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Tim Spisak
Senior Advisor – Conventional Energy
Bureau of Land Management
Washington DC

Re: Comments to BLM Venting & Flaring Public Outreach, Presentations of May 7 and June 3, 2014

Dear Mr. Spisak;

The Independent Petroleum Association of New Mexico ('IPANM') appreciates this opportunity to comment to the Venting and Flaring Public Outreach presentation made on May 6, 2014 in Albuquerque and at the "UP the PIPE: An IPANM Air Quality Workshop" on June 3, 2014. These comments fully adopt the comments filed by the Independent Petroleum Association of America and the American Exploration & Production Council ('AXPC') on May 2, 2014.

IPANM represents the 'voice of the independent oil and gas producer' in New Mexico. We represent several hundred oil and gas producers who live, work and employ New Mexicans. Generally, our members are smaller independent oil and gas producers with less than 25 employees. Because our member companies are small, we wear the proverbial 'multiple hats' to run our businesses. We are sensitive to increases in the amount of regulation and to increases in the cost of complying with additional regulations. We would urge the agency to be cognizant of the Internal Revenue Service definition of "independent oil and gas producer" which is a non-integrated oil and gas producer that does not own pipeline facilities. This definition is important

in understanding why independent operators may not be able to complete full field economic studies as was recommended by several NGO representatives at the May 7, 2014 meeting in Albuquerque.

IPANM members strive to be stewards of the land in a state where nearly 41.8% of the land is federally owned. The Bureau of Land Management New Mexico office manages one of the largest oil and gas programs in the agency controlling 13.4 million acres of public lands and 26 million subsurface acres of federal oil, natural gas, and minerals. There are currently 30,561 active wells on federal lands¹ ranking New Mexico sixth in crude oil production in the nation in 2013². New Mexico's marketed production of natural gas accounted for 4.8% of U.S. marketed natural gas production in 2012, despite a decline in production of 20% between 2007 and 2012³.

According to the Office of Natural Resources Revenue, in FY 2013 the Federal Government disbursed \$478,732,193.90 in revenues to New Mexico⁴, which is only 48% of the total royalty revenues collected for oil and gas operations on NM federal lands. This disbursement, along with revenues from oil and gas operations on State trust lands and several taxes on our industry amount to over 31% of the State general fund budget⁵.

Regulation in the air quality arena is not new, however, IPANM would contend that it is not within the jurisdiction of the Bureau of Land Management to regulate methane emissions. In fact, as recently as August 2012, the EPA published final New Source Performance Standards for

¹ <http://www.emnrd.state.nm.us/OCD/documents/OCD%20Well%20Statistics03272014.pdf>

² <http://www.eia.gov/state/?sid=NM>

³ Id.

⁴ <http://statistics.onrr.gov/ReportTool.aspx>

⁵ "Fiscal Impacts of Oil and Natural Gas Production in New Mexico: Preliminary report", New Mexico Tax Research Institute, Jan 2014.

the oil and natural gas sector (NSPS SubPart OOOO)⁶ that requires federal air standards for new natural gas wells that are hydraulically fractured, along with requirements for several other sources of volatile organic compound (VOC) emissions from new storage vessels, newly installed compressors, pneumatic controllers and equipment leaks at natural gas facilities. Although the New Source Performance Standards directly regulate VOC emissions, the EPA reports that the control requirements of NSPS SubPart OOOO also substantially reduce methane emissions⁷. At the June 3rd presentation, there was concern expressed that the NSPS SubPart OOOO regulations would have to be amended to accomplish all the Administration's policy revisions. Also in August 2012, concurrent with the NSPS, EPA published final National Emission Standards for Hazardous Air Pollutants, updating its air toxics standards for oil and natural gas⁸. These standards cover hazardous air pollutants emitted from glycol dehydrators—used to remove water from gas—and storage vessels, and equipment leaks at natural gas processing plants.

In March 2014, the present Administration issued a “Strategy to Reduce Methane Emissions” report as part of its annual Climate Action Plan⁹. In that report, the Administration set out a comprehensive strategy to reduce methane emissions. The strategy directs the BLM, the EPA, USDA, DOE and even international agencies to target key sources including landfills, coalmines, agriculture and the oil and gas sector to promulgate rules to reduce methane

⁶ U.S. EPA, Oil and Natural Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants Reviews Final Rule, 77 Fed.Reg. 49490 (Aug. 16, 2012) (codified at 40 C.F.R. Parts 60 and 63).

⁷ GAO-14-238; Oil and Gas, Updated Guidance, Increased Coordination, and Comprehensive Data Could Improve BLM's Management and Oversight, page 23

⁸ 77 Fed. Reg. 49490 (Aug. 16, 2012) (codified at 40 C.F.R. Parts 60 and 63).

⁹ http://www.whitehouse.gov/sites/default/files/strategy_to_reduce_methane_emissions_2014-03-28_final.pdf

emissions. The White House has BLM is specifically directed¹⁰ the BLM to propose updated standards to reduce venting and flaring, thus, this presentation is the first step toward the agency's effort. The President has also mandated the EPA to draft white papers focusing on technical issues, covering emissions and control technologies that target both VOC and methane emissions. These whitepapers were released on April 14, 2014¹¹. The Whitehouse Climate strategy, which acts and sounds like an Executive Order, requires the BLM and the EPA to finalize all rulemaking by the end of 2016.

IPANM is concerned that with this proposal, the BLM is far exceeding its granted statutory authority to prevent waste and collect royalty when it is attempting to promulgate regulations to control emissions of methane from oil and gas facilities. In the sections below, we will discuss our jurisdictional concerns based on comments raised at the public outreach sessions.

The BLM must adhere to the statutory authority in the Mineral Leasing Act

At the public outreach meetings for this BLM venting and flaring policy it was stated that the outcome of this process would be first, to update Notice to Lessees 4A (NTL-4A) which was last updated in 1980¹² and second, to update Onshore Order Number 9: Waste Prevention and

¹⁰ President's Methane Reduction Strategy, March 2014, page 2, 9.

¹¹ There are actually five separate, very technical whitepapers outlining studies on methane emissions from compressors, pneumatic devices, leaks, liquids off-loading and form hydraulically fractured oil wells. It is interesting to note that the focus from BLM is on the same equipment at oil and gas facilities. IPANM invited the EPA author of the whitepapers to speak at our June 3, 2014 "Up the Pipe: IPANM Air Quality Workshop". IPANM will be commenting on all five whitepapers and submitting those comments to the agency.

¹² NTL-4A, entitled "Royalty or Compensation for Oil and Gas Lost" was issued pursuant to 43 CFR 3160

Use of Produced Oil and Gas for Beneficial purposes¹³. However, in light to the implementation of the NSPS Subpart OOOO regulation and the likelihood of additional new rules as a result of the whitepapers, state adoption of those rules and their control regulations¹⁴, IPANM believes that revising either the NTL-4A or Onshore Order No. 9 at this time is unnecessary and premature. Even with the Administration's strong push to complete a methane emission strategy by the end of 2016, IPANM would remind this agency that should it opt to move forward, that any rulemaking must be conducted under the Mineral Leasing Act and must be focused solely on the jurisdictional authority of waste prevention and royalty accruals¹⁵.

Moreover, the MLA requires that the BLM must incorporate both reasonability and economic considerations in its rules to prevent waste¹⁶. As noted in the IPAA comments, "reasonableness is assessed using an economic cost-benefit analysis, with waste generally understood to mean a preventable loss, the value of which exceeds the cost of avoidance." *Citing Williams and Meyers, Oil and Gas Law, vol. 8 at 1133(2013) (referring to McDonald, *Petroleum Conservation in the US: An economic Analysis* (1971)).*

¹³ Changes to Onshore Order No. 9 were noticed in the Federal Register as part of the Fall 2013 Unified Agenda 1004-AE14 for update of the Order by August 2014. See <https://www.federalregister.gov/regulations/1004-AE14/onshore-oil-and-gas-order-9-waste-prevention-and-use-of-produced-oil-and-gas-for-beneficial-purposes>

¹⁴ On April 14, 2014, the State of Colorado adopted amendments to its venting and flaring rules 3, 6, and 7 that will significantly increase the reporting and permitting requirements for oil and gas locations. Similar to the EPA, the agency admits that while their jurisdictional authority rests in control of VOC emissions, that these control measures impact methane emissions.

¹⁵ Mineral Leasing Act of 1920, 30 U.S.C.A. §201 (1976) (original version at ch. 85, §2(a)(b), 41 Stat. 438 (1920)) (current version at 30 U.S.C. §201 (1976))

¹⁶ Citing 43 CFR §3160.0 et seq. See also below, discussion on Gas Conservation Plans and proposed provision to amend definitions of avoidable loss.

EPA jurisdiction over air quality standards in the CAA provides consistency and oversight over complex matters by one agency.

At the public outreach sessions, several commenters suggested that the BLM has the authority to regulate oil and gas emissions through the Federal Land Policy and Management Act (FLPMA)¹⁷ or the Clean Air Act (CAA). However, a legal review of these Acts indicate that they limit BLM to solely advisory roles to condition oil and gas approvals in compliance with CAA requirements established by the EPA and the states. In 42 U.S.C §7491(a)(2)&(d), federal land managers are required to consult with the EPA regarding designation of Class I areas for visibility and consult with states on proposed revisions of state implementation plans (SIPs). These SIPs that allow states to achieve primacy over air issues, are approved by the EPA and grant more authority to the state to promulgate and regulate air issues than is allowed to the BLM¹⁸. At 42 U.S.C §7401(a)(3), “Congress finds that air pollution prevention ... and air pollution control at its source is the primary responsibility of States and local governments ...”. Although if a state is unable to submit an approvable state implementation plan, or SIP, the EPA does have the authority under the CAA to promulgate a Federal implementation plan or FIP (42 U.S.C §7410(c)) but the CAA does not allow for any other agency to issue a FIP.

In several public outreach meetings, there were also comments regarding the need for BLM rules to reduce greenhouse gas emissions in order to prevent climate change effects. As

¹⁷ 43 U.S.C 35(1976)

¹⁸ Even the USFWS, the National Parks Service and US Forest Service, all sister DOI agencies to BLM have stated that “[federal land managers] have not permitting authority under the Clean Air Act, and they have no authority under the Clean Air Act to establish air quality-related rules or standards” *Federal Land managers Air Quality related values workgroup (FLAG): Phase I report – revised 2010 at xxi (Oct. 2010) at http://www.nature.nps.gov/air/pubs/pdf/flag/FLAG_2010.pdf.*

noted above, the authority under the Clean Air Act and a growing body of case law¹⁹, grants the complex balancing of “national and international policy against environmental benefit, our nation’s energy needs and the possibility of economic disruption” solely on the Environmental Protection Agency. *See, American Electric Power v. Connecticut*, 131 S.Ct. 2527, 564 U.S. _____, slip op. 10-174 at 13 (2011). Indeed, through out the *American Electric* decision, the US Supreme Court justices refer to the EPA as the “experts”²⁰ in greenhouse gas and air quality matters. Thus, while the Whitehouse would urge the Bureau of Land Management to further regulate methane issues in the oil and gas sector, the existing federal laws under the Clean Air Act, the Federal Land Policy & Management Act and even the Mineral Leasing Act defer regulation of air quality matters to the EPA.

Second, as a general matter, the IPANM membership is concerned that the BLM may not be cognizant to the particular issues small independent operations may face when an agency is looking to impose additional regulations. Small companies generally do not have regulatory staff who would understand the nuances of air quality monitoring for emissions reductions which is EPA jurisdiction versus for prevention of waste which the BLM believes is its jurisdiction in this presentation. As small operators, we are still coping with the EPA’s NSPS SubPart OOOO that requires reporting and reducing emission levels of volatile organic compounds or VOCs for new stationary tank sources. We are also coping with the Greenhouse Gas regulations Subpart W that requires reporting of GHG, including methane emission sources. The regulatory burden, particularly on small producers is overwhelming. IPANM would urge this agency to fully study

¹⁹ In *Massachusetts v. EPA*, 549 U. S. 497 (2007), the US Supreme Court held that the Clean Air Act, 42 U. S. C. §7401 et seq., authorizes federal regulation of emissions of carbon dioxide and other greenhouse gases, including methane.

²⁰ *American Electric Power v. Connecticut*, 563 US _____, slip op. at p. 3, 16,17,18

the information gathered from these two existing rules in order to understand the methane issue before imposing additional regulations on small producers.

Specific comments to the BLM public outreach presentations on Venting & Flaring

1. Well completions – slides 8-9

In the BLM presentation, well completions are defined as “the process to establish production from a well after the production-casing string has been set, cemented and pressure-tested until the permanent wellhead is installed for production.” The definition seems to reference a time period as indicated by the word, ‘until’ rather than the ‘process’ of well completions. As drafted, this seems to indicate that the agency understands ‘well completions’ to be a block of time for a series of actions (a process) to establish production levels. IPANM would contend that initial and production testing for emissions levels and venting and flaring as needed until the sales pipeline is available are part of this ‘well completion’ process/timeframe.

Due to the difficulties in estimating emissions during the well completions process/time frame, IPANM would urge the BLM not to place additional regulatory requirements on well completions. We would be very concerned if the BLM looks to consider additional requirements to capture, inject, use, combust or flare methane sources as these potential regulations would impermissibly expand upon statutory authority granted only to the EPA and the states or could conflict with existing requirements of NSPS SubPart OOOO and other EPA regulations currently under consideration.

2. Production tests – slides 10 – 11

The initial question with the production tests discussion is whether a production test, defined here as “tests on oil or gas well(s)(sic) at specific conditions or reservoir and flowing pressures” would include what is commonly known in the field as a ‘completion test’. IPANM

would suggest clarification of this definition to ensure that this testing is after the installation of the permanent wellhead.

Of the options proposed, it is unclear what is meant by “extend well completion requirements to production tests”. Second, the use of “best available technology (BACT)” in this context is confusing. As discussed above in the legal jurisdictional arguments, the BLM is claiming that it has the authority to regulate methane emissions under a waste prevention theory. However, currently operators select production tests in the field based on cost-benefit analysis for the reduction of air pollutants such as volatile organic compounds and hazardous air pollutants which provide information to comply with EPA and state regulations. In the context proposed here, “best available control technologies” are not available to meet the BLM statutory requirements for the minimization of methane emissions, a GHG, which the BLM has determined to be a ‘waste’. As noted by other commenters, “the issue is that the metrics for pollution control are very different than the metrics for waste prevention” (IPAA comments, page 11).

Finally, the proposed requirement that the operator must be on site during all production tests is an unreasonable requirement that unnecessarily increases regulatory burden and cost on operators.

3. Liquids unloading – well purging - Slides 12 – 13

During the Albuquerque public outreach session and again at the IPANM presentation, the speaker noted that the BLM does not have cumulative duration limits for venting during the liquids unloading process. It is in the industry’s best economic interest to operate all wells and thus, if needed, liquids unloading equipment, such as plunger lifts, in a manner that will minimize venting. As a general rule, an operator will do all he can to maintain flow in a well but

low bottom hole pressure and high line pressure are not a good combination, which will force an operator to decide how to best economically keep the well producing. Operators make adjustments to cycle times, shut in times, etc. attempting to maximize production and eliminate or reduce any venting to the atmosphere, but there are situations when venting is needed, even with plunger lifts. As drafted, it is unclear what is meant by ‘cumulative duration limits’ whether this would apply to one well or a group of wells in the same field or owned by the same company over an unspecified period of time.

If venting is not an option for liquids unloading in order to keep a well producing, the cost of the liquids unloading issue in particular is a sensitive matter for smaller independent producers who operate the majority of the marginal wells in the country. The volume of production from these wells, however, is still significant with IPAA reporting that marginal wells produce 20% of America’s oil and 12% of America’s natural gas²¹. In New Mexico, the State Land Office claims that 75% of natural gas wells on state trust lands produce less than 75 mcf per day²². In the discussions at the public outreach meetings, there seems to be a rush towards prohibiting venting as a means of releasing pressure and a misunderstanding on when liquids unloading is necessary. It is important to note that the frequency and duration of unloading is dependent of many variables including line pressure, consistence of the line pressure, well depth, amount of liquids, kind of liquid, volume of gas and tubing size. These variables are balanced with the economics of a well to determine what technologies an operator will use for liquids unloading if venting is not an available option. If the average cost of a plunger lift or an electric

²¹ <http://www.ipaa.org/press-releases/u-s-oil-gas-producers-respond-to-president-obamas-2015-budget-proposal/>

²² This figure was produced by the State Land Office in response to an IPANM initiative during the 2014 legislative session with HB 373 which sought to lower royalty rates for marginal wells producing less than 50mcf per day on state trust lands.

submersible adds \$20,000 to \$170,000 to the costs of a well that only makes 50 mcf per day, an operator may be forced to plug and abandon a well rather than operate a marginal well that is no longer economical to operate. In fact, the BLM may be causing the loss of the natural resource, or waste of oil and gas, when it arbitrarily sets a time limit on venting and flaring that may result in a premature plugging and abandonment of the well.

Finally, requiring the operator to be on site during the liquids unloading operation is not feasible and does not take into account the length of time needed for this process.

4. Casing head and associated gases Slides 14 – 17

Of the options listed in this section, there seems to be a desire from the agency to have a one-size fits all formula with a specific rate of return and/or discount rate and specific pay out criteria along with formal economic analysis on infrastructure in the oil patch. First, setting a formula for rates of return completely ignores the disparities in negotiating strength between small operators and the majors when it comes to receiving preferential prices for their gas. Second, as noted above, the very definition of what an independent producer is means that they do not own gathering systems and thus would not have access to data for field-wide economic studies. Generally gas marketers or third party mid-stream pipeline companies will do an economic feasibility study when determining whether to upgrade their gathering systems.

The second mitigation option limiting time frames for approval terms based on the availability of infrastructure also pits small operators, who generally produce out on the fringe of a basin, against the major operators who often own the pipeline companies or at least are able to negotiate better deals for pipe to their facilities. Significantly limiting time frames for venting while awaiting infrastructure will pose economic harm to small independent operators. In addition, several IPANM members have pointed out that recently, there have been significant

delays within the BLM local offices to obtain permits for rights-of-ways that are needed to build infrastructure. These delays are not within the control of the small independent producer who is at the mercy of a third party pipeline company who is dealing with the regulators. Again, it is usually in their financial best interest to seek rights-of-way for larger producers in the ‘sweet spot’ of a basin than it is to fight for a right of way to a few wells on the fringe with less of a profit margin. In this instance, IPANM would urge the agency to consider extensions for venting and flaring or use of casing head gas on a case-by-case basis.

5. Gas conservation plans Slides 18 - 19

First, IPANM contends that the definition of a ‘gas conservation plan’ as ‘an action plan that eliminated or minimized venting or flaring of gas from oil wells’ is extremely broad. Second, since this definition is limited to oil wells we contend that since the EPA did not address oil wells in the NSPS SubPart OOOO that data as to emissions from these sites is extremely limited and can not form the basis of a BLM regulation or policy at this time.

In the options discussion for gas conservation plans, the term ‘during construction time’ is referenced but it is unclear if this time frame is during the construction of the well or the construction time of the installation of a gas gathering infrastructure owned by a third party other than the operator. Obviously, this option must be reworked to address the independent operator’s inability to commit to installation of a gathering system. Similarly the restriction on the number of extensions allowed for approvals of flaring should only apply to larger integrated companies who have control over the building schedule of gathering systems.

Moreover, the economics of gas flaring is an issue that is unique to each company and as such, BLM should consider and discuss those confidential business information figures with each company as needed. (See also the discussion above on the Casing Head gas issue). As

noted above in the jurisdictional arguments, the Mineral Leasing Act, at 43 CFR §3162.7, requires operators to market hydrocarbons, but only if doing so would be ‘economically reasonable’. In the MLA, “waste of oil or gas” is defined as “... (1) A reduction in the quantity or quality of oil and gas ultimately producible from a reservoir under prudent and proper operations; or (2) avoidable surface loss of oil or gas”²³. Further, “avoidably lost” is defined as venting or flaring without prior approval and the loss occurred when the authorizing officer determines that (1) negligence by the operator occurred; (2) reasonable measures to prevent the loss were not taken; or (3) the operator failed to comply with lease terms and regulations; or (4) any combination of the forgoing²⁴. These definitions taken together clearly state that venting and flaring is a reasonable and expected part of oil and gas operations which will not amount to ‘waste’ if done in a reasonable, prudent and economic manner. There was a statement made at the Albuquerque meeting and in the presentation that a ‘refining’ of the definition of ‘unavoidably lost gas’ may be undertaken. IPANM would urge the agency to maintain the reasonableness requirements that will continue to allow for economic prudent operations in the field.

6. Storage vessel/tank emissions Slides 20 – 21

The proposed options for the Storage vessel part of the BLM proposal appear to be the most aggressive part of the BLM strategy to regulate methane emissions. As noted repeatedly in this comment, BLM does not have the jurisdiction to regulate methane emissions and this portion of the presentation is a significant expansion on the new NSPS Subpart OOOO requirements. Moreover, this proposal does not take into account the definitions of ‘waste’ and ‘avoidable loss’

²³ 43 CFR §3160.0 Definition of “Waste of oil or gas”

²⁴ Id. Definition of “Avoidably lost”

as discussed above because it demands the capture and combustion of gas vapors from certain tanks. Although there is no qualifier word such as ‘all gas vapors’ it is implied that there would be no de minimus emissions from these tanks that IPANM finds untenable. Further, this proposal expands well beyond just new sources and would require capture and combustion from existing facilities. As drafted there is no proposed minimum level of emissions like in NSPS SubPart OOOO, which allows for emissions up to 6 tons per tank per year of VOCs. The EPA rule also allows for operators to completely drop out of the reporting requirements to NSPS SubPart OOOO if the emissions drop below a 4tpy threshold. At this time, IPANM is unable to answer the question of recommending a different threshold or throughput level and is confused by the questions about ‘safety related thresholds’. Slide 21. We would, at a minimum, ask for consistency in regulations between the EPA, the state and the BLM should the BLM decide to promulgate rules on methane reduction control measures.

7. Pneumatic devices Slides 22 – 23

The pneumatic device issue is one that needs considerable better study and understanding prior to regulating. There is a misplaced desire both here and at the EPA to replace some 850,000 pneumatic devices nationwide with lower bleed devices defined as \leq to 6scfh which is a completely arbitrary figure because it does not take into account volumes, pressures, throughput rate, operating characteristics, ambient conditions etc. Nevertheless, the BLM also proposes continuous economic feasibility studies for an operator to justify not replacing existing

pneumatic devices with the newest new-fangled gadget²⁵. A regulatory scheme that requires constant economic feasibility reporting is not tenable for small operators and IPANM members.

At the public sessions, the BLM was urged not to move forward on regulating pneumatics as that would be premature without adequate study and understanding of the issue by the EPA. However, having read the EPA whitepapers, particularly the paper on pneumatic controls, it is clear that the studies the EPA has relied upon to develop "the Agency's understanding" relative to emissions from pneumatic controllers and pumps are extremely flawed. The majority of the studies rely on outdated data (20+ years old) and give no consideration to recent emission reductions due to the implementation of NSPS subpart OOOO. The studies attempt to make national extrapolations from localized and statistically meaningless data. The studies apparently ignore differences in pneumatic controllers relative to age, design, size, ambient conditions, operating conditions, maintenance, and sampling methods and times. None of the studies have apparently been peer reviewed. The conclusions relative to emission factors and emission volumes are therefore significantly compromised.

Thus, the mitigation alternatives proposed here and by the EPA can not be considered in a vacuum - they must be considered in context with other regulatory restrictions, electrical restrictions and power availability, noise abatement regulations, limitations on operational footprint, operational necessity, limiting failure possibilities, and safety & environmental factors. Further, the incremental cost associated with incorporating complex systems (e.g., compressed air systems, electronically actuated manual controllers, etc.) will be substantial, in many cases as

²⁵ In discussions with staff and presenters for both BLM and the New Mexico Environment Department, it was mentioned several times that equipment manufacturers are constantly pitching new gadgets with supposed 100% reductions in emissions. This new cottage industry, developed around the EPA's initiatives to reduce VOC and now GHG emissions, is one that preys on small producers in particular.

well as being disproportionately more costly for smaller operators as compared to larger operators. These more complex systems will also require duplicative gas powered pneumatic devices as a backup for safety considerations. Additional regulations to address maintenance are unnecessary as a prudent operator is already making the economic decision to maintain and repair equipment in order to limit lost gas and revenue.

8. Leak detection and repair Slides 24 - 25

Finally, the BLM justifies discussion on leak detection and repair by stating that they do not have a policy. Use of the infrared cameras to detect leaks on location have been offered by the equipment manufacturers as the ultimate solution to the leaks problem. As noted by both BLM regulators who use the cameras in the field and industry representatives, viewing emissions with these cameras is dependent particularly on ambient conditions and is not a guarantee that there is a leak on location. Clarification is also needed: if there are devices that intermittently emit VOCs or GHGs for safety reasons such as pressure relief valves or ‘thief hatches’ are these emissions considered ‘leaks’? At the Albuquerque listening session this question was asked and the response was that these emissions are not considered leaks. IPANM would contend that these emissions are unavoidable losses due to the industrial oil and gas process.

As to reliance on the EPA Whitepapers on the LDAR issue, there is a wide discrepancy between many of the studies on leaking components. One study states that 68% of the 58,421 components were either leaking or venting gas. A different study states that only 2.2 % of the 74,438 screened components were determined to be leaking. As with the pneumatics, national emission extrapolations were made from localized and statistically meaningless data. Oil and gas operators are in the business of selling gas. We would much rather sell the gas down the pipeline than vent it to the atmosphere as long as it is economical to do so. Promulgating additional

regulations, whether it be with the EPA or BLM that are complex, time consuming and costly without an adequate understanding of the issues is irresponsible, premature and amounts to waste as more independent producers will prematurely plug wells.

Conclusion

Methane emissions reduction strategies are within the sole jurisdiction of the EPA, while the BLM does have the authority to prevent waste and collect royalties, it does not have the authority to create waste itself. Many of the mitigation measures introduced in this presentation would actually have the unintended consequence of restricting or slowing development on federal lands. They would also place smaller independent operators at significant economic disadvantage that ultimately would have the effect of reducing interest in development on federal lands reducing royalty payments to the federal government and the state. It is in the interest of oil and gas owners and operators to be able to capture and sell associated gas as quickly and efficiently as possible. Instead of implementing restrictions on development based on economics, the BLM should not create waste and should streamline the permitting and rights-of-way process to reduce wait time for pipeline and gathering infrastructure. In addition, as with all the economic analysis in this proposal, the agency needs to be sensitive to the fact that the smaller independent operator may not receive as beneficial a price on their gas as a larger producer so use of formulae to assess field-wide economics does not make good policy. Finally, reliance on the EPA whitepapers for nearly all of the BLM proposed changes is mis-guided as the EPA needs to take the time to actually study these issues prior to promulgating their own rules.

IPANM appreciates the opportunity to provide comments to your venting and flaring proposal. We would also be interested in participating in any stakeholder/taskforce/peer review groups convened for the purpose of addressing these policy proposals. We look forward to

providing additional comments as the agency drafts of these proposed regulations materialize.

Please feel free to contact me at Karin@ipanm.org or at (505) 238-8385 if you have any questions regarding the issues discussed herein.

Respectfully submitted,

INDEPENDENT PETROLEUM ASSOCIATION OF NEW MEXICO

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