

**Oil and Gas GHG Emissions Reductions
Stakeholder Meeting, March 25, 2008**

Meeting Notes

Attendees

NAME	ABBREV. IN NOTES	REPRESENTING
Brad Musick	BM	NMED Air Quality Bureau
Mike Schneider		NMED Air Quality Bureau
Rita Bates		NMED Air Quality Bureau
Doug Price		Navajo Refining
Johnny Lackey		Navajo Refining
Roger Fernandez	RF	US EPA Gas STAR Program
Jeremy Nichols	JN	Rocky Mountain Clean Air Action
Megan Anderson		Western Environmental Law Center
Erik Schlenker-Goodrich	ES-G	Western Environmental Law Center
Olga Magas		Devon Energy
Letty Belin		Coalition for Clean Affordable Energy
Suzanne Holland	SH	Chevron
Laura Gehlin		SAIC
Bruce Gantner	BG	ConocoPhillips
Randy Poteet		ConocoPhillips
Laura E. Sanchez		NRDC
Tom Singer	TS	NRDC
Reid Smith	RS	BP

Notes

1. Discussion of 'waste' issue

Comments essentially reiterated those made in writing earlier. The report raises the question whether prohibitions of 'waste' in oil and gas statutes and regulations could, or do, reduce greenhouse gas emissions (BM). Industry representatives (BG, RS) stated that this was not a fruitful avenue to pursue. Their companies have implemented technologies and practices for GHG emissions reduction to retain product for their economic benefit, not because of the 'waste' prohibition. Technology has improved to improve product retention and reduce waste, but the continued use of the older technology in existing facilities should not be considered 'waste' under the intent of this prohibition. It is intended to prevent egregious practices resulting in waste. Environmental group representatives (ES-G) suggest that this prohibition could nevertheless drive emissions reductions. Industry representatives (BG, RS) noted that many reduction measures are cutting-edge and not proven, and that they are not applicable to all situations; for example, mandating 'green completions' for all wells drilled in NM would not be appropriate because not all wells have the high pressures necessary for this technology to be implemented.

2. Court case (gas producer v. gas processor) cited in report

Industry commenters (BG, RS) did not see how this case was relevant to GHG emissions reductions. NMED (BM) view is that it is related to 'waste' issue because it led to TX bill which would have defined as 'waste' processor losses over a quantitative limit. NMED (BM) also thought the case highlighted an instance of poor recordkeeping. RS said that metering errors within allowable limits could account for losses of magnitude reported. NMED (BM) also asked whether 'percent of proceeds' contracts tended to lower incentives for processor efficiency. RS said that this type of contract actually provided greater efficiency incentives than some other types such as fee for service.

3. Compressor efficiency/air-fuel ratio (AFR) controls

RS said that AFR control use has very little effect on fuel efficiency. RS said that the ES-13 discussion of AFR controls appears to have been taken from Gas STAR material that actually describes a specialized system (REMVue) used on very large engines on offshore platforms, and that the statements regarding this technology do not apply to AFR in general use. NMED was asked to research this and provide a correction if appropriate.

4. Outreach and education for voluntary reduction programs

EPA (RF) is concerned that Gas STAR outreach efforts are not reaching small and medium sized companies, and asked whether industry might take more of a leadership role in outreach to this segment of the industry. SH said that an invitation letter from the Gas STAR program to small- and medium-sized operators would likely be passed directly to their environmental consultant, and that the consultant would not likely be very interested since their concern is environmental compliance. Industry representatives (RS, BG) recommended that Gas STAR concentrate its effort on regional conferences, which are likely to draw in more operational-level people and which can focus on issues relevant to the local basin or field. TS asked if NMED had done an evaluation to determine if reliance on voluntary reduction measures would be sufficient to reach the 20% reduction goal of the Executive Order. NMED (BM) said that the data necessary for such an analysis are not available, e.g., for each measure, the current level of implementation and the limits of future implementation set by technical and economic feasibility.

5. Emissions inventory/tracking progress/credit for early reductions

NMED (BM) noted the adverse comments made concerning the report's proposed alternatives for tracking progress, and explained that it was not NMED's intent to track progress by comparing a later inventory done by new methods with the CCAG inventory. BM said that the report did not address the problem of what happens to the base year when new methods are used for a future inventory, and asked for suggestions. Industry representatives (RS, BG) are concerned that ongoing early emissions reductions will not result in credits when reductions become mandatory, and therefore desire to have a verifiable project accounting system put in

place as soon as possible. Several participants asked about the meaning of the 20% methane emissions reduction goal in the EO. NMED (BM) said that they see the goal as an initial estimate of what reductions might be feasible, and that they believe there was no intent to apply this goal individually to each company's emissions but rather to the sector as whole. RS asked whether there would be any adjustment for growth (e.g., increased production) during the 2000-2020 period. BM said that NMED's interpretation is that no such adjustment was intended, given the way the CCAG report analyzed the effect of this and other reduction measures on future emissions. RS asked whether NMED should use 2005 rather than 2000 as the base year, to be consistent with the WCI. Environmental group representatives (ES-G?) said they were not greatly concerned with the starting point and urged the parties to focus on getting reductions quickly and moving the program forward.

BG described his proposal for tracking progress, as outlined in the ConocoPhillips comment letter. In this proposal, companies would document and biennially report CO₂ and methane reductions by project category, as an interim measure of progress until a bottom-up inventory can be completed. TS expressed approval of this approach and asked NMED to follow up on it.

6. EPA (RF) provided a brief overview of their mandate to develop a mandatory GHG reporting rule pursuant to a provision in the FY 2008 Consolidated Appropriations Act. The draft version is to be published by September 2008, and the final by June 2009. EPA acknowledged that this was an ambitious schedule. Industry representatives expressed concern over multiple federal, state, and regional reporting requirements. Environmental group representatives noted that regional, state, and local programs may be needed if the federal program is not adequate for their needs.

Note: Details of CO₂ emissions inventory (see NMED presentation, slides 22-23) were not addressed due to time limitations.