

Flawed, Redundant, and Not Needed: THE BLM METHANE RULE

BLM's Methane and Waste Prevention rule, also called the venting and flaring rule, finalized by the Obama Interior Department late last year is redundant, technically flawed and unnecessary.

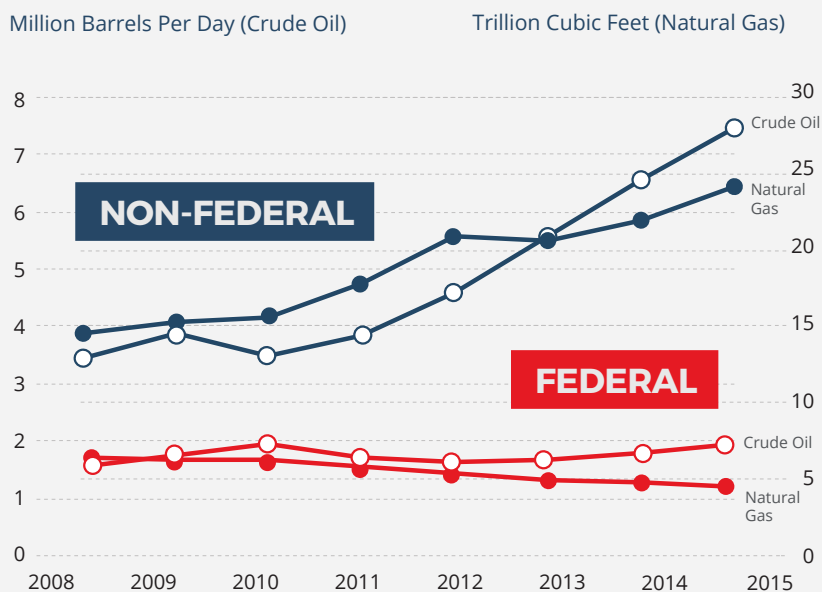
The rule could stifle innovations that have led to increased use of cleaner-burning natural gas – the main reason U.S. energy-related carbon emissions have fallen to levels not seen since the early 1990s. The rule's requirements could impede U.S. energy production by shutting in a significant number of wells on federal lands, potentially reducing the availability of affordable domestic energy to American consumers and decreasing revenues to the U.S. Treasury.

In combination with other regulations added by the Obama Administration over the past couple of years, the BLM's methane rule will discourage investment in production on Federal and Indian lands, which has diminished over the last decade to the detriment of the American taxpayer, and is unnecessary and duplicative of EPA and state regulatory programs already in place.

The BLM methane rule is yet another obstacle to oil and natural gas production on federal onshore lands, which continues to fall even as overall U.S. production has rapidly increased

- According to the Congressional Research Service (CRS), **from 2010 to 2015 U.S. federal onshore natural gas production is down 18 percent compared to an increase of 55 percent on state and private land.** Oil production on state and private land is up 113 percent over the same period while oil production grew on federal onshore lands at half the rate at 57 percent.
- The impact of the decreased production on federal lands is real and has resulted in a reduction in federal revenue collection, **from \$2.8 billion in 2010 to \$2.4 billion in 2015.** Adding additional regulatory hurdles only further deters investment and production on federal lands.
- If production on federal lands had grown at the same rate as overall **U.S. production from 2010 to 2015, total royalties would have been 29 percent higher, with an additional \$4.2 billion in royalties collected by the federal government.**

U.S. OIL AND NATURAL GAS PRODUCTION ON FEDERAL VS. NON-FEDERAL LANDS AND WATERS



Source: Congressional Research Service, U.S. Crude Oil and Natural Gas Production in Federal and Non-federal Areas, June 2016.

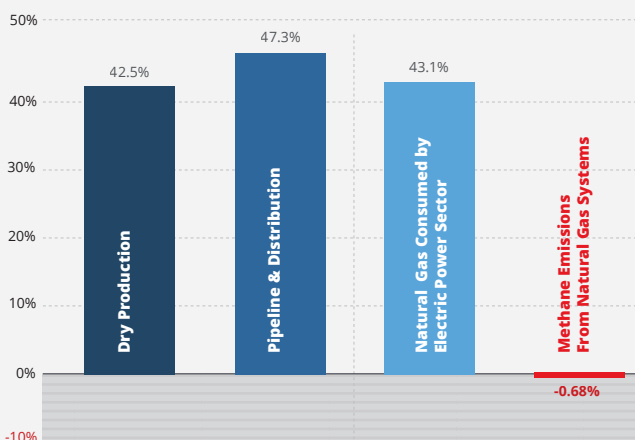
BLM lacks the authority to regulate air quality, which is already regulated by the states and the EPA

- The Mineral Leasing Act (MLA) provides the BLM the authority to prevent undue waste, but not to regulate air quality and require emissions controls, which is provided to the EPA and the states under the Clean Air Act (CAA). The BLM's methane rule is an air quality regulation.
- The EPA has finalized its own set of rules know as NSPS 0000a, which is focused on new and modified sources and has initiated an Information Collection Request (ICR) to seek additional emissions data on existing sources to determine if additional regulation is both warranted and cost effective.
- In addition to EPA regulations, the states have the authority to regulate emissions and have initiated robust programs tailored to the needs and conditions of each specific state. ND, NM, WY, UT, CO, TX and PA already have similar emissions control requirements in place. As such, a well on federal land could be subject to the BLM methane rule, EPA's 0000a and potential subsequent regulations and state requirements.
- The BLM hasn't fostered the technical expertise necessary to regulate air emissions and lacks the personnel and resources to effectively implement this new rule and its requirements without further impeding oil and gas production on federal lands.

Even as America is leading the world in oil and natural gas production, methane emissions have fallen, thanks to industry leadership and investment in new technologies. U.S. carbon emissions are now near 20-year lows due to increased use of natural gas and the U.S. energy renaissance has saved drivers \$550 in fuel costs and saved American households an average of \$1,337 in energy expenditures in 2015.

METHANE EMISSIONS FALLING WHILE PRODUCTION RISES

U.S. Natural Gas 2005 to 2014



Source: EPA, Emissions Data and EIA Production Data.

Congressional Action *is* Needed

Given the broad impacts of this final rule which became effective on January 17, 2017, and the fact that the BLM lacks the authority to regulate air quality which the states and EPA are already addressing, it is appropriate that the Congress use its authority under the Congressional Review Act to repeal this energy-killing rule and focus the new administration on ways to increase the production and use of natural gas, which is leading the way to reduced U.S. carbon emissions.