



**CENTER FOR METHANE
EMISSIONS SOLUTIONS**

September 15, 2020

Honorable James C. Kenney
New Mexico Environmental Department
Harold Runnels Building
1190 St. Francis Drive, Suite N4050
Santa Fe, New Mexico 87505

Re: Proposed rule is to establish emissions standards for volatile organic compounds (VOC) and nitrogen oxides (NOx) for oil and gas production and processing sources

The Center for Methane Emissions Solutions (CMES), appreciates the opportunity to appreciate the opportunity to submit comments on New Mexico Environment Department's (NMED) Proposed Rules on Oil and Natural Gas Regulation for Ozone Precursors.

CMES is a national business coalition that represents the views of companies in the methane mitigation industry in the United States. 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 in 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 NMED's thoughtful, deliberative approach to addressing 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, a consequence of this success is an increasing level of methane emissions, 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 fugitive 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. 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." 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, NMED does not need to 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. There are, however, some critical areas where we feel the proposal can be strengthened to meet the intended goal of reducing emissions and improving public health. Specifically, the rule provides exemptions for stripper wells, which produce less than 10 barrels of oil per day or less than 60 thousand standard cubic feet of natural gas per day and well sites with a potential to emit less than 15 tons of volatile organic compounds per year.

While we understand the desire of NMED to protect smaller producer's, the proposal as currently constituted, is too broad, and as a result misses a tremendous opportunity to significantly reduce emissions in a cost-effective manner. Our member companies have developed and employed innovative techniques in New Mexico and states around the country that effectively monitor and report leaks, at a low cost. Such methods include utilizing cameras that provide continuous monitoring and drones, to name a few. The flexibility of technologies and approaches available provide smaller producers with options for identifying a method of compliance that fits their budget.

Recently, the Environmental Defense Fund conducted an analysis of the impact of the two exemptions for low producing wells and stripper wells. The study found that the exemptions remove 95 percent of wellheads and production sites in the six counties subject to the proposed NMED rule and as a result, a significant percent of emissions. Specifically, the low producing well exemption releases between 43% and 70% of methane emissions, while the stripper well exemption would result in between 17% and 26% of methane emissions.

In conclusion, while we are grateful for Governor Lujan Grisham's leadership on this critical issue, there are, without question, gaps in the proposal that can and should be addressed. 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
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Center for Methane Emissions Solutions