

# Proposed Emissions Rule Raises Concerns

*Oil and gas industry leader warns that state's proposed rule would harm small operators.*

A proposed rule to reduce air pollutants by the oil and gas industry released last week by the New Mexico Environment Department could result in many smaller-producing wells in the state shutting down, according to an industry member.

Jim Winchester, executive director of the statewide Independent Petroleum Association of New Mexico, which has an administrative site in Roswell, expressed disappointment in what he called an "11th hour" change in the rule.

He said the revised rule shifts a provision about marginal wells from a balanced effort to reduce emissions while providing for continued well operation to a position that is favored by "radical environmentalists."

He said other concerns exist about the proposed "ozone precursors pollutants" rule released Thursday that is aimed at reducing leaks of methane, nitrogen oxides and volatile organic compounds. But, he said, independent producers will be most affected by the decision to remove a provision in the draft rule that allowed up to 15 tons of emissions a year for what are considered marginal or stripper wells.

Marginal wells are defined by the Energy, Minerals and Natural Resources Department as those producing 10 to 20 barrels of oil or 60 to 120 thousand cubic feet of natural gas a day. Stripper wells, according to the state, produce less than 10 barrels of oil and 60 thousand cubic feet of gas a day. Of the 57,763 active oil and gas wells operating in New Mexico now, 31,266 are stripper wells and 8,147 are marginal wells, according to Public Information Officer Susan Torres.

"We had a very robust, technical advisory panel process, and an initial rule was put out there in July that was very much balanced," Winchester said, "and now, as we are here in the 11th hour, the revised rule strips out all that technical information and essentially reads right from a radical environmental playbook."

He said low-producing wells are not emitting enough pollutants that they need to be the focus of state emission reduction efforts, yet removing exemptions will probably cause "massive amounts of these marginal wells being forced to shut down prematurely while they are still productive."

The revised rule only allows exemptions for extremely small operators with 10 or fewer employees or \$250,000 or less in gross income, which he said does not really apply to New Mexico operators.

He explained that the amount of extra equipment that would need to be used to prevent emissions on such wells would make them unprofitable to operate. The Environment Department has described the rule as more protective of public health than federal regulations. It still must go through a public hearing before the New Mexico Environmental Improvement Board, which will allow for public comment. If the board approves the rule, it would take effect in early 2022.

The Environment Department said that the rule will reduce the amount of volatile organic compounds and nitrogen oxides by 260 million pounds annually and reduce methane emissions by more than 851 million pounds annually.

“The effect will be equivalent to taking 8 million cars off the road every year,” said Gov. Michelle Lujan Grisham in a news release.

The rule will apply in Chaves, Doña Ana, Eddy, Lea, Rio Arriba, Sandoval, San Juan and Valencia counties because they have the highest ozone levels.

The rule was praised by the the Rio Grande chapter of the Sierra Club, Earthworks, Conservation Voters of New Mexico, the San Juan Citizens Alliance and other environmental groups.

Winchester said his group supported the July 2020 draft, but he has been vocal since November that out-of-state environmental groups, including what he described as a think tank from Massachusetts, a state without an oil and gas industry, were pressuring the Environment Department to remove exemptions.

Those groups want to “kill small, independent producers,” he wrote in a November opinion piece and repeated during a recent interview.

“We have every hope that we can continue to have a dialogue with the administration through what we had hoped would be a collaborative process that would yield results that were balanced,” he said, “but that is not what we have seen so far.”

In its news release, the Environment Department said that the two-year process in developing the rule involved thousands of people, including state officials, scientists and researchers, oil and gas operators, and environmental groups.