

House Natural Resources Field Hearing
Public Health Impacts of Oil and Gas Development
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Santa Fe, NM

Testimony of James Jimenez, Executive Director, NM Voices for Children

Thank you for having me here today and for travelling to New Mexico to learn about this important issue.

My name is James Jimenez and I am Executive Director of New Mexico Voices for Children, based in Albuquerque. We believe that flaring, venting and leaks of methane from natural gas and oil wells poses two significant problems for New Mexico: One is the loss of much-needed revenue and the other is the broad and negative health implications for our residents. Our group was founded in 1987 by three pediatricians who sought a way to change the root causes of poor child well-being in New Mexico – causes like poverty, inadequate nutrition, violence, pollution, and homelessness – in other words, the social determinants of health. The doctors knew that such entrenched problems can only be solved by changing the systems that have perpetuated them – and that means changing public policy.

Thirty-plus years later, New Mexico Voices for Children, a nonpartisan, statewide advocacy organization, still works to create systems-level sustainable change to improve the lives of New Mexico's children and – by extension – the quality of life for everyone. Our mission is to improve the status, well-being, and racial and ethnic equity of New Mexico's children, families, and communities in the areas of health, education, and economic security by promoting public policies through credible research and effective advocacy.

Despite the many policy victories we have helped win on behalf of New Mexico's children and their families – such as the establishment of a state-level Earned Income Tax Credit, the expansion of Medicaid, which led to the enrollment of 40,000 children, and a more than 240 percent increase in funding for early childhood care and education services over several years – New Mexico continues to face many challenges. Our overall poverty rate (20 percent) ranks among the highest in the nation and we have the highest rate of child poverty (30 percent). These statistics extend to workers as well, evidenced by our ranking as one of the worst in the nation in poverty among the employed, among people who work full-time year-round, and among people who have a bachelor's degree or higher. New Mexico also has one of the highest percentages in the nation of workers in low-wage jobs, so it is not surprising that we also have the highest percentage (17 percent) of families working but still living below the poverty line, and the highest percentage (42 percent) of families that, despite working, remain low-income (below 200 percent of the federal poverty level).

The recession hit New Mexico hard and our recovery has been sluggish. We are just now emerging from a decade of no job growth and budget austerity. The budget passed by the legislature and signed by Governor Martinez in 2018 was \$800 million lower than it was in FY09 when adjusted for inflation. We've cut education funding from kindergarten through college, and the once-affordable tuition at our four-year universities has been increased by more than 30 percent. We are experiencing a "brain drain" as our youth are forced to relocate out-of-state in order to find jobs that pay family-sustaining wages.

Over the last ten years, New Mexico has cut K-12 education by 14 percent on a per-student, inflation-adjusted basis. The budget cuts were so bad that a lawsuit was mounted against the state for failing to provide a sufficient education, as required by the state constitution. Shortly after the state lost that lawsuit, it was hit with more lawsuits. These suits claim that the Children, Youth and Families Department, our child protective services agency, has failed to protect children who were in its custody for their own safety from suffering further harm. Simply put, we've been trying to run our state on the cheap. And no one has suffered for it more than our children.

The culmination of this decade of austerity policy has been that last year, for the second time in the past five years, New Mexico fell to dead last in the nation for child well-being, as ranked by the Annie E. Casey Foundation's KIDS COUNT program.¹

Still, New Mexico remains the "Land of Enchantment" in many respects. We have a diverse population and we celebrate a rich history and our cultural traditions. We are home to two of America's national labs where we design everything from nuclear weapons to Mars rovers. Our spaceport will soon host flights taking space tourists beyond the edge of our Earth's atmosphere. And we are a beautiful state that is blessed with abundant natural resources. Crude oil and natural gas are two of those resources. The oil industry currently experiencing a boom as high prices persist for oil, and while that has been very good for the state budget – allowing us to reverse some of the spending cuts – this boom also brings real impacts to our communities as well. With that boom comes good-paying jobs, the wages of which support the rural communities where these employees work and live. The extraction industries, however, are not without their drawbacks.

From our perspective as advocates for children's health and access to high-quality education, the issue of limiting methane waste and pollution from oil and natural gas development is a very important one for New Mexico.

Our state is wasting far too much of our natural gas resources, and that means we are also wasting a vital chance to create opportunities for our kids. A recently released analysis of the latest methane research and state emissions inventories reveals that New Mexico's oil and gas

¹ <https://www.nmvoices.org/archives/12369>

industry is wasting one million tons of methane every year – more than enough natural gas to meet the annual heating and cooking needs of every home in New Mexico.²

Put another way, because this methane is the primary component of natural gas that is one of our state's important sources of revenue, this wasted methane means New Mexico is losing up to \$275 million worth of natural gas every year. And these wasteful practices are costing the state's taxpayers up to \$43 million in tax and royalty revenues.³ In comparison to the federal budget, that may not seem like much money, but in a state with an operating budget of just \$7 billion, it is significant.

As a state with systemic poverty and an underfunded education system, New Mexico has no funding to waste right now. We need to harness every dollar we can to improve our education system and give New Mexico's kids the educational tools and opportunities every child needs to succeed.

Capturing methane waste is not a panacea, but this funding can certainly help us dig out of this hole and create the public education system our kids deserve and our economy requires. Capturing methane waste and putting these funds to work in our education system can have dramatic impacts. To give one example, if we captured the \$43 million in forgone tax and royalty revenue from methane waste I mentioned earlier, this would be enough funding to allow the state to increase NM Pre-K enrollment by 80 percent and enroll an additional 7,300 kids in vital early education programs.⁴

There is also a great irony from the wasting of methane in New Mexico. At statehood in 1912 we established a Land Grant Permanent Fund to ensure that the benefits from the economic use of resources on state lands would be multi-generational and then in 1973 we created the Severance Tax Permanent Fund to once again ensure that the economic benefits of oil and natural gas extraction would not be lost for future generations once the resource was depleted. The venting and flaring of methane is the antithesis of our historic policy of ensuring that the public's resources are not wasted.

We can only build a stronger New Mexico if we are willing to make the investments and this means finding ways to raise new sustainable revenue – including by requiring oil and gas producers to take sensible, cost-effective measures to capture methane waste.

We were hopeful that the federal government would act to address this issue. In 2016 under President Obama both the Bureau of Land Management and Environmental Protection Agency finalized rules that would have led to dramatic reductions in this pollution and waste problem.

² <https://www.edf.org/nm-oil-gas/>

³ Ibid

⁴ https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Final%202017%20Accountability%20Report%20Early%20Childhood.pdf

Unfortunately, the Trump Administration has moved to repeal and weaken these requirements. This is especially galling when you consider that the BLM's own analysis shows that this rule repeal will result in a significant drop in natural gas production on public lands – as much as 299 billion cubic feet of natural gas – enough energy to heat nearly 500,000 homes each year for the next ten years. The BLM also found that the rollback would cost Americans more than \$1 billion in wasted natural gas and pollution.

The environmental rollbacks we are experiencing under the Trump Administration are the wrong policy choice for New Mexico. As we are experiencing a huge boom in oil and gas development in southeastern New Mexico's Permian Basin, without strong methane waste measures in place, every new well drilled is another hole in our revenue bucket, not to mention a new source of harmful pollution.

When this methane is released into the air, so too are harmful pollutants that have significant public health consequences. This includes toxic chemicals like benzene, which are linked to cancer, and other smog-forming pollutants that can trigger asthma and worsen emphysema especially in kids.⁵

In 2014, NASA scientists discovered a methane hotspot hovering over New Mexico, the most concentrated plume of this pollution anywhere in the U.S. – and about the size of Delaware.⁶ Subsequent studies have found that leaking oil and gas wells and infrastructure are largely to blame. State and federal action is needed to address the hotspot and cut natural gas waste in our state.

Oil and gas are an important part of the state's economy, but unfortunately the state isn't realizing the full potential of this resource when methane gas is burned off or leaked into the atmosphere and wasted. Oil and gas, like all extractive industries, are subject to booms and busts. Today's boom in New Mexico's Permian Basin will inevitably cool with the next shift in commodity prices. That is why it is so crucial that we find ways to diversify our economy and revenue streams to end this overreliance on oil and gas and take immediate action to capture all the revenue we can now, while the boom lasts. Once wasted, this natural gas and its associated revenue are gone forever. This is a once-in-a-generation opportunity to capture that waste and invest those dollars in education, so when the eventual bust does come New Mexico has a stronger, more diverse, and resilient economy.

We have the technologies to cost-effectively capture this methane waste. And if we deploy these technologies, as other states have done, it will help fund needed state programs like education and create jobs here in New Mexico.

⁵ <http://oilandgasthreatmap.com/ozone-smog/>

⁶ <https://www.jpl.nasa.gov/news/news.php?feature=4331>

Sensible rules that require regular inspections can help prevent accidents and cut pollution. Our neighbors in states like Colorado and Wyoming have put these requirements in place.⁷ New Mexicans deserve the same protections.

With a brand-new governor, this is the perfect time to change our course – to turn from austerity onto a road to opportunity. That is why New Mexico Voices for Children firmly supports the efforts that have begun under Governor Lujan Grisham to develop strong, comprehensive, statewide rules to cut methane waste and pollution.

Methane waste rules are a critical component of a comprehensive strategy to dig New Mexico out of its economic slump and create the educational and job opportunities our state and our kids need.

⁷ http://www.santafenewmexican.com/news/local_news/neighborings-states-a-world-apart-on-methane-regulations/article_7ed78010-26f2-5d65-a80b-45112785bbbc.html