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Cut natural gas waste to aid our state

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The San Juan Basin is one of the most heavily developed energy fields in the Intermountain West. While the downturn in oil and natural gas prices has hit hard, there is a simple way we can boost energy and tax revenue – cut natural gas waste at existing oil and gas well sites.

When development slows, it is important to maximize production and revenue at every well.

New Mexico ranks first in the nation for wasted natural gas from federal and tribal lands. And most of New Mexico's natural gas waste occurs in the San Juan Basin, where NASA recorded a methane cloud hovering overhead. While the region is responsible for only 4 percent of total U.S. natural gas production, it is responsible for 17 percent of the nation's overall natural gas waste.

As a former State Land Commissioner, I understand how important maximizing natural resource revenue is to New Mexico's schools. New Mexico's state lands are managed by the commissioner as a public trust to support our public school system.

That's why I can't understand why the current commissioner, Aubrey Dunn, is opposing efforts to reduce natural gas waste in New Mexico – efforts that will generate more money for our schools when they need it most.

The facts simply do not support Dunn's opposition to sensible waste reduction rules from the U.S. Bureau of Land Management.

Independent economists from the Conservation Economics Institute have found that the BLM measures to cut waste from venting, flaring and leaks from oil and gas operations on public and tribal lands will increase overall production, thereby increasing royalties, which support education in New Mexico.

Given the criticism to the rule for tackling waste from existing operations by some oil and gas producers, I am glad the institute took a close look at marginal wells in the San Juan Basin, where profit margins are the thinnest.

Here's what they learned: Low commodity prices and increased competition from shale plays are the primary drivers behind the current energy downturn – not regulations.

New BLM measures will actually make most wells more profitable. In the San Juan Basin, CEI looked at the most important tool for cutting waste at existing well sites: the BLM's leak detection and repair requirements. These provisions will actually be a net-positive for 99 percent of all oil and gas wells in the San Juan Basin.

And for the other 1 percent, thanks to increased production added costs will be less than 1 percent of the annual cost to maintain the well.

This is not just an economic theory. It is a result found in other states that reduced emissions. After Wyoming increased air quality measures to cut natural gas waste, companies in the Jonah Field reported that locating and fixing leaks more than paid for it.

And, a recent study from the Center for Methane Emissions Solutions found that 70 percent of oil and gas producers interviewed in Colorado found compliance with that state's methane-capture requirements to be very cost effective.

Some trade associations have called for exemptions for marginal wells and existing oil and gas operations. This would be a mistake and a lost opportunity.

If we do nothing, about 90 percent of projected 2018 methane waste and pollution will come from oil and gas production from existing infrastructure.

As for New Mexico's school kids, applying the BLM's leak detection and repair provisions in the San Juan Basin alone would generate between \$1 million and \$6 million in additional royalty revenues for our schools.

Rather than opposing these revenue-generating rules from BLM, we should be working on how to make similar improvements on state trust lands.

The benefits of reducing methane waste are clear – increased production, increased revenue, and cleaner air. It's time we all move forward toward strong state and federal efforts to cut methane waste. Opportunity is knocking – will we open the door?