

Michelle Lujan Grisham, Governor
Sarah Cottrell Propst, Cabinet Secretary
Todd E. Leahy, JD, PhD, Deputy Cabinet Secretary
Adrienne Sandoval, Oil Conservation Division Director

FOR IMMEDIATE RELEASE:

Contact: Susan Torres
Public Information Officer, EMNRD
susan.torres@state.nm.us
505-476-3226



March 25, 2021

Oil Conservation Commission Approves EMNRD's Final Natural Gas Waste Reduction Rules

Oil Conservation Commission votes to adopt nation-leading rules

Santa Fe, NM – Today the Oil Conservation Commission voted unanimously to adopt the Energy, Minerals and Natural Resources Department's (EMNRD) natural gas waste reduction rules requiring oil and gas operators to capture 98 percent of their natural gas waste by the end of 2026. Today's vote, which follows two years of stakeholder outreach, technical research, and testimony by EMNRD's Oil Conservation Division (OCD), formalizes one of the strongest gas capture requirements in the nation.

In accordance with Governor Michelle Lujan Grisham's Executive Order 2019-003, the rules are part of New Mexico's statewide, enforceable regulatory framework to secure reductions in oil and gas sector emissions and to prevent the waste of natural gas from new and existing sources. New Mexico's unique approach requires extensive reporting of natural gas loss from oil and gas production and midstream operations, prohibits routine venting and flaring, requires attainment of an increasing gas capture target, and allows the state to deny drilling permits if gas capture targets are not achieved, while encouraging innovation in the industry, a key issue brought up during public outreach.

"The finalization of today's rules proves that taking bold action on climate change is not at odds with industry and job creation," said Governor Michelle Lujan Grisham. "By working together, we have come up with rules that require a higher gas capture than any other state in the nation and that will foster innovation and bring additional revenue to the state by capturing more resources.

"I'm proud that New Mexico is again leading by example when it comes to addressing climate change and fostering innovation," said Governor Lujan Grisham. "It shows we can meet our ambitious climate goals while being home to a robust oil and gas industry."

During deliberations in February, the Oil Conservation Commission made additional changes to the draft rules based on public comment and testimony during the January hearing, including:

- Requiring new facilities to be constructed in a way to minimize waste;
- Allowing an additional three months for operators to put reporting systems into place to ensure high data quality;

- Requiring natural gas capture and flaring for completion and recompletion of natural gas wells to reduce natural gas venting;
- Requiring midstream operators to file a single report for all of their subsidiaries to ensure compliance and improve transparency;
- Expanding waste reporting and capture requirements to include controlled tanks in addition to uncontrolled tanks;
- Requiring operators to select and implement alternative beneficial uses for natural gas if a gathering system is unavailable;

“This has been a long, thorough process and thanks to the significant stakeholder outreach conducted over the last two years, we have finalized rules New Mexicans can be proud of,” said EMNRD Cabinet Secretary Sarah Cottrell Propst. “The 98 percent capture is an ambitious target that will secure significant methane waste reductions that will directly benefit New Mexico’s environment. Oil and gas operations make up the biggest portion of greenhouse gas emissions in New Mexico and the rules established today will lead to reductions across the board beginning in 2022.”

The rules formalized today put New Mexico as the national leader of natural gas capture regulations. Unlike other states, EMNRD’s rules regulate the midstream sector which takes natural gas from wells for processing. EMNRD’s rules will work in concert with rules being developed by the New Mexico Environment Department to regulate the emission of ozone precursors from oil and gas operations.

“The State Land Office has been a proud partner in the creation of the rule, and today we voted for its final passage at the Oil Conservation Commission. This rule will protect our environment by requiring capture of 98% of produced methane, which will help protect New Mexico working families, and in turn allow the State Land Office to earn millions of additional dollars for our public schools. Today, we paved the way for new job creation for a vibrant methane-control industry,” said Commissioner of Public Lands Stephanie Garcia Richard. “I’m grateful for Governor Michelle Lujan Grisham’s bold leadership, which has resulted in the most ambitious and cutting-edge methane rule in the nation, and will introduce the newest and best methane technologies to New Mexico.”

Reliable data is key to establishing measurable and meaningful benchmarks, which is why Phase 1 of the rules requires robust data collection and reporting to identify natural gas loss at every stage of the process. This information drives Phase 2 of the rules, which requires upstream and midstream operators, including pipelines, to attain a higher level of natural gas capture each year, culminating in 98 percent natural gas capture by the end of 2026. The 98 percent capture goal applies to stripper wells.

The rule is available for review [here](#) and a fact sheet with a topline overview and frequently asked questions can be found [here](#).

###

The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

<http://www.emnrd.state.nm.us>