



September 27th, 2021

Chair Phoebe Suina and
New Mexico Environmental Improvement Board Members
% Pamela Jones, Hearing Administrator
1190 Saint Francis Drive, Suite S2102
Santa Fe, New Mexico 87505

Via email: pamela.jones@state.nm.us

Dear Chair Suina and fellow Board Members,

Ceres and ICCR, collectively with over 500 investors overseeing more than \$51 trillion in assets under management, commend Governor Lujan Grisham and the New Mexico Environment Department (NMED) for putting a strong proposal forward to the Environmental Improvement Board (EIB) to cut oil and gas pollution. The state's July proposal is a good one and we thank the department for addressing concerns raised by us and our members (see [investor letter from November 2020](#)) regarding the blanket exemptions that would have detracted from the effectiveness of the earlier draft. With a few key strengthening provisions, this proposal will help the state's oil and gas sector maintain its viability while protecting the health of New Mexicans and addressing the economy-wide risks of climate change.

We write today to support NMED's July proposal and to urge the EIB to include three key additions that are critical to meet the Governor's goal of enacting "[the country's toughest methane and air pollution rules](#)":

- **Frequent inspections to rapidly find and fix leaks in close proximity to homes and schools.** It is important that the final rule is strengthened to protect frontline communities by requiring more frequent inspections to find and fix leaks in close proximity to occupied dwellings – an approach that has been successfully implemented in the state of Colorado. Air pollution from oil and gas development poses a serious threat to the health of all New Mexicans but disproportionately impacts children, the elderly, Native Americans and those living in poor, rural communities. In fact, almost half of all Native Americans in San Juan County – about 22,000 people – live within a half-mile of a wellsite.
- **Capture or combust emissions during well completions.** The final rule also should be strengthened to ensure New Mexico incorporates leading approaches to address pollution created during well completions – an important measure to reduce methane emissions as well as protect local communities from harmful pollution. It should require operators to capture or combust emissions during completions including the initial flowback stage as the state of Colorado now requires.
- **Strengthen mitigation measures for pneumatic controllers.** Finally, the final rule should strengthen pollution cutting measures on pneumatic controllers, the



second-largest source of oil and gas methane pollution in New Mexico, by requiring operators to inspect gas-powered pneumatic controllers for malfunctions when operators conduct leak detection and repair inspections, as Colorado has done, and by accelerating the schedule for operators to retrofit their pneumatic controllers so they do not produce any methane emissions.

Our investor members recognize the significant financial risks posed by climate change as well as the enormous economic opportunities provided by low-carbon and climate-resilient technologies, markets and business models. Methane mitigation technologies have proven themselves cost-effective when implemented, driving additional revenue through the capture of an otherwise lost product.

Investors have made engagement with oil and gas companies on methane a key priority in recent years, working with companies to set targets and align their operational practices accordingly. We are encouraged to see that Occidental Petroleum – the largest acreage holder and one of the top producers in New Mexico’s Permian Basin – has aligned with public health and environmental advocates in support of even stronger state rules that will protect frontline communities from pollution.

New Mexico took an important step toward limiting waste and pollution from the oil and gas industry earlier this year when the Oil Conservation Commission adopted rules that eliminate routine venting and flaring of natural gas. The adoption of strong oil and gas air pollution rules by the EIB, with rigorous requirements to find and fix leaks, is a vital next step. We believe virtually eliminating methane emissions as part of a low-carbon transition can support the financial goals of both companies and investors. By taking robust action on methane emissions, New Mexico can achieve valuable greenhouse gas reductions while helping industry become cleaner and more competitive.

We appreciate Governor Lujan Grisham’s leadership and NMED and the EIB’s efforts to move forward these important regulations. The finalization of strong regulations will help protect the health of communities across New Mexico and better prepare the state and the industry for the future.

Sincerely,

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