

New Mexico is Losing Millions Annually to Venting and Flaring of Natural Gas on Public Lands

Due to lax federal regulations governing natural gas flaring and venting, New Mexico taxpayers have lost over \$42.5 million in royalty payments since 2009. Western Governors should stand up for their state budgets and call for a drastic reduction in flaring and venting of natural gas.

- Venting and flaring of natural gas on federal lands in New Mexico has cost taxpayers an estimated \$87,201,937 since 2009ⁱ, and \$15,711,792 in federal royalties in 2013 alone.
- With the exception of some limited instances, the BLM does not charge royalties on gas burned for flaring, even though this gas is still owned by the public, and would be charged royalties if it were captured for sale. Since any State regulations don't apply to federal lands, this federal loophole is costing taxpayers millions annually.
- Since 50% of federal royalties go to the states where gas is produced, New Mexico has directly lost an estimated \$42,728,949 since 2009, and \$7,698,778 in revenues in 2013 alone.

To put this in context for New Mexico:

- New Mexico's more aggressive approach to fighting wildfires in 2012 cost the state \$42 million, roughly the same amount that New Mexico lost to gas flaring and venting on federal lands since 2009.ⁱⁱ
- The Navajo Nation was recently awarded settlement funding for cleanup of abandon uranium mines in New Mexico, causing public health problems. Of the total settlement \$87 million would be set aside by the EPA specifically for the [Quivira Mines](#) near Church Rock, NM and the Navajo Nation would receive separately \$43 million for [Shiprock Mill](#) where uranium was processed near the San Juan River. Comparatively, the total taxpayer losses from venting and flaring on New Mexico public lands since 2009 was \$87 million and the State's direct share of that is \$42 million.ⁱⁱⁱ

- New Mexico's entire public defender budget, with a caseload of over 77,000 cases is \$42 million for FY 2014, the same amount the state has missed out on since 2009 from venting and flaring revenue.^{iv}
- In 2013, New Mexico revenues lost to venting and flaring of gas on federal lands could have funded road maintenance in Albuquerque for a year or funded the \$7 million for "recruitment and retention of teachers" and merit pay for educators in New Mexico's most recent budget.^{vi}
- New Mexico revenues lost to venting and flaring of gas on federal lands since 2009 could have provided double the funding from the New Mexico State Land Office to public schools in 2013 to add 5,000 new students to preschool and Kindergarten programs.^{vii}
- According to Energy Information Administration data, gas vented and flared has increased 25 fold in New Mexico from 2009 to 2012. (481 million cubic feet in 2009 compared to 12,259 million cubic feet in 2012).^{viii} [This graph](#) shows visually the increase.
- The natural gas lost on and off of federal lands in New Mexico in 2012 could have met 45% of residential consumers' needs for natural gas that year, or enough to meet the needs of every home in the state for December and January.^{ix}

In 2013, enough natural gas produced on federal public lands was burned or released into the atmosphere to meet the needs of Los Angeles or Chicago for an entire year. [See the full](#) report from Western Values Project for detailed national information.

- In 2013, between 111.8 and 133.1 million Mcf of gas was wasted on taxpayer-owned, American public lands – gone forever without generating tax revenue or making it to market. That's enough gas to meet the needs of Los Angeles or Chicago for an entire year – and the numbers are only getting worse, given the exponential increase in wasted natural gas in recent years.
- On the low-end, this means a loss to taxpayers of roughly \$54-\$64 million last year alone. The potential losses are even greater, perhaps even two to four times as much, as the rates used to calculate those numbers were developed by the EPA and GAO in 2006 and 2008, before an exponential increase in the rates of flaring.
- Over the next decade, American taxpayers stand to lose almost \$800 million in lost revenue due to venting and flaring, again by conservative estimates.
- Flaring is also not limited to federal lands, with most of the current profitable oil and gas resources under non-federal land.
- Nationally, flaring and venting has been estimated in the past to have wasted over \$1 billion of natural gas per year.

- The most recent estimates suggest a comparable level of waste for North Dakota alone, where estimates suggest over \$100 million in wasted gas per month.
- All this while families across the country experienced an unusually harsh 2013-2014 winter, and paid record propane prices due to shortages that even triggered congressional hearings.

References

ⁱ To reach this finding, we used Office of Natural Resources Revenue "Reported Revenues Federal Onshore In All States For FY 2013 By Sales Year" data, accessed [2/5/14](#), to calculate the total amount of natural gas produced in New Mexico in 2014 and since 2009. Based on EPA findings reported on pages 12-13 of the Government Accountability Office's report "Federal Oil and Gas Leases" in October 2010, we calculated the amount of natural gas that was likely flared or vented in New Mexico during this time, and using Henry Hub spot prices from the Energy Information Administration, accessed [5/1/14](#), calculated the monetary value of that lost gas and the federal royalties it would have generated had it been produced and sold.

ⁱⁱ KOAT 7 ABC "Budget Cuts Hit Wildfire Fights in New Mexico [3/9/2013](#)

ⁱⁱⁱ Associated Press; Washington Times [4/3/2014](#)

^{iv} New Mexico Public Defender's Website Accessed [6/5/2014](#)

^v Albuquerque Journal, [3/15/14](#).

^{vi} Associated Press State & Local Wire, [2/19/14](#).

^{vii} Deming Headlight, "Schools, universities, hospitals to benefit from state land office," 5/15/13.

^{viii} Energy Information Administration, accessed [5/30/14](#)

^{ix} Energy Information Administration, accessed [5/30/14](#); Energy Information Administration, accessed [5/30/14](#). To reach this finding, we first calculated the amount of natural gas that was likely lost to flaring and venting in Utah, as described above. Based on information from the American Gas Association, accessed [4/28/14](#), indicating that 1 billion cubic feet of natural gas could power as many as 11,000 homes for a year, we calculated the amount of homes that could have been powered by the likely amount of gas lost to flaring and venting and used Census Bureau data from page 2 of the report "Households and Families: 2010," published [April 2012](#), to calculate the likely population of a city with that amount of homes.