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EMNRD's Oil Conservation Division Releases Proposed Natural Gas Waste Reduction Rules

Operators must attain a 98 percent gas capture by the end of 2026

Santa Fe, NM – In accordance with Governor Michelle Lujan Grisham's Executive Order 2019-003, the Energy, Minerals and Natural Resources Department (EMNRD) announces the release of the Oil Conservation Division's (OCD) proposed natural gas waste rules as part of New Mexico's statewide, enforceable regulatory framework to secure reductions in oil and gas sector emissions and to prevent natural gas waste from new and existing sources.

"With this new rule, New Mexico is taking a nation-leading, innovative approach to reduce methane emissions," said Michelle Lujan Grisham, Governor of New Mexico. "It is another important step in battling climate change and protecting the environment."

The proposal requires midstream and upstream operators to attain a 98 percent gas capture by the end of 2026. Methane emissions from the oil and gas industry make up New Mexico's largest portion of statewide greenhouse gas emissions.

"The proposed rules provide an innovative approach to reducing natural gas waste and methane emissions in the oil and gas sector," said Sarah Cottrell Propst, Cabinet Secretary for EMNRD.

The rules follow a sixty-day public review and pre-proposal comment period which provided valuable feedback that informed the final proposal, on top of extensive public engagement since the summer of 2019. Today the OCD filed a petition with the Oil Conservation Commission (OCC) requesting a rulemaking hearing on the proposal.

New Mexico set the stage to craft a nation-leading rule by studying successes in other states, engaging in robust stakeholder feedback throughout the process, and working side by side with counterparts at the New Mexico Environment Department. This approach has allowed the OCD to craft a leading regulatory framework by expanding upon some ideas already in practice in other states. The proposal framework creates a flexible, aggressive, and unique way forward to reduce natural gas waste.

"Thanks to the thoughtful feedback from the public and stakeholders and the dedicated work of the team in the Oil Conservation Division, the proposed natural gas waste rules put forth today are comprehensive and impactful," said Cottrell Propst. "Requiring 98 percent capture is an

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ambitious target that will have a significant, positive impact on New Mexico's environment for years to come. Throughout the process we have promised a nation-leading rule, today we have fulfilled that goal."

Unique to New Mexico, the rule applies to upstream and midstream operations, provides requirements for pipelines, allows flexibility for operators to enable innovation in the industry, and relies on data and science to ensure 98 percent gas capture.

Reliable data is key to establishing measurable and meaningful benchmarks which is why Phase 1 of the rule initiates robust data collection and reporting requirements. The first phase of OCD's proposal builds an incredibly comprehensive structure which will identify gas loss at every stage of the oil and gas value chain. This information will drive Phase 2 of the proposed rule which requires upstream and midstream operators to take steps to attain a 98 percent natural gas capture by the end of 2026.

Based on the comprehensive data collected in Phase 1, the rule establishes an enforceable target for operators to reduce methane. Starting from the current level of natural gas waste identified in Phase 1, each operator must reduce methane by a fixed amount each year to achieve a gas capture rate of 98% by December 31, 2026. Limited exceptions are defined in case of emergencies. If operators do not meet their gas capture targets, they risk enforcement actions.

The rule is available for review [here](#) and a top-level overview with frequently asked questions can be found [here](#).

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