

Guest Columns

BLM has no authority to issue methane rule

By Cristina Arnold / Regional Vice President, New Mexico Business Coalition

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The Journal's editorial "Scalpel, not ax, needed on BLM's new methane rule" has several flaws in its assumptions about the impacts of the Bureau of Land Management's venting and flaring rule. The most glaring is the fact that BLM doesn't have authority to regulate air quality.

When advocating on public policy, care must be taken to respect authority granted to the various federal agencies by Congress. Wishing for a policy outcome because of its perceived benefits is not enough. When it comes to BLM's venting and flaring rule, the ends cannot justify the means. At a time when New Mexico has the worst unemployment rate in the nation, not repealing the BLM rule would be detrimental to our children's welfare. One-third of our state's budget is derived from the production of oil and natural gas. It is also the single largest source of state funding for our public schools.

Who does have authority to regulate air quality? Congress designated the Environmental Protection Agency and state governments with the authority to regulate air quality under the Clean Air Act, not BLM. For this reason alone it's appropriate for the U.S. Senate to repeal BLM's venting and flaring rule. Failing to do so only hands power to unelected bureaucrats, wresting it away from elected representatives in Congress.

For businesses in New Mexico, BLM's sweeping new authority over air quality is also concerning because it clouds the regulatory environment. The oil and natural gas industry is highly regulated. But regulations should not be redundant with state and federal rules. The venting and flaring rule duplicates rules finalized last year by EPA that apply to all new wells. EPA has also signaled its intention to regulate methane emissions from existing wells. If EPA moves ahead with methane rules for existing wells, it will do so under the process outlined in the Clean Air Act and in accordance with congressional intent. Adding layers of duplicative regulations adds unnecessary costs of compliance and makes following the regulations confusing, particularly for small companies.

Another flaw was the paper's reliance on economic figures from Western Values Project. The activist organization keeps promoting its estimate on lost revenues to taxpayers from venting and flaring even though the numbers fail to account for any operational, safety or market reasons that natural gas has to be flared or vented at times.

The reality is BLM's rule would actually result in at most \$3.86 million in additional natural gas royalties but would reduce revenues collected by federal and state taxes by \$114 million annually, according to economist John Dunham. Using northwest New Mexico's San Juan Basin as an example, 70 percent of the 30,000 wells in that area are considered marginal by the feds because of low production. They are barely considered economic to operate. The cost of retrofitting those wells to comply with this rule is estimated to be as much as \$50,000 per well. It doesn't make sense to make that investment, so operators are looking at shutting them down. It's a sobering picture compared to that painted by environmental activists.

Lastly, the Journal ignores the industry's success in capturing methane and putting it to beneficial use. After all, methane lost to the atmosphere means less profit on the very product New Mexico producers sell. It shouldn't come as a surprise that since 1990, oil and natural gas companies have reduced methane emissions by 21 percent as production has climbed 52 percent, even without federal regulations.

For these reasons, and more, New Mexico Business Coalition, Land Commissioner Aubrey Dunn, and Oil Conservation Division director David Catanach called on Congress to repeal BLM's rule. NMBC and these public officials recognize BLM's venting and flaring rule ignores proper authority delegated by Congress and the rule's costs aren't in line with the supposed benefits.

An ax, not a scalpel, is needed on BLM's venting and flaring rule.

New Mexico Business Coalition (NMBC), the NM Affiliate Group for the National Association of Manufacturing, is a nonpartisan advocacy organization representing businesses of all sizes, employees and New Mexican families throughout the state.