

The Center for Methane Emissions Solutions

April 9, 2018

The Honorable Governor Matt Mead
Office of the Governor
Idelman Mansion
2323 Carey Ave.
Cheyenne, WY 82002-0010

Dear Governor Mead,

The Center for Methane Emissions Solutions (CMES) is a coalition within a non-profit organization that represents the views of companies in the methane mitigation industry in the United States, specifically in the leak detection and repair (LDAR) space.

The methane mitigation industry is a robust and growing American industry. More than 100 companies have headquarters in the U.S., and there are more than 500 methane mitigation facilities located across the country in 46 states, including Wyoming. In fact, with your leadership in proposing and enacting sensible rules to limit methane pollution and waste in Western Wyoming, the methane mitigation industry has grown. According to a report from business consulting firm Datu, Wyoming is seventh in the nation for clusters of businesses in the methane mitigation sector with 19 service, sales and manufacturing/assembly locations.

And Wyoming's methane mitigation industry is poised to grow further with sensible statewide regulations modeled on the successful ones enacted and enforced by the Wyoming Department of Environmental Quality (DEQ) in the Pinedale area. Nationwide, companies have already experienced up to 30% business growth in states with methane regulations.

For this reason, we write to support efforts we understand are under development at the Wyoming DEQ to expand frequent LDAR inspection requirements statewide for new and modified oil and gas wells. As Wyoming has shown with its successful quarterly inspection program in the state's Upper Green River Basin (UGRB), frequent LDAR inspections provide the most practical, economic, and effective structure to capture methane emissions that would otherwise be released into the atmosphere leading to air pollution and wasted natural gas resources.

The lion's share of new oil and gas development in Wyoming is occurring in the eastern half of the state, beyond the reach of Wyoming's current LDAR inspection program. This includes the large new 5,000 well Converse County oil and gas project currently under consideration by the U.S. Bureau of Land Management as well as increased drilling in Campbell and Laramie counties.

Without sensible waste and pollution reduction measures in place, this new development will lead to the waste of millions of dollars' worth of Wyoming natural gas and hundreds of tons of

pollution. According to a recent report, Wyoming loses an estimated \$51 million to \$96 million worth of natural gas annually due to leaks, flaring and venting. And that means Wyoming taxpayers miss out on an additional \$8.8 million to \$16.1 million each year in lost revenue. Sensible leak inspection requirements will help capture these lost Wyoming resources and revenue.

In addition to Wyoming's successful UGRB program, the case of Colorado's Regulation 7 – more than three years old now -- conclusively demonstrates that leak reduction measures are cost-effective in a large oil-and-gas state. No lawsuits have ever been filed to stop the implementation of the Colorado rule, and we are unaware of any significant effort to roll back the rule legislatively or at the regulatory level. In fact, Colorado recently strengthened this rule to make it even more effective, a move that was done with the support of the Colorado Oil and Gas Association.

In an effort to understand why implementation of such a rigorous regime has gone so smoothly, CMES published a study of the oil and gas industry's perceptions of the implementation of Colorado's Regulation 7. The study is attached. Of the ten oil and gas operators who sat for in-depth interviews, Keating Research found that these companies had themselves conducted more than 1,100 site inspections at facilities over the year preceding the survey. On average, oil and gas companies found methane leaks on 9 out of 10 sites inspected.

More importantly, oil and gas companies reported that implementing Colorado's rule was very cost effective. When they took into account the natural gas they saved and sold because of their LDAR programs, 8 out of 10 said they had either profited, broken even, or paid just a little more under Colorado's regulation. And 7 of 10 said that the benefits of the regulation outweighed the costs. These findings fit with the experience of operators in Western Wyoming as well such as Jonah Energy which has reported that its monthly inspection program pays for its own labor and material costs in recovered natural gas.

You and your Administration deserve praise for your efforts to improve oil and gas air quality regulations in the UGRB, efforts that have been completed with the support of CMES and the oil and gas industry. Now CMES stands ready to further cement this legacy of leadership by working to expand those leak inspections requirements statewide.

As global production of natural gas is expected to increase by more than 60% over the next 25 years and the global market for methane mitigation technologies correspondingly grows, Wyoming companies stand ready to capitalize on their competitive position if the state continues to lead on important air quality and waste reduction measures such as statewide LDAR inspection requirements. For these reasons we ask that the state DEQ and Air Quality Advisory Board move without delay to expand LDAR inspection requirements statewide.

Sincerely,

A handwritten signature in blue ink, appearing to read "Isaac Brown". The signature is fluid and cursive, with the first letter "I" being particularly large and stylized.

Isaac Brown
Executive Director
Center for Methane Emissions Solutions

CC: Todd Parfitt, DEQ