

**MICHELLE LUJAN GRISHAM, GOVERNOR**

James C. Kenney, Cabinet Secretary

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The Environment Department's mission is to protect and restore the environment and to foster a healthy and prosperous New Mexico for present and future generations.

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EPA and the NMED find potential air quality violations at 60% of Permian Basin oil and gas facilities inspected*Results demonstrate need for increased permit fees to effectively pursue bad actors*

SANTA FE — The New Mexico Environment Department (NMED or the Department) today announced the results of a [six-month inspection initiative done](#) in partnership with the U.S. Environmental Protection Agency (EPA). It found 75 of the 124 facilities investigated had emissions of volatile organic compounds (VOCs) and could be subject to monetary penalties and other actions necessary to comply with requirements pursuant to federal Clean Air Act and state Air Quality Control Act.

During this time, EPA and NMED analyzed data from satellites, regulatory reports and other sources to identify specific sites in the Permian Basin prior to conducting on-site inspections. In April 2024, 14 EPA inspectors and five NMED inspectors took part in joint investigations.

Suspected criminal violations will be referred to New Mexico's Environmental Crimes Task Force for further investigation and potential criminal prosecution of companies or individuals.

"The results of our federal and state oil and gas investigations are cause for alarm, with a meager 40% compliance rate," **Environment Department Cabinet Secretary James Kenney said**. "With the impacts of climate change ravaging our state and air quality degrading, we have no choice but to increase sanctions on polluters until we see a commitment to change behavior."

The on-site investigations took place at multiple companies' operations in the Permian Basin. These companies include Chevron U.S.A. Inc, Earthstone Energy, Inc, Franklin Mountain Energy, Inc, Kaiser Francis Oil Company, Marathon, Permian Resources, Tap Rock and XTO Energy, Inc. Approximately 112 facilities are located in communities with environmental justice concerns due to exposure to higher levels of ozone pollution.

VOCs contribute to the formation of ozone, which causes health problems for New Mexicans, including asthma, lung infections, bronchitis and cancer. Air quality has degraded to unsafe levels in several New Mexican counties, including Lea and Eddy Counties in the Permian Basin. This could result in federal sanctions by the EPA on these counties that will require NMED to institute more restrictive regulations on New Mexico's industry.

NMED currently regulates over 55,000 facilities with 30 permitting staff and six enforcement staff which results in an untenable workload. In fact, it would take NMED 9.6 years to inspect all permitted sources

in New Mexico which is why the [Department is currently seeking to raise permit fees](#) and hire additional staff.

Given NMED's lack of adequate permit fees to expand air quality staff, the U.S. Department of Justice (DOJ) and the EPA will lead in resolving these enforcement matters. For such cases, at least half of the civil penalties collected in these matters by the DOJ and EPA are paid to the U.S. Treasury as opposed to the New Mexico general fund. In short, if NMED had appropriate resources to take on more cases itself, more money would be going back to the New Mexico legislature for the benefit of New Mexicans.

“Currently, six people are now managing over 114 active enforcement matters which take thousands of hours, so I welcome the resources provided to us by the EPA and DOJ to hold these polluters accountable,” **Compliance and Enforcement Section Chief Cindy Hollenberg said.** “As of today, 15% of New Mexico's Permian Basin oil and gas production is under a federal settlement.”

“NMED has not raised its air quality permit fees in two decades, yet our permitting workload has increased a staggering 2,234 percent,” **Director of the Environmental Protection Division Michelle Miano said.** “Our proposal to increase fees paid by the industry is our best chance to help the one in seven New Mexicans who suffer from respiratory ailments to breathe clean air.”

As part of NMED's efforts to avoid federal sanctions resulting from degrading air quality, the Department has increased its oversight of the oil and gas industry. As a result, NMED has observed compliance rates of around 50%, meaning roughly one out of every two facilities inspected is in violation of federal and state rules. Settlements with the oil and gas industry include the following:

- April 2024 - [Ameredev II LLC](#) agreed to pay \$24.5 million to settle alleged violations of state air regulations. This is the largest civil penalty collected by the Department with an oil and gas company and the total civil penalty was deposited in the state's general fund as the DOJ and EPA did not assist in this matter.
- February 2024 - [Apache Corporation](#) agreed to pay \$4 million in civil penalties and undertake projects expected to cost at least \$5.5 million to ensure 422 of its oil and gas well pads in New Mexico and Texas comply with state and federal clean air regulations and offset past illegal emissions. Under the federal/state settlement, the U.S. Treasury received \$2 million of the civil penalty and state's general fund received \$2 million.
- December 2023 - [Oxy USA, Inc.](#) agreed to pay \$1.2 million in civil penalties for operating its facility at major source levels without applying for and obtaining a Title V permit and for exceeding federal standards for oil and gas facilities.
- August 2023 - [Mewbourne Oil Company](#) agreed to pay a \$5.5 million penalty and to spend at least \$4.6 million for projects to ensure 422 of its oil and gas battery pads in New Mexico and Texas comply with state and federal clean air regulations. Under the federal/state settlement, the U.S. Treasury received \$2.75 million of the civil penalty and state's general fund received \$2.75 million.
- March 2023 - [Matador Production Company](#) agreed to pay \$1.15 million in civil penalties and undertake projects expected to cost at least \$5.05 million to ensure compliance with both state and federal clean air regulations at all 239 of its New Mexico oil and gas well pads to resolve liability alleged in a civil complaint filed today under the Clean Air Act and state regulation Under the federal/state settlement, the U.S. Treasury received \$650,000 of the civil penalty and state's general fund received \$500,000.

The EPA's inspection reports are available online here: <https://www.epa.gov/nm/enforcement-and-compliance-assurance-documents-new-mexico>.

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