



Regulatory Update

BLM's Methane Rule

On March 27, the Interior Department's Bureau of Land Management published the final version of the agency's methane rule created to reduce methane waste on public lands by setting limits on emissions. Created to prevent accidental and negligent leaks of methane, the rule applies to wells, pipelines, and other infrastructure. The BLM's rule, a requirement of the Inflation Reduction Act approved by Congress in 2022, follows the finalization of another methane emissions regulation by the Interior Department's, Environmental Protection Agency (EPA).

The rule requires operators on federal and tribal land to utilize technologies to limit methane emissions with a goal of 100 percent capture of all emissions. Royalties based on each metric ton of methane that is emitted will be charged for any waste gas that is vented or flared. The agency estimates that more than \$50 million will be generated in royalty payments each year as a result of this new rule. Companies will be allowed to vent or flare only in emergency situations, and operators risk having permit applications denied if they are not in compliance.

The BLM rule goes into effect 60 days after its publication in the *Federal Register* which occurred on April 10. The agency has plans for provisions to be phased in over time to give operators time to adjust to the new rules. Producers will have 18 months to submit LDAR (leak detection and repair) plans to their local BLM offices.

While BLM officials noted that the existing regulations are more than 30 years old, they were careful to point out that this new rule does not regulate air quality as the Environmental Protection Agency has authority through the Clean Air Act to protect public health and welfare through regulation of air emissions from stationary and mobile sources.

According to the Interior Department, venting and flaring have become prevalent on public and tribal lands with an average of 44.2 billion cubic feet of gas released each year from 2010 to 2020. Industry has expressed concern that the practice is needed in areas where appropriate pipeline infrastructure does not exist to get the fuel to market.

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