western values project

A Voice for the Majority in the American West

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

Colorado gas flaring has cost taxpayers over $36 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 in Colorado on federal lands alone cost taxpayers at least $36,136,367 since 2009[i], and $7,950,266 in just 2013.
- Although the State of Colorado has recently passed new air pollution laws aimed at reducing emissions from oil and gas production, those new state laws do not apply to oil and gas production on federal lands.[ii]
- This has created a large loophole undermining the possible air quality benefits sought by the state laws, and costing taxpayers millions.
- Roughly half of this money would go directly back to Colorado, and the rest would have supported federal programs benefiting taxpayers in Colorado and across the nation. This means the Colorado budget has directly lost out on at least $18 million since 2009 because of lax regulations for flaring on federal lands.

To put these losses in context for Colorado:

- Total flaring and venting losses in Colorado since 2009, $36 million, would have funded roughly 60% of the westbound Twin Tunnels expansion to ease congestion on I-70[iii], and is roughly 85% of the extra $40 million the eastbound Twin Tunnels expansion's cost over original estimates.[iv]
- In the 2010 Federal Budget, two of the RTD FasTracks lines were awarded $40 million each, not much more than the $36 million that taxpayers have lost out on from flaring and venting on Colorado federal lands since 2009.[v]
- Colorado revenues lost to venting and flaring of gas on federal lands in 2013 alone are roughly double to the revenues of a city the size of Colorado Springs for a year.[vi]

- Lost revenues from venting and flaring in Colorado in 2013, $7.9 million, are slightly more than what the State gained through March ($7.3 million) from recreational marijuana tax revenue.[vii]

- Colorado revenues lost to venting and flaring of gas on federal lands since 2009, $18 million, could have paid to add 5,000 new students to preschool and Kindergarten programs.[viii]

Beyond Colorado, in 2013, enough natural gas produced on federal public lands nationally was burned or released into the atmosphere to meet the needs of a population the size 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 Colorado 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 Colorado 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] Denver Post, 2/23/14.

[iii] Denver Post 1/16/14.

[iv] CBS Denver 4 Local 11/30/12

[v] Denver Business Journal 2/2/2010

[vi] Colorado Springs, “City of Colorado Springs 2014 Budget Overview,” 1/29/14.

[vii] Slate 5/21/14

[viii] Associated Press State & Local Wire, 5/21/14.