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EMNRD's Oil Conservation Division releases draft methane rule

Santa Fe, NM – Today, the Energy, Minerals and Natural Resources Department (EMNRD) announces the release of the Oil Conservation Division's (OCD) draft rule as part of New Mexico's first comprehensive methane regulations. OCD's draft was informed through a collaborative process that included extensive public outreach conducted over the last year, a technical paper produced by the Methane Advisory Panel (MAP), and close cooperation with counterparts at the New Mexico Environment Department (NMED), which also released draft rules today. OCD's draft rule proposes 98 percent natural gas capture from the oil and gas industry by 2026. The framework allows for innovation and flexibility in reducing methane waste, a key point that was heard throughout the robust stakeholder process, while addressing the crucial issue of climate change.

EMNRD is making the draft available for public review and comment and will hold a public meeting to discuss the proposal. Public input at this juncture will help OCD refine a final proposal to be submitted to the Oil Conservation Commission for formal rulemaking later this year.

OCD's draft rule proposes innovative solutions to prevent methane waste from the oil and gas industry. As identified in the MAP report, reliable data is key to establishing measurable and meaningful benchmarks. Phase 1 of the draft rule initiates robust data collection and reporting requirements. While other states require reporting, the first phase of OCD's proposal will build a much more comprehensive structure and will identify methane venting at every stage of the oil and gas value chain, a feature unique to New Mexico's draft rule. This information will help drive Phase 2 of the draft rule which requires stringent gas capture limitations across upstream and midstream operations.

Based on the comprehensive data collected in Phase 1, the draft 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.

Additional key aspects of the draft rule include:

- Applies to upstream and midstream operations
- Provides design standards for pipelines

- Allows flexibility for operators to determine what the appropriate mechanisms are for reducing methane in their operations, providing an opportunity for innovation in the industry
- Incentivizes methane detection flyovers by giving credits to operators who detect and fix methane leaks in their own facilities and inform other operators of leaks discovered
- Authorizes enforcement action if operators do not meet the gas capture targets

“Curbing methane emissions from the oil and gas industry is a vital part of our statewide greenhouse gas reduction strategy,” said EMNRD Cabinet Secretary Sarah Cottrell Propst. “Throughout the process, we’ve benefited from extensive public engagement and technical advice from industry and non-governmental experts. Today we’re seeking another round of comments on our methane strategy before starting the formal rulemaking process.”

“The draft rules lay out an achievable but ambitious timeline and leaves room for innovation in the oil and gas industry, incorporating key feedback received throughout the process,” said Oil Conservation Division Director Adrienne Sandoval. “Together we can craft a nation-leading methane reduction model.”

Starting today EMNRD will commence an informal comment period through August 17th. The draft rule can be found [here](#) and feedback can be submitted by emailing comments to EMNRD.WasteRule@state.nm.us no later than close of business on August 17th. There will also be the opportunity to participate in a formal public comment period once the rule has been finalized and proposed to the Oil Conservation Commission. Public comment periods are only required on the final rule, however EMNRD is committed to transparency and values stakeholder feedback at multiple points in the rule making process. Following the public comment period, the OCD will review the comments and consider revisions to the draft rules.

EMNRD and NMED will hold a public meeting via webcast and telephone on August 6th from 4 – 6 pm to present the rule and offer an opportunity for public feedback. Details to follow.

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