

STAFF REPORTS

NEW MEXICO GOVERNMENT AFFAIRS,
Mike Miller, PBPA

Shortly after our last Board meeting the NM Environment Department released draft rules establishing emission standards for VOC and NOx for oil and gas production and processing sources. At the same time the Oil Conservation Division released draft rules as it pertains to venting and flaring of natural gas. The draft rules, to say the least, are very onerous. Furthermore, in the beginning, the comment period was very short.

We reached out to the departments to schedule discussions with the persons responsible for the rules. Those discussions were very fruitful in giving us a better understanding of each department's intent and direction moving forward. We also hope they were fruitful in providing each department an overview of the concerns and possible recommended changes that would be further fleshed out in our official comments. We also approached both agencies about the possibility of extending the comment period given the extent of the rules, to which they responded that they would pass our request "up the chain" but they did not have the authority to grant our request.

At this point we contacted the Governor's office with our request for more time to comment, pointing out that our intent was not to "stall" but to have ample time to review and make meaningful and constructive comments. A few days later we were notified that the comment period would be extended an additional 30 days.

Since the draft rules we're released, and even before our meeting with the departments, we worked with our members to disseminate the rules and to craft comments which would ultimately be submitted by PBPA. During this time, there were weekly calls to discuss strategies as this rule-making process moved forward, including requesting other entities outside of industry to submit comments regarding the potential impact the draft rules may have on their particular organization. The collaborative effort saw multiple companies provide support and drafting recommendations. The comments were submitted to both departments mid-September and we now wait for the next announcement of dates in this process.

PBPA has been asked by the Legislative Finance Committee to present at an upcoming meeting regarding the bearing the draft rules might have on the Permian Basin. At this point, this meeting will take place in late October.

During all of this, we have been in regular contact with legislative members regarding these rules as well as the upcoming November election. Since our entire legislature is up for election, the outcome could have an enormous impact on our industry. Many of the current legislators are optimistic that the possibility of picking up seats with candidates friendly to the industry is a good possibility.

Finally, we continue to monitor the Governor's weekly press conference regard her Emergency Health Order and pass on relevant changes to our members.