



January 27, 2017

The Honorable Paul Ryan
Speaker
United States House of Representatives
U.S. Capitol Building, Room H-232
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
U.S. Capitol Building, Room S-230
Washington, DC 20510

Dear Mr. Speaker and Majority Leader:

The American Exploration & Production Council (AXPC) strongly supports the repeal of the Bureau of Land Management's (BLM) Waste Production, Production Subject to Royalties, and Resource Conservation rule (Venting and Flaring Rule) using the Congressional Review Act (CRA). This final rule that would be nullified by a joint resolution under the CRA is a reflection and a direct result of the Obama Administration's Climate Action Plan, and does very little if anything to reduce waste of federal resources. The final rule is contradictory to rule of law, an abrogation of authority by the BLM, and significantly impairs the economic feasibility of the development resources on federal lands.

AXPC represents 32 of the largest and most active independent natural gas and crude oil exploration and production companies, all with experience drilling, operating, and producing oil and gas from federal lands and leases. AXPC participated in the rulemaking process faithfully at all steps, providing input and comments to BLM policy staff, outlining both our concerns with the rule itself, and proposals by which the BLM could reduce the waste of federal resources more effectively. In the interest of publishing the rule quickly, the Obama Administration disregarded comments from AXPC and other industry representatives. The finalized rule was released without addressing many of our members' concerns.

The rule goes beyond BLM's authority to reduce waste of the resource and extends into the realm of air quality. Additionally, the rule also ignores significant progress made by onshore oil and gas producers to reduce methane emissions without the burden of duplicative federal regulations from multiple agencies. At the time the rulemaking was proposed, industry had a solid track record of reduced methane emissions. In fact, the industry had reduced emissions by 38 percent since 2005 while at the same time dramatically increasing production. Those methane emissions from upstream oil and gas production were only 1.01% of total U.S. greenhouse gas emissions.

These reductions have been made not by the command of federal bureaucracy, but instead in response to economic drivers. Maximizing recovery of produced natural gas is in the best interest of natural gas producers, as product vented or flared is product that cannot be sold. Natural gas is currently vented or flared currently only when absolutely necessary. Much of the time the ability to capture natural gas is limited by delays in infrastructure development, due often to a painstakingly slow process for granting pipeline right-of-ways by the BLM. AXPC provided examples to the BLM of how this approval process causes natural gas to be vented or flared in certain situations, yet the BLM refused to address the problem in its rulemaking process.

Ironically, the rule as finalized would be directly at odds with the Obama Administration's Climate Action Plan goals. Currently natural gas fired electricity generation is the primary contributor to a reduction in domestic greenhouse gas emissions, as recognized by the data from the Environmental Protection Agency, the Energy Information Administration, and the International Energy Agency. By making natural gas more expensive to produce domestically, less gas will be produced here in than United States than would be produced in the absence of the rule, reducing the supply of the natural gas that has helped achieve significant reduction targets over the past decade.

Additionally, use of the Congressional Review Act to repeal the Venting and Flaring rule wouldn't harm the ability for operators and the BLM to act in the absence of a rule. The rule itself was duplicative, unnecessarily supplanting an already functioning venting and flaring approval framework NTL-4a – Royalty or Compensation for Oil and Gas Lost. A repeal of the Venting and Flaring rule would simply revert the BLM and operators back to functioning as they had been, successfully, for years.

These deficiencies in the Venting and Flaring rule are not unknown to the House Natural Resources Committee. Chairman Bishop and other members of the committee have held numerous hearings and facilitated discussion with the BLM and operators in the attempt to hold the BLM accountable for overstepping their authority by regulating air quality and methane emissions. For this we applaud the Chairman for the efforts made thus far and express our most sincere support and encouragement for Chairman Bishop in his efforts to repeal this regulation with a resolution under the Congressional Review Act. AXPC members strongly request the Venting and Flaring rule be repealed in light of both BLM's lack of authority to promulgate such a rule, and for the BLM's neglect of even the most ordinary concerns of industry during the rulemaking process.

Sincerely,

A handwritten signature in blue ink, appearing to read "V. Bruce Thompson". The signature is fluid and cursive, with a large, sweeping flourish at the end.

V. Bruce Thompson
President
American Exploration & Production Council
101 Constitution Avenue, NW, Suite 700E
Washington, DC 20001