From:	Methanestrategy, NM, NMENV
To:	Kuehn, Elizabeth, NMENV
Subject:	Fw: NMED Mail: ColdStream Energy Letter re Proposed Rule Changes
Date:	Friday, September 4, 2020 10:22:19 AM
Attachments:	20200903110340211.pdf

From: Kuehn, Elizabeth, NMENV
Sent: Thursday, September 3, 2020 12:06 PM
To: Methanestrategy, NM, NMENV
Subject: Fw: NMED Mail: ColdStream Energy Letter re Proposed Rule Changes

From: Ely, Sandra, NMENV
Sent: Thursday, September 3, 2020 11:53:14 AM
To: Kuehn, Elizabeth, NMENV
Subject: FW: NMED Mail: ColdStream Energy Letter re Proposed Rule Changes

Liz- Please make sure the attached are included in the public comments we receive on the precursor rules.

Sandra Ely
Environmental Protection Division Director
New Mexico Environment Department
1190 St. Francis Drive
PO Box 5469
Santa Fe, New Mexico
(505)827- 2820 Office
(505)629-6307 Cell
https://www.env.nm.gov/

-----Original Message-----
From: Ortiz, Melayna, NMENV <Melayna.Ortiz@state.nm.us>
Sent: Thursday, September 3, 2020 11:42 AM
To: Ely, Sandra, NMENV <Sandra.Ely@state.nm.us>
Cc: Kuehn, Elizabeth, NMENV <Elizabeth.Kuehn@state.nm.us>
Subject: NMED Mail: ColdStream Energy Letter re Proposed Rule Changes

Good Morning Director Ely,

Please see the attached letter received in today's US mail from ColdStream Energy.

Kind regards,

Melayna Ortiz
Executive Secretary & Administrative Assistant New Mexico Environment Department
1190 St. Francis Drive |Santa Fe, New Mexico 87505
Office: (505) 827-2855 | Cell: (505) 690-3513
Twitter: @NMEnvDep | #IamNMED
www.env.nm.gov

COLDSTREAM ENERGY

August 28, 2020

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NM Environment Department
Office of the Secretary

NMED Director Sandra Ely
1190 Saint Francis Drive
Suite N-450
Santa Fe, NM 87805

NMOCD Direct Adrienne Sandoval
1220 South Saint Francis Drive
Santa Fe, NM 87805

Re: New Mexico Rulemaking Comments

Dear Directors Ely and Sandoval:

Our company, ColdStream Energy, LLC (CSE), is a micro-midstream service company in the oil and gas industry. We agree with the emphasis that both of your agencies are placing on new technologies to reduce, prevent, and detect emissions. Our existing technology platform, low-volume gas processing (1 – 10 MMscfd) using mechanical refrigeration mitigates flaring and our new technology that is in development at this time will both mitigate and eliminate flaring at applicable sites.

Our comments are not regarding our proprietary technology but rather the incentive and process for operators and regulators to adopt new technologies. Both the NMED and EMNRD/NMOCD proposed rule changes and the processes leading up to these rulemakings have emphasized innovation and technology as cornerstones to reducing the oil and gas industry's emissions and waste.

Based on our experiences in the oil and gas industry, there may be important aspects missing in this process that can delay the adoption of new technologies and the resulting benefits to both operators and the State. That is the regulatory process of accepting or endorsing new technologies.

Despite understanding how CSE will perform, operators may be, and understandably so, reluctant to include our equipment in their permits because the current rules favor existing technologies and/or permit engineers, who may not be well-informed on the effectiveness of newer technologies, may discount permitting with unfamiliar technology. Those delayed or rejected permits take time to redo and resubmit, slowing operators' development plans and increasing expenses. Understandably, operators are therefore inclined to stick with what both they and the permit engineers know, understand and will be well-received by regulating bodies.

The proposed NMED EMITT requirements are a good example of this dilemma. Under the proposed rules, each piece of equipment is to have an EMITT tag and the capacities and performance of that equipment is to be reported. The proposed EMNRD/ NMOCD ALARM rules allow for the utilization of yet undefined systems, but there is no listing or clearinghouse for permit engineers to rely on when applications that include new equipment land on their desks. Operators may feel they are taking a risk to incorporate technologies and equipment that is not familiar to those permit engineers whose work will be closely

scrutinized. The likely impact is for those permits to be delayed as the permit engineers seek more data and/or proof of the new equipment's effectiveness. And that cycle, in turn, will cause operators to more slowly adopt new technologies.

Alternatively, if both operators and permit engineers had a public resource to use where new equipment and technologies were listed and performance data verified, then both industry and the regulators could proceed with confidence when filing and approving permits.

To that end, our two-fold recommendation is to:

(1) Allow a 6-month window for submittal of flare-reducing technologies for assessment by NMED and NMOCD; subsequently include a public list of accepted technologies based upon their abilities to achieve minimum technical criteria.
(2) Establish fee-based technology clearinghouses, potentially at New Mexico's colleges and/or universities with engineering departments, wherein they would assess submittals to reassure NMED and NMOCD that the physical performance claimed for a particular system has been reviewed and verified. Economics are not part of the review as that is left to be evaluated and decided between the operator and the supplier. The physical performance would be evaluated by reviewing data from the equipment/technology supplier that supports their claims. Physical on-site testing would not be required. Setting the data requirements would be the responsibility of the academic departments involved. Equipment/technologies submitted for testing would be listed in a database linked to NMED and EMNRD/NMOCD websites containing basic information as Approved or Pending. Understanding that this 2nd recommendation is probably outside of NMED's or EMNRD's authority, we have copied the governor to gauge interest.

Using either option above, actual performance can then be tracked via NMED's proposed Equipment Monitoring and Information Tracking Tag (EMITT). The goal is to put in place an equipment / technology acceptance process that parallels the NMED and EMNRD permit process and becomes a resource both for their permit staffs and operators alike. The accelerated approval of permits with low Potential To Emit levels will facilitate development while simultaneously reducing emissions and waste.

We expect that State schools would welcome the opportunity to be involved with new technologies that improve air quality and foster innovation at the same time.

Thank you for your consideration.

Best regards,

Gerald Meinecke

Gerald Meinecke
President and CEO

cc: Governor Michelle Lujan Grisham, via mail

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Dallas, Texas 75206

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