

Statement of Alexandra E. Teitz
Democratic Forum on Methane and Waste Prevention Rule
January 25, 2017

Congressman Grijalva, thank you for inviting me here today. I am honored by this opportunity to provide information on the Methane and Waste Prevention Rule, promulgated by the Bureau of Land Management last November. Please note that I do not represent the Administration or the Department of Interior – I am here as a private citizen, having resigned my prior position with the BLM as of January 20th.

There are three key points that I urge Members to bear in mind as they consider the Waste Rule:

- First, the Waste Rule is not only authorized by law – the BLM is *required* to limit the waste of public mineral resources.
- Second, the Rule is needed to address a real and urgent problem – large volumes of natural gas owned by the American people are being burned off or vented into the air, wasting energy resources, losing revenues, and exacerbating climate change and air pollution.
- And third, BLM did this rule the right way – with extensive stakeholder feedback from industry, States, citizens, and Tribes – and produced common-sense, cost-effective, and reasonable requirements.

I will briefly expand on each of these points.

Legal authority

The guiding principle of the Mineral Leasing Act of 1920 is that the public should benefit from development of oil, gas, and coal on public lands. Thus, the Act requires that those who lease rights to develop the minerals develop them in a safe and responsible way and pay royalties on the minerals extracted. The Act also specifically requires the Secretary to prevent the waste of oil and gas from public lands – exactly what this rule is designed to do.

Waste problem

Far from being something new, as industry has claimed, the Department of Interior has long regulated waste under the Mineral Leasing Act. But the regulations were last updated 37 years ago, before fracking, horizontal drilling, and other advances revolutionized oil and gas production. As BLM noted in the rule preamble, the prior rules did not reflect today's best practices and were not particularly effective. The result has been excessive flaring, venting and leaks of natural gas during oil and gas production, large volumes of wasted natural gas, and harm to health and the environment.

Between 2009 and 2015, oil and gas producers on public and Indian lands flared, vented and leaked about 462 billion cubic feet (Bcf) of natural gas. That's enough gas to supply over 6 million households for a year – or roughly every household in Arizona, Colorado, New Mexico and Utah . . . combined.

The Government Accountability Office, GAO, estimated that State and Federal taxpayers are losing as much as \$23 million per year in royalty revenue due to this waste, and GAO found that BLM needed to update its rules to address this.

And this waste harms human health and the environment. Natural gas is largely composed of methane and methane is a powerful greenhouse gas driving climate change – 86 times more potent than CO₂ over a 20-year period. Oil and gas systems are the largest industrial source of methane in the United States.

Rule was done right

Finally, BLM did this rule the right way. The BLM reached out to the public, industry, States and Tribes in 2014, holding public forums and accepting comments, and used this feedback to develop the proposed rule. The BLM then did another round of outreach and forums, and received about 330,000 comments. The BLM made some important changes to the proposed rule to address comments, and issued the final rule last November.

The result of this extensive public process is a moderate and balanced rule.

- The rule requires industry to capture or use more gas, rather than flaring it, but phases the capture target in gradually over a decade and lets industry choose where to reduce flaring. This requirement was modelled on North Dakota's regulations.
- The rule requires replacement of old, inefficient, high-venting equipment – but this is so cost-effective that it pays for itself in a matter of months, and many operators have already done it.
- And the rule asks operators to periodically inspect for leaks and fix them. With new technology such as infra-red cameras that can quickly scan a whole well-site for leaks, this requirement is reasonable and affordable. Colorado and parts of Wyoming already require operators to do this.
- BLM recognized that there are some similar requirements in place, although they only apply to some operations and some areas. State rules are not preempted, companies must continue to comply with them, and the rule allows State regulations to substitute for the BLM requirements, where they are equally effective. Operators already complying with EPA requirements are deemed to meet the BLM requirements.
- Also, almost every requirement allows for a case-by-case exemption, if the operator can show that compliance would be too costly for the operator to continue to develop the lease.

- The rule will have net benefits estimated at roughly \$50 to \$200 million per year.

Overall, this rule is a highly inappropriate target for the extraordinary mechanism of the Congressional Review Act. The CRA is touted as a tool for Congress to exert control over unauthorized, unnecessary, or unreasonable agency regulation. The Waste Prevention Rule is none of these. Rather, these are reasonable, cost-effective measures to update old rules, reduce waste of public resources, boost revenues for States and American taxpayers, and benefit public health and the environment.