

## Department of Interior Announces Final Methane and Waste Prevention Rule

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On November 15, 2016, the U.S. Department of Interior (DOI) Bureau of Land Management (BLM) announced the final Methane and Waste Prevention Rule, which will reduce the release of natural gas into the atmosphere from oil and gas operations on public and Indian lands.

The rule updates 30-year old regulations and has two main goals:

- Reducing waste of natural gas from venting, flaring, and leaks during oil and natural gas production activities on onshore federal and Indian leases; and
- Clarifying when produced gas lost through venting, flaring, or leaks is subject to royalties, and when oil and gas production may be used royalty-free on-site.

Among other provisions, the rule requires oil and gas producers to use currently available technologies and processes to cut flaring in half at oil wells on public and tribal lands and requires operators to periodically inspect their operations for leaks and replace outdated equipment. The requirements of the rule are intended to phase in gradually—for instance, operators will not need to complete the first set of leak inspections until 2018, and the final gas capture targets do not apply until 2026. The rule impacts both new and existing operations.

The rule is one of the final pieces of the Obama Administration's Climate Action Plan; specifically, the Obama Administration announced in early 2015 a goal to cut methane emissions from the oil and gas sector by 40–45% from 2012 levels by 2025. BLM's rule applies in addition to the requirements of U.S. EPA's new source performance standards (NSPS) for the oil and gas sector, which were amended on June 3, 2016. The NSPS sets standards for both greenhouse gas and volatile organic compound emissions and applies to both public and private land.

The BLM published the proposed Methane and Waste Prevention Rule in the *Federal Register* on February 8, 2016, and the final rule was published in the *Federal Register* on November 18, 2016. A lawsuit has already been filed against the rule in the U.S. District Court for the District of Wyoming by the Western Energy Alliance and the Independent Petroleum Association of America. The plaintiffs request the court invalidate and set aside the rule as “arbitrary and capricious, an abuse of discretion, not supported by the administrative records, procedurally deficient, and [not representative of] reasoned decision making.”

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