

**New Mexico Environment Department  
Greenhouse Gas Reporting Stakeholder Process  
Oil and Gas Work Group Call/Meeting  
May 7, 2007  
Health Policy Commission, 2055 S. Pacheco St., Santa Fe**

Introductions. The attendance list will be posted; please let Brad Musick know of any corrections to or omissions from the list.

The purpose of the meeting/call was to answer questions about the draft regulation and take comments, specifically with regards to the reporting of oil and gas operations. NMED is asking that comments on the current draft be provided by May 17 at the latest, so that we can address them in the next draft and at the May 24 stakeholder meeting. NMED will try to distribute the next draft prior to that meeting.

Comments/discussion about the regulation included:

- Written comments will be submitted by NMOGA after being vetted by its membership. Tom and Eric are also planning to submit written comments. All participants are encouraged to comment.
- The objective of the regulation: NMED has stated that the objective of this regulation (and the baseline portion of the Emissions Reductions Study (see below)) is to improve the state-wide GHG emissions inventory, with the assumption that an improved inventory would be a meaningful tool to inform any future GHG related efforts such as the anticipated cap and trade program. Section 20.2.87.6 of the draft regulation states the objective more broadly as “to establish requirements for the reporting of greenhouse gas emissions to the Department.” A commenter suggested that the objective be narrowed to include only reporting of GHG emissions for improvement of the state-wide GHG EI.
- Definitions: The definitions of entity and control are important because they will determine the scope of what is reported. Although in the current draft the reporters are established via the producers list and Title V companies, the scope of what those reporters need to include will be determined by what is included as part of the ‘entity’ (Equipment under their operational control? Contract compression?). If operational control is a criterion, then the regulation needs to be clear as to what that means. WRI protocols may offer guidance.
- Entity-wide or source-by-source reporting? Due to the dispersed nature of field operations, the current draft takes the entity-wide approach; criteria pollutant programs take the source-by-source approach. If the regulation were to take the source-by-source approach, perhaps reporters could group similar sources (e.g. counts of heaters), or related sources (e.g. pipeline collection systems) and have individual reporting only for the larger sources.

- What equipment is reported: A great deal of discussion revolved around how the regulation could find the proper balance between depth (requiring more equipment to be reported) and burden (not requiring reporting of equipment that could be quantified in less burdensome ways). If a larger number of emissions units were included, see the previous bullet for a suggestion as to how to make such reporting less burdensome. NMED encouraged all to submit comments regarding where and how the balance should be struck.
- Emissions calculations: A commenter stated, and NMED agrees, that reporting should not be required for sources unless the calculation methods are established. Current and proposed reporting protocols have established generally accepted emissions factors.

Comments/discussion with regards to parallel processes included:

- Oil and Gas Emissions Reductions Study: Due to the need to firm up the baseline from which reductions will be proposed, the study will also propose means by which the state-wide GHG emissions inventory can be improved for sources not covered by mandatory reporting. This could include emissions from smaller equipment, emissions from smaller companies, and emissions on Indian Lands. A commenter expressed frustration that the report is not due to be completed before the time that the regulation is due to be brought to hearing, as each effects the other. The commenter does not know whether the study will be robust enough to address questions such as the correlation of sources that are reported and those that are not. NMED: This is an ongoing process and each effort will inform the other as both are continued forward. The deadlines under which we are operating are from the Executive Order.
- Multi-state registry (now known as The Climate Registry): What is the schedule for development of the O&G production/processing protocol for voluntary reporting under the multi-state registry? This protocol should use existing protocols as a basis. Is there a way that the state could 'lead the charge' in development of this protocol? NMED: Robyn Camp will address that question when she speaks at the May 24 meeting.  
*[Post-meeting note: Press release announcing formation of The Climate Registry came out May 8, and was sent to mailing list. See [www.theclimateregistry.org](http://www.theclimateregistry.org) for more information.]*
- Five-state Cap and Trade: The schedule for development and implementation has not been announced, aside from the schedule in the MOU (posted on NMED website). A suggestion was made to include a description in lay person's terms of current and potential cap and trade programs, including criteria pollutant cap and trade programs. The mandatory reporting being developed would not offer baseline protection to companies that will participate in the future cap and trade program. The regulation(s) developed to implement cap and trade would need to expand reporting (e.g. third party verification) for those who are subject to the cap

and for those that would like to trade. Such regulations must be consistent across participating states and tend to be complex and detailed. A commenter pointed out that the state would disadvantage itself if the baseline information is not clear prior to when the cap and trade program regulation(s) become imminent.

- CCAG: The Climate Change Advisory Group, a stakeholder process that ended last December, was mentioned. The current rule development, with a phased approach, was included in that group's recommendations (see web site, materials for Dec. 7, 2006 meeting). The report also included recommendations for other sectors not currently included in the draft regulation; these sectors are being addressed in other parallel processes.