Federal oil and gas reforms debated by New Mexico environmental, industry groups

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Oil and gas activities on New Mexico's public lands would be cut if environmentalists in the state had their way after appealing to federal land managers to curb the leasing of land to the fossil fuel industry and targeting air pollution from ongoing operations.

With multiple federal rulemakings underway to address the environmental impact of fossil fuels, industry leaders in New Mexico and across the nation cautioned the federal government was at risk of impeding fossil fuel development and an essential economic sector.

In a Jan. 11 letter to U.S. Interior Secretary Deb Haaland, herself of former congresswoman from New Mexico and frequent critic of the industry, and environmental groups - including several from New Mexico - called on the Interior Department to uphold a "promise" made, according to the letter, by President Joe Biden to "ban new oil and gas leasing" on federal land.

More than half of New Mexico's oil and gas operations occur on public lands managed by the federal government through the DOI's Bureau of Land Management, which scheduled its latest oil and gas lease sale for May, offering about 3,280 acres in Eddy, Lea and Chaves counties in southeast New Mexico's Permian Basin region.

A recent BLM environmental analysis of the land proposed for lease and the effects of oil and gas on the tracts offered found "no significant impact," records show, despite the expected drilling of 19 wells producing about 3.2 million barrels of oil.

But the letter, signed by New Mexico-based Citizens Caring for the Future of Carlsbad, New Mexico Climate Justice, New Mexico Interfaith Power and Light and Frack Free New Mexico, along with Santa Fe-based WildEarth Guardians and hundreds of other groups nationwide, argued Biden on the campaign trail vowed to end new leasing to control pollution believed to be the result of energy development.

As the Biden administration assumed office in 2021, the DOI halted new leases temporarily as it reviewed its fossil fuel policies for their climate change impacts, resuming the sales last year.

A report was issued subsequently by the agency, and the federal royalty and rental rates, along with minimum bids at the land lease sales were raised, but the groups argued the DOI did little to reduce pollution impacts of extraction on public land.

This could mean global warming in excess of 1.5 degrees Celsius, read the letter, potentially leading to extreme weather events and perilous conditions.

“Fossil fuel extraction on public lands accounts for nearly a quarter of climate emissions,” the letter read. “The Bureau of Land Management must apply a climate screen when deciding whether to approve new permits to drill, informed by a robust analysis of climate impacts from fossil extraction on public lands.”

Among regulatory changes the groups argued were needed were tougher federal controls on methane emissions, a known greenhouse gas, put out by oil and gas operations.

The BLM was developing stricter rules that would target not only new but also existing sources of methane pollution from the oil and gas sector by increasing royalty payments operators pay on emissions, while requiring low-emission valves and other technologies be used at extraction facilities on federal land across the U.S.

The BLM also proposed requiring operators develop plans to detect and repair leaks at their facilities and impose monthly limits on flaring or the burning of excess natural gas.

Rules would also allow the BLM to delay or deny permits for oil and gas operators to avoid "excessive" flaring, the proposal read.

The BLM said the proposal would generate up to $39.8 million a year in additional royalties and prevent the waste of "billions" of cubic feet of natural gas.

Environmental groups, including those from New Mexico, called for a public hearing on the BLM's rules in a Jan. 12 letter to BLM Director Tracy Stone-Manning.

Public comments were being accepted by the BLM on the rulemaking through Jan. 30.

"This proposal is very important to our respective members and the public generally and will have long-term implications for taxpayers, tribes, and the management of fluid mineral development on tribal and federal public lands. Given the complexity and importance of the rule, a public hearing is warranted," the letter read.

The American Petroleum Institute (API), a trade group that represents oil and gas operators in New Mexico's Permian Basin and across the country, argued in joint written comments with the American Exploration and Production Council (AXPC) the BLM's public comment period should be extended as the industry needed more time to respond to the proposal it said would drastically affect operations.

“AXPC member companies produce more than half of U.S. onshore production each year, including many active operations developing federal minerals that will be subject to the proposed rule purporting to prevent waste and impacting the basis of royalty generating production,” the letter read.

“As such, this proposed rule is important to our membership and will have a significant impact on their operations.”

Meanwhile, the U.S. Environmental Protection Agency was at work devising its own methane restrictions, adding monitoring requirements, setting standards for zero-emission pumps, disincentivizing flaring – the burning of excess gas – and establishing processes to identify “super emitters” of air pollutants.

The EPA estimated its proposal would reduce methane emissions by 87 percent, by 2030, compared with 2005 levels.

In written public comments submitted Jan. 4 by industry trade group the Independent Petroleum Association of New Mexico, Executive Director Jim Winchester warned new oil and gas regulations could unduly burden producers in New Mexico – part of an industry credited with accounting for about a third of the state’s budget.

He requested the public comment period for the EPA’s methane rules be expanded beyond the Feb. 13 due date.

“The regulatory and administrative burden on state authorities and small business across the county cannot be overstated,” Winchester wrote. “There is no rush or there is certainly no justification to prematurely promulgating regulations that have the potential to so adversely impact the energy sector of United States.”