New Mexico State Senate

State Capitol
Santa Fe

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COMMITTEES:

MEMBER:
· Finance

INTERIM COMMITTEES:

MEMBER:
· Revenue Stabilization & Tax Policy Committee
· Radioactive & Hazardous Materials Committee
· Investments & Pensions Oversight Committee

ADVISORY:
· Legislative Education Study Committee
· Legislative Health & Human Services Committee

September 16, 2020

VIA ELECTRONIC MAIL

New Mexico Environment Department
nmoai@state.nm.us

New Mexico Energy, Minerals and Natural Resources Department
EMNRD.WasteRule@state.nm.us

Re: Informal Public Input on Methane Rules

To Whom It May Concern:

Thank you for the opportunity to submit comments to the New Mexico Environment Department and the New Mexico Energy, Minerals and Natural Resources Department regarding the proposed draft methane rules for regulating waste, volatile organic compounds, NOx.

As a member of the New Mexico Senate Finance Committee, I am well aware of the substantial source of revenue provided to the state by the oil and gas industry in New Mexico. Reaching almost 40% of the total budget generated by this industry, I am concerned that the proposed rules under consideration could jeopardize our ability to continue to fund public education, public safety, Medicaid and other welfare programs across the state at the level that is necessary to meet the needs of New Mexicans. I often hear that we need to diversify the economy of the state and be less reliant on the oil and gas industry. I do not disagree. However, when diversification means more renewal projects, increasing film industry subsidies or increasing reliance on federal contracts, I am convinced that all of these combined will not supplant the revenues generated by the oil and gas industry as this industry is taxed at a significantly higher rate than any other industry in the state.

In reviewing concerns expressed to me by those who are involved in the production of oil and gas, I am certain that if the proposed rules are adopted as presented we will see a significant reduction by the industry in the portion of the Permian Basin that lies within New Mexico. Historically, when overly prescriptive rules do not allow for innovation, adoption of new technologies and the evolution of best practices to achieve the goal of reducing emissions, the industry will simply move across the state line to Texas. The overly burdensome reporting requirements for both the agencies and the industry simply do not achieve the goal of prioritizing areas of improvement toward reducing emissions. I continue to hear that oversight is difficult due to vacancies in the NMED and the EMNRD. All the more reason to be certain that the rules that are implemented meet the standard of necessary, not overly burdensome or irrelevant to the goal of reducing emissions.

In closing, there could not be a more difficult time for the industry to face the devastating consequences associated with the implementation of the regulatory programs included in the proposed rules. I urge extreme caution in creating a situation that will cost jobs, reduce economic investment in the state and reduce revenue for the budgetary needs of New Mexico. As a state senator, I will continue to press for a review by the Legislature of all rule-making that impacts revenues and the economic well-being of the state.

Sincerely,

Gay G. Kernan

Gay G. Kernan
Senate District 42
Eddy, Lea and Chaves

Cc: Tiffany.Polak@state.nm.us