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Environmental groups call for methane regulations from lost natural gas; industry says they're not needed

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A drilling rig for Wold Energy Partners is located outside of Rolling Hills on Oct. 4. Environmental groups released a report Wednesday citing high amounts of lost state revenue from flared and leaked natural gas and calling for stricter regulations. Industry says it's more complicated.

Environmental groups say Wyoming needs stricter regulations to address up to $96 million worth of natural gas lost per year from burning and releasing methane into the air, or from accidental leaks from oil and gas pipelines and facilities.

The total revenue loss to the state is between $8 million and $16 million annually depending on commodity prices and production rates, according to a report published Wednesday, compiled by the environmental advocacy groups the Wyoming Outdoor Council with assistance from the Environmental Defense Fund. The groups used data from the Wyoming Oil and Gas Conservation Commission and the Environmental Protection Agency to compile their estimates. Revenue includes severance taxes, ad valorem taxes and royalties from oil and gas production.

Industry and environmental groups are at odds over the issue of methane waste, mostly in the federal sphere where increased regulations have been tied up in tense court battles. Groups like the Environmental Defense Fund point to success in the Jonah and

Pinedale fields where increased regulations have saved industry money by capturing more product to sell and improved air quality.

Operators say that the expense of radar equipment and manpower is an unnecessary burden on energy. They also maintain that some reports of wasted natural gas overestimate the amount of lost gas, as it is not only methane, but inert gasses like nitrogen that are released or burned off.

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Natural gas emissions became a central issue for federal regulators, both at the Environmental Protection Agency and the Bureau of Land Management in recent years. Though both agencies developed rules with stricter guidelines on industry, those regulations are currently tied up in court. The Bureau of Land Management's methane waste reduction rule may be revised in the coming months.

Though technically in effect, compliance is being debated before a Wyoming federal judge. Wyoming and other industry states want to give operators reprieve until revised rules are finished. In its report, the Wyoming Outdoor Council is calling on the state's Department of Environmental Quality to step in given the uncertainty of federal rules.

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Wyoming's air quality rules vary by region. The Upper Green River Basin, which at one time housed some of the most productive gas fields in the country, carry stricter regulations.

The basin experienced degraded air quality as industry activity increased in the bowl-shaped area between the Grand Tetons and the Wind River Mountain Range. The mix of industry and geology led to increased state rules on emissions in the area, practices that federal agencies tried to replicate in their own regulations.

Operators perform regular checks along pipelines and infrastructure and use infrared equipment to catch leaks. On snowy days when ground-level ozone levels spike, companies follow contingency plans that reduce activity. For environmental groups, those types of rules should be standard statewide.

"In the Upper Green River Basin, Wyoming has been a leader in requiring methods to detect and capture more of our lost natural gas," the report says. "The state can, and should, do more on a statewide basis."

But operators say those rules don't work in other areas in the state, where a network of pipelines to catch gas doesn't exist. They also contend that operators are not wantonly wasting resources that they could otherwise sell.

Jonah Energy, the largest operator in the Jonah field, has experienced the benefit of the state's strictest regulations, said Paul Ulrich, director of government relations for the company. The company has cut repair costs by finding small problems before they become big ones and has captured more gas to sell at market, both selling points for environmental groups.

But the region is not necessarily an example of how things must be done across the state, Ulrich said. "Jonah is unique in that it is a large producing field in a small footprint, less than 30,000 acres," he said.

When workers can drive across the length of the field in a matter of minutes and infrastructure exists to carry gas to market, the cost of having people on the ground every day is offset by the benefits of capturing gas and reducing repairs.

Other oil and gas areas in the state are less contained. A proposed 5,000-well project in Converse County covers about 1.5 million acres of land, with multiple companies operating in the area. It currently lacks the network of infrastructure that allows operators to capture gas at the wellhead and get it to a pipeline, some companies argue.

Ulrich said companies have improved in recent years, and that Jonah supports reduced emissions. But statewide rules like those in Jonah may not be the answer, he said. "Although our program works for us, it may not work in other fields," Ulrich said.

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The report acknowledges the unlikelihood of capturing all gas and the need at times to burn off gas for worker safety, but insists that regulators can still raise the bar statewide.

"Wyoming has the necessary experience and authority to enforce these protocols, and it understands the proven success in reducing harmful emissions," the report states. "Wyoming counties and towns desperately need the millions of dollars that would be earned from otherwise wasted gas."

The air quality administrator at the Department of Environmental Quality, Nancy Vehr, was not available by press time Wednesday. Nancy Vehr said in an Air Quality Board Meeting in September that the division did not intend to spread the Upper Green River Basin regulations statewide, but that officials were continually reviewing the rules to keep up with best practices on emissions.