western values project

A Voice for the Majority in the American West

Utah 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 in Utah, taxpayers have lost over $31 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 in Utah has cost taxpayers an estimated $31,540,665 since 2009 and an estimated $6,132,210.57 in federal royalties in 2013 alone.[i]
- Although the State of Utah has been actively weighing air quality rules targeting oil and gas emissions, those rules would not apply to oil and gas production on federal land, leaving open a loophole undermining potential air quality gains, and costing the state millions in foregone revenue.
- Since 50% of federal royalties go to the states where the oil or gas is produced, Utah alone lost an estimated $3,066,105 in revenues from federal royalties in 2013 and has missed out on an estimated $15,720,333 since 2009.

To put this in context for Utah:

- What Utah has lost in revenue since 2009 could have paid for nearly one-third of the State's entire annual higher education budget, $50 million.[ii]
- Foregone revenues for Utah alone since 2009 would pay the 2014 budget of Utah County's Sheriff's Department.[iii]
- The revenue Utah lost in just 2013 from venting and flaring on federal lands, $3 million, could have paid for most of the State's air quality initiatives, $4 million, such as research and tax credits for energy efficient vehicles.
- Utah revenues lost to venting and flaring of gas on federal lands in 2013 could have provided state insurance coverage for autism for 18,000 Utah children.[iv]

- Utah revenues lost to venting and flaring of gas on federal lands since 2009 could have funded Utah's entire 2014 tourism marketing program.[v] Utah revenues foregone in just 2013 were three times what the state has budgeted to market the Sundance Film Festival.[vi]

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 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] Associated Press; Washington Times 3/11/14

[iii] The Daily Herald "Utah County Tentatively Adopts $72 million Budget" 10/30/13

[iv] Editorial, Salt Lake Tribune, 3/4/14.

[v] The Spectrum (St. George, UT), "No money for school tech plan in Utah budget," 3/12/14

[vi] Associated Press; Washington Times 3/11/14