact that it may take time for industry to put the necessary resources and staff in place to comply with mandatory reporting. We thus support the Department's efforts to phase in the MRP's application to the oil and gas industry. Additionally, we would support the inclusion of an exception for companies with *de minimus* operations in New Mexico.

Consistent with these principles, the Department should modify the Draft MRP in 20.2.87.200 such that Phase I (subject to the caveat below regarding use of production thresholds) captures the producers accounting for the top 60% of production and Phase II captures the top 80%. Continuing, the Department should build in a new Phase III to capture the remaining companies not covered by Phase I or Phase II, providing an exception – to be worked out in further discussions – for companies with *de minimus* operations in New Mexico.⁵ Consistent with the proposed reporting start years for Phase I (2008) and Phase II (2010), the Department would implement Phase III for reporting year 2012. This would entail the addition of a new subsection (E) in 20.2.87.200.

We further recommend that the Department require each reporting entity to continue reporting in subsequent reporting years regardless of the level of production. In other words, once an entity is subject to the MRP, it will continue to be subject to the MRP. This is very important as it allows the Department to track and obtain trend data concerning GHG emissions use over time by source and by entity; such trend data is often far more important than point-in-time data decoupled from past and future points. Accordingly, we recommend the addition of a new subsection (F) in 20.2.87.200 as follows:

(F) Once an entity is required to report greenhouse gas emissions, that entity will continue to report in subsequent reporting years, regardless of entity-level reporting thresholds set forth in 20.2.87.303.

⁵ These recommendations should be read consistent with our concurrent recommendation that the Department include methane in Phase I of the MRP. In effect, there is no need to establish separate “who’s in, who’s out” thresholds based on whether the GHG being reported is carbon dioxide or methane.

Our recommended phases are subject to the important caveat that it is still unclear how the production-based thresholds currently articulated in the Draft MRP accurately reflect the oil and gas industry's actual GHG emissions footprint and whether or not the accumulated data will properly support GHG emissions reductions or the Multi-State Climate Registry. For example, in 20.2.87.202(A)(1)(a) of the Draft MRP, the Department indicates that Phase II (the producers accounting for the top 80% of production) would not expand the midstream companies required to report relative to Phase I, a potential gap in reporting coverage.

We are therefore not beholden to the use of the current production threshold filter and direct the Department's attention to our recommendation set forth above – and consistent with the Multi-State Climate Registry's five GHG protocol principles of “relevance, completeness, consistency, transparency, [and] accuracy” – that the MRP: (1) captures a significant majority of the actual GHG emissions footprint from the oil and gas industry; (2) resolves key data gaps and uncertainties undermining the accuracy and precision of the GHG Inventory; (3) accounts for the different emissions footprint resulting from production, processing, transmission, and distribution; and (4) reflects differences between the San Juan and Permian Basin. Multi-State Climate Registry, Stakeholder Briefing Packet #1 at 16 (December 2006) (“MSCR Briefing Packet #1”).

V. THE DEPARTMENT SHOULD REQUIRE FACILITY-LEVEL REPORTING

The Department should modify the Draft MRP to require facility-specific reporting. Relying on entity-level reporting could obfuscate the specific sources and devices contributing most intensively to GHG emissions in New Mexico and deny policy-makers the opportunity to identify and focus on the greatest reduction opportunities. To the extent that the oil and gas industry is concerned about proprietary information, this can be resolved through a third-party verification system, such as the one that will soon be adopted by the Multi-State Climate Registry. *See* MSCR Briefing Packet #1 at 11 (providing that states with “mandatory reporting programs may choose to use the MSCR's third-party verification system”).

While the Department has indicated that it will not provide for third-party verification, this position should be revisited. The certification requirement provided for in section 20.2.87.300 provides a measure of certainty that the emissions reports are valid, but compromises the Department's ability to obtain data that can be accepted by or harmonized with other members of the Multi-State Climate Registry or other jurisdictions, and could therefore impede New Mexico's ability to participate in future emissions trading systems.

The Multi-State Climate Registry itself emphasizes the importance of facility-level and, ideally, unit-level reporting for state mandated reporting programs, providing that “[r]eporting at the facility level would be required; unit level data would be encouraged but not required.” MSCR Briefing Packet #1 at 16. The Multi-State Climate Registry also emphasizes the importance of third party verification, explaining that “third party verification would be identified as a preferred approach to compliance and quality assessment” and that the lack of

third party verification “could be considered less desirable,” resulting in the relegation of such reported data to a “tier two.” *Id.* at 17.

VI. EMISSIONS CALCULATIONS PROCEDURES & THE DETERMINATION OF WHICH ENTITIES ARE SUBJECT TO THE MRP SHOULD BE SUBJECT TO PUBLIC REVIEW AND COMMENT

The Department has indicated that it will solicit stakeholder involvement in the development of emissions calculations procedures as per 20.2.87.302 of the Draft MRP. The Draft MRP, however, does not contain language properly reflecting this intent and therefore should be modified to ensure that the procedures are subject to public review and comment. Accordingly, we recommend that the Department modify 20.2.87.302(A) of the Draft MRP as follows:

At least 60 days prior to the beginning of a greenhouse gas emission reporting year, the Department shall issue procedures for the calculation of greenhouse gas emissions that are required to be reported in that reporting year. Notification of the availability of such procedures, and an opportunity to comment on such procedures, shall be provided to each reporting entity, and to each person who has requested notification, notified the Department of an interest to be interest to be notified, and the public.

Similarly, the Department should modify 20.2.87.303(B) to read as follows:

By September 1 of the calendar year immediately preceding a greenhouse gas emissions reporting year, the Department shall provide the proposed and final lists of top producers to all producers on each list, all producers on the lists for the previous greenhouse gas emissions reporting year, and all persons who have expressed an interest in writing of being notified of the proposed lists, and the public.

VII. EMISSIONS CALCULATIONS PROCEDURES SHOULD SUPPORT GHG EMISSIONS REDUCTIONS AND ACCOUNTING EFFORTS, INCLUDING THE MULTI-STATE CLIMATE REGISTRY

Consistent with our recommendation that the Department broaden the objectives of the MRP in 20.2.87.6, the emissions calculation procedures should be designed in conjunction with the Multi-State Climate Registry by adding a new subsection (A)(4) to 20.2.87.302 as follows:

(4) support and ensure consistency with greenhouse gas reduction and registry efforts for the oil and gas sector, including the development of reporting protocols within the Multi-State Climate Registry.

Simply put, the Department should not decouple the MRP from the Multi-State Climate Registry. Ensuring consistency – and identifying and enabling opportunities for cross-policy

development – benefits the Department and all stakeholders. The Multi-State Climate Registry is expressly intended to support state-level mandatory reporting programs and to promote links between state-level mandatory reporting programs. *See* MSCR Briefing Packet #1 at 4-5, 7-10, 15-17. We are thus very troubled by the Department’s current approach, and strongly suggest that the Department expressly link the MRP to the Multi-State Climate Registry to properly reflect New Mexico’s leadership role and ensure that the Department can take full advantage of all opportunities to effectively develop GHG reporting policies and support GHG reduction efforts.

VIII. CONCLUSION

Thank you for considering our recommendations. New Mexico is well-positioned to lead efforts to reduce GHG emissions from upstream oil and gas exploration and production. We therefore again extend our appreciation to the Department for its efforts to institute the MRP and look forward to the revised MRP, continued stakeholder discussions, and further public involvement. Of course, we reserve our rights to provide additional comments and recommendations on the MRP’s next iteration.

Sincerely,

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