

Oil & Gas Exploration & Production and Natural Gas Gathering & Processing GHG Accounting Protocol

October 25, 2007

Background

A number of efforts are underway across the country to require reporting of greenhouse gas (GHG) emissions from sources in the oil & gas sector and to provide for voluntary reporting of emissions from this sector. For instance:

- The States of New Mexico and California are each developing rules for mandatory reporting of greenhouse gases (GHGs), effective January 2008.
- The California Climate Action Registry has over 25 reporters from the oil & gas sector.
- The Climate Registry is recruiting companies to report into a multi-state, tribe and province GHG reporting system.

At the same time, work is in progress to develop standardized GHG accounting protocols for some activities in the oil & gas sector – for instance, the California Air Resources Board (CARB) is developing a regulation for oil refineries, and the California Climate Action Registry and the World Resources Institute are jointly developing a protocol for natural gas storage, transmission & distribution. The API Compendium, published in 2005, provides a database of information on sources and emission factors across the spectrum of oil & gas activities.

Emissions from oil & gas exploration & production (E&P) activities and natural gas processing are among New Mexico's most significant sources of GHGs; as may also be the case in other Western states, including California. Protocol development efforts underway cover many of the significant activities in the oil & gas sector, but are not anticipated to answer all the questions required to support consistent, accurate reporting of GHG emissions from oil & gas E&P and gas processing activities.

A number of stakeholders with E&P and gas processing activities have expressed a desire to voluntarily register and report their GHG emissions with The Climate Registry as soon as possible. In the absence of existing guidance, they have requested a GHG accounting protocol for this sector, and are willing to help with its development. Thus, New Mexico has reached out to CARB, CA Registry and to the Western Regional Air Partnership (WRAP) to evaluate interest in developing an oil & gas E&P and gas processing protocol. All parties have expressed an interest and willingness to support the process.

Scope

Some of the questions that may need to be addressed in a standardized manner to inform reporting of greenhouse gas emissions include:

- Standard definition of a source or facility (well, field, other?)
- Geographic boundaries for operations spanning state lines
- Organizational boundary approach – operational control, financial control and/or equity share?
- Operational boundaries – minimum required activities
- De minimis threshold (amount of emissions or % of activity)
- Specification (and/or evaluation of the appropriateness & accuracy) of available emission factors and calculation methodologies
- Carbon efficiency metrics by activity

The full scope of the protocol will be developed with input from industry, regulators, and environmental and other technical experts. As a first step towards this end, the New Mexico Environment Department (NMED), the Western Regional Air Partnership (WRAP), the California Air Resources Board (CARB) and

the California Climate Action Registry (CA Registry) invite interested parties to participate in a one-day brainstorming/scoping session on October 25 in Santa Fe, New Mexico.

This protocol will build on and be consistent with related efforts underway to guide reporting in the sector; however, existing or in-progress protocols to address other oil and gas emissions may also need to be revised in the future to ensure consistency. Protocol developers will also seek approval of the protocol by The Climate Registry.

Process

A full protocol development process that provides sufficient time for public stakeholder input and involvement may take approximately one year. The process will begin with this scoping meeting of interested stakeholders that convene in an effort to identify the key issues that need to be addressed in a protocol.

Following the scoping meeting, the co-hosts will form a workgroup to include a broad range of relevant parties. After evaluating existing resources, the workgroup will develop a workplan to develop a draft protocol, that will be circulated for peer review, for public comment, and eventually presented to the Boards of the participating agencies for adoption and/or implementation.

Management

This process will be facilitated by the WRAP, with assistance as necessary from external technical consultants.

Funding

Estimated budget for the project is \$150,000. This may be funded, at least in part, through state activities, corporate contributions and/or private grants.

Next Steps

To convey your interest in participating in the process, please contact:

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Or, provide your details below and return this page to Tom Moore today:

Name:

Organization:

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