

# Midland Reporter-Telegram

WEEKEND EDITION

## New Mexico sees progress on waste rule compliance

By Mella McEwen OIL EDITOR  
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Steven St John/Bloomberg file

Methane gas is flared just off U.S. Route 285 near Carlsbad, New Mexico in this 2019 file photo. The director of the Oil Conservation Department says his agency is supporting novel approaches to addressing emissions.

New Mexico Gov. Michelle Lujan Grisham entered her second term this year continuing to focus on improving the state's environment.

Part of that focus falls under the mission of the state's Oil Conservation Division, which is tasked with enforcing the state's new waste rules aimed at boosting the natural gas capture rate to 98% by the end of 2026, preventing venting and flaring and emissions into the atmosphere.

"I'm seeing compliance improve," Dylan Fuge, the new director of the OCD, told Grant Swartzwelder, president of OTA Environmental Solutions, during OTA's monthly Oilfield Strong webinar.

Fuge said there are still holes in reporting, but they are closing.

"I think we are seeing progress. We still have some questions about operations that we're working with operators on. I hope to have the results of early audit processes available shortly so we can share lessons learned and issues," he said.

His department is seeing the performances expected on an operator and basin basis, he said. In the San Juan Basin, which produces predominantly dry gas, the department is seeing high gas capture percentages out of the gate because they are, by nature, gas-producing wells and there is excess takeaway capacity.

Some parts of the Permian Basin are seeing construction of pipelines “as fast as they get filled up for takeaway, so we’re looking at different challenges. We are supporting operators who are deploying novel solutions to these challenges.”

For example, 18 months ago the department began supporting a closed loop gas capture pilot project — initiated by EOG Resources — that has since expanded to more operators.

“We’re looking at supporting deployment of solutions like that. The goal is to get more gas to market; that brings value to the state and reduces emissions into the atmosphere,” he said.

The amount of data being transmitted by drilling rigs and production equipment is a lot, he told Swartzwelder, but is key to the department’s inspectors doing their jobs effectively and building public trust in its processes and information. Fuge said his department receives an increasing amount of third-party data, whether from environmental groups like Earth Defense Fund flying over production sites and measuring emissions or the Environmental Protection Agency doing the same. That has given rise to the need to invest in new technical tools available commercially that help analyze that data, he said.

Asked about the department’s key areas of focus, Fuge began with implementation of the new waste rule, managing the significant increase in production seen in the New Mexico portion of the Permian Basin and the resulting produced water and addressing seismicity.

Looking forward, he said the state and his department will be looking at establishing primacy in authorizing carbon management activities, whether related to oil and gas or otherwise. And as time and focus allows, he said he plans to continue modernization of rules that need to be modernized in light of the increased development in New Mexico oilfields.