



NM GA

Gas Management Options

Radioactive & Hazardous Materials Committee

November 3, 2017

Shared Goal

Oil & gas operators share the goal to **reduce emissions** and are constantly advancing technologies to improve capture success.

Methane emissions decreasing

United States Methane Emissions (1990-2015)¹

 **19% reduction**

San Juan Basin Methane Emissions (2011-2016)²

 **47% reduction**

Permian Basin Methane Emissions (2011-2016)²

 **6% reduction**

¹EPA Greenhouse Gas Inventory, natural gas and petroleum system methane emissions, 1990-2015

²EPA Greenhouse Gas Emissions from Onshore Petroleum and Natural Gas Production, 2011-2016

Bipartisan support for natural gas

“The natural gas boom has led to **cleaner power** and greater **energy independence.**”

-President Barack Obama,
2013 State of the Union Address



Bipartisan support for natural gas

“Natural gas provides the **easiest path forward** and has the **cleanest potential.**”

-Secretary Ryan Zinke,
Interview with Bozeman Daily Chronicle



Current Regulations

- **United States Environmental Protection Agency**
 - 40 CFR
 - 40 CFR 600a
- **United States Bureau of Land Management**
 - Methane and Waste Prevention Rule
- **New Mexico Oil Conservation Division**
 - Limitations on venting and flaring
 - Mandatory reporting of vented and flared volumes
 - Gas capture plans

Proactive Industry Approach

- Many historical pneumatic devices that automatically expelled excess gas pressure have been replaced, and **new regulations require the use of alternative equipment for new wells.**
- Even with a significant increase in production, **methane emissions have drastically decreased** over the past several decades.
- Many operators consider **reducing venting emissions an industry best practice and a top priority.**

Impact to Operators

The royalty value of flared gas has generated headlines,
yet it only accounts for 12.5%-20% of value

Product has required a significant investment to acquire and
operators lose 80%-87.5% of the value of a product

Cost of Additional Regulations

- Marginal oil wells:
\$500 million in lost revenue¹
- Marginal gas wells:
\$250 million in lost revenue¹
- Direct Jobs:
2,200 full-time jobs eliminated²

¹Interstate Oil & Gas Compact Commission, Marginal Wells: Fuel for Economic Growth, Pages 31-33

²Interstate Oil & Gas Compact Commission, Marginal Wells: Fuel for Economic Growth, Table 5a

Impediments to Success

- Lack of pipeline
- Lack of pipeline capacity
- Gas that does not meet minimum pipeline requirements
- Disruptions in the gas-processing chain

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