



Barry Russell
President and CEO

January 25, 2017

The Honorable Speaker Ryan
H-232 The Capitol
Washington, DC 20515

Dear Mr. Speaker,

On behalf of the Independent Petroleum Association of America (IPAA) and our 9,000 members who develop over 90 percent of the nation's oil and natural gas wells, I would like to express our strong support for use of the Congressional Review Act (CRA) to repeal the Bureau of Land Management's (BLM) Waste Production, Production Subject to Royalties, and Resource Conservation rule (commonly referred to as the BLM methane Venting and Flaring Rule). The Joint Resolution will nullify the Bureau of Land Management (BLM) rule by the same name published in the Federal Register on November 18, 2016.

Over the course of this rulemaking, IPAA has consistently outlined our concerns that this rule is unnecessary. We believe the BLM ignored substantive information in favor of pushing through an environmental agenda as part of the Obama Administration's Climate Action Plan. This regulation, released at the eleventh hour by the Obama Administration, will impact the ability of independent oil and natural gas producers to operate on federal lands.

While there are many aspects of this rule that are flawed, none is more blatant than the lack of authority the BLM has under the Minerals Leasing Act to regulate methane emissions. Congress delegated that task to the Environmental Protection Agency (EPA) under the Clean Air Act in 1963. Furthermore, the EPA is separately working on fugitive emissions as part of its Subpart OOOOa on oil and natural gas production operations.

The economic justification provided by BLM for the rule is outdated, making it inaccurate, and plays heavily into the mantra of monetizing the 'social cost of methane.' Cost estimates for the rule come from a 2014 carbon limits study and maintain the assumption that natural gas is currently trading at \$4/mcf, which is highly inflated for today's market. The fugitive emissions program outlined in the rule will result in many marginal wells that produce less than 15 barrels of oil per day or 90 mcf of gas per day to be shut down as the cost of installing and maintaining mandatory measuring equipment is not viable at a low rate of production. This means the federal government will forgo substantial royalty payments to the general treasury.

Reducing methane emissions is in the best interest of every oil and natural gas producer. Producers have every incentive to capture and sell as much of their product as possible to consumers, rather than letting it escape into the atmosphere. However, currently, a lack of infrastructure and gathering lines to collect gas at the wellhead and an extremely slow process to permit pipeline right-of-ways by the BLM make it difficult for producers to safely transport our product to market. Independent

producers repeatedly shared our concerns with and provided industry data to the Obama Administration, only to be ignored.

We would like to commend the House Natural Resources Committee and Chairman Bishop for laying a foundation of work on this issue through a series of hearings that examined the regulatory overreach by BLM into the regulation of methane. Again, on behalf of IPAA member companies, we strongly urge Congress to repeal this unnecessary and costly rule.

Sincerely,

A handwritten signature in black ink that reads "Barry Russell". The signature is fluid and cursive, with the first name "Barry" and last name "Russell" clearly legible.

Barry Russell
President & CEO
Independent Petroleum Association of America

cc: Majority Leader McCarthy
Majority Whip Scalise
House Natural Resources Chairman Rob Bishop