

# Out-of-State Groups Attempt to Dictate New Mexico Energy Policy

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For the past two years, New Mexico's current state administration has engaged regulators, environmental groups, and industry to develop new state Methane rules to reduce emissions in the oil fields. The state's efforts to consider input from all parties has been commendable, particularly with the inclusion of oil & gas producers from the Independent Petroleum Association of New Mexico (IPANM). IPANM members are predominately small, New Mexico-based operators who safely and responsibly develop oil & gas from low-producing stripper wells, an important component of New Mexico's energy mix.

After a deliberate process to consider broad input on operational feasibility, economic data, and environmental concerns, the New Mexico Energy, Minerals & Natural Resources Department (EMNRD) released its proposed Methane rule last month with an aggressive target of reaching 98-percent gas capture by the end of 2026.

Meanwhile, the New Mexico Environment Department (NMED) has yet to publish its final proposed Methane rule. However, in September, the NMED did release the initial draft which included an important low-emission exemption to allow low-producing stripper wells to safely operate under a 15 tons per year emission threshold. After detailed discussion and analysis, the state agreed that you cannot operate low-margin stripper wells without such an exemption. Simply put, the low-emission exemption meets the shared goals of the state and industry to substantially reduce emissions while preserving well economics.

Despite numerous public opportunities to submit legitimate data and technical information to the state, certain out-of-state environmental groups are now parachuting into New Mexico to pressure the state to reduce or completely drop the low-emission exemption. This clearly represents an 11<sup>th</sup> hour attempt to subvert the state's extensive data gathering process.

Specifically, an environmental think-tank from Massachusetts, a state that has an annual oil & gas production of exactly zero, has been peddling around a new suppositional study based on highly debatable assumptions. This group fails to offer any legitimate empirical evidence, study citations, or methodology for their economic valuations. Their conclusion? Eliminate the low emission exemption on the stripper wells operated by the smallest New Mexico-based oil & gas producers. Their justification? A misguided proposition that such a scheme

would be "cost-effective" and offer "a good return on investment for New Mexicans."

The reality is quite the opposite.

Stripper wells make up 51% of New Mexico's existing producing wells, accounting for over 30,000 active wells in New Mexico. Without such an exemption, these wells face costly upgrades that will outprice the remaining value of yet-to-be extracted oil and gas, with a nominal impact on emissions. Smaller operators would have no choice but to prematurely plug and abandon thousands of stripper wells in New Mexico before the end of their productive life, which would amount to decades-worth of natural resource waste. That's a loss of tens of millions of dollars in state revenue to pay teacher salaries, increase public safety, and protect the environment.

Based on the New Mexico Environment Department's initial draft Methane rule, the state administration agrees.

As such, IPANM strongly supports the rule as drafted which allows for a low-emission exemption, an exemption built on real data scrutinized through the state's collaborative process. The NMED needs to remain steadfast in the face of dubious cost-benefit conjectures. Furthermore, all New Mexicans should reject these biased, out-of-state factions who, at best, wish to dictate oil & gas regulatory policy to the third largest oil-producing state, or at worst, succeed in their real objective to kill the oil & gas industry in New Mexico.