Topic 33S

20.2.50.122 Pneumatic Devices

NEW MEXICO OIL AND GAS ASSOCIATION

NMED Ozone Rulemaking Hearing

Surrebuttal Testimony of John R. Smitherman
Senior Advisor

Definitions

Bleed Rate

NMED has accepted NMOGA's suggestion that the term bleed rate is only appropriate for pneumatic devices that actually have a continuous bleed rate. As properly functioning intermittent devices are designed to not emit unless actuating, they do not have a bleed rate. NMED recognizes the importance of this distinction as it defines Pneumatic Controllers and includes in (20.2.50.7.FF.ii) that "Intermittent pneumatic controller…is not designed to have a continuous bleed rate…". This is an important distinction when crafting appropriate rules for such devices.

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- Dr. McCabe stated in his rebuttal testimony that NMED should require all operators to deploy non-emitting pneumatic devices on sites with electric power within six months of the effective date of this rule.
  - NMED has crafted an aggressive schedule for converting pneumatic devices from emitting to non-emitting. Dr. McCabe's suggestion of replacing all such emitting devices on facilities with electric power is not reasonable. This would not allow enough time due to supply chain, budgetary, and human resource constraints.
  - NMOGA agrees with NMED that the proposed timelines are impractical and unreasonable.
  - Any replacements to non-emitting should count towards NMED's schedule.

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- Upon further reflection, NMOGA accepts NMED's pneumatics proposal as the most feasible on the table.
  - Controller count approach makes sense for New Mexico.
  - Other proposals by other parties are not technically or economically feasible and do not reduce emissions in a way that will meaningfully impact ozone concentrations in New Mexico.
  - Other proposals impose significant strains on the supply chain, putting owners and operators in an untenable position.
  - Applying LDAR to intermittent pneumatic controllers reduces the urgency of retrofitting these devices.
  - Emissions reductions achieved from conducting LDAR on pneumatics reduces the cost effectiveness of the pneumatics phase-out proposal, making further expedition of phase-out imprudent.
- NMOGA supports LDAR on every site, including LDAR of intermittent pneumatic controllers, at least once per year.

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- Some have stated that the replacement of pneumatic devices with non-emitting alternatives will ultimately be cost-free to the operator because the gas not emitted will be sold and completely recoup the cost of change. Let's explore that concept.
- Based on ERG's data on compressed air systems (grid power in place):
  - Cost of installation - $719.62/controller
  - Cost of operations - $247.80/year/controller
  - Full cycle cost of system (10 year life) – $3,197.62/controller
  - Emission rate 1.37 scf/hour – 11.99 mcf/year/controller
  - Gas price $4.00/mcf gross - $3.20/mcf net of royalty and prod tax
  - Full cycle revenue from captured gas (10 year life) - $383.60/controller
  - Payout? No.