

FOR IMMEDIATE RELEASE

September 17, 2021

Contact: Joaquin Romero

[joaquin.romero@nmlegis.gov](mailto:joaquin.romero@nmlegis.gov)

(505) 506-5798

## Senate Republican Caucus Echoes Bipartisan Opposition to Oil and Gas Restrictions

SANTA FE — This week, all 15 members of the Senate Republican Caucus signed a letter to Secretary James Kenney, joining the growing bipartisan opposition to the New Mexico Environment Department’s proposed ozone precursor rule. The proposed new rule is projected to cause a substantial decrease in oil and gas production, and deal a devastating blow to the New Mexico energy economy.

“This is not just about the potential loss of thousands of jobs—it is about the dangerous ripple effect of crippling a driving economic force in our state’s economy,” said **Senator Gay Kernan** (District 42-Chaves, Eddy, and Lea). “We all want to move our state forward, but I fear this excessive rule will do much more harm than good.”

“The assault on oil and gas is nothing more than a rejection of reality,” added **Senator William Sharer** (District 1-San Juan). “Even our Governor, who does not often side with us on many issues, understands what a devastating impact a rule like this could have on our economy. I hope the Environment Department recognizes the need to put our citizens and their livelihoods ahead of the political posturing of the radical environmental left.”

The signed letter is attached.

###



# New Mexico State Senate

STATE CAPITOL

Santa Fe 87501

September 17, 2021

The Honorable James Kenney  
Secretary, New Mexico Environment Department  
1190 St. Francis Drive, Suite N4050  
Santa Fe, NM 87505

Sent via email [james.kenney@state.nm.us](mailto:james.kenney@state.nm.us)

## **Re: Proposed Ozone Precursor Rule**

Dear Secretary Kenney:

We, the undersigned members of the Senate Republican Caucus, are writing to echo and further amplify the bipartisan concerns raised regarding the New Mexico Environment Department's ("NMED") proposed ozone precursor rule.

In their letter dated August 25, 2021, the Democratic and Republican leaders of the Legislative Finance Committee ("LFC") communicated legitimate concerns and posed several important questions regarding the impact of this proposed rule. Most notably, LFC cited the negative fiscal impact on our state's coffers and the disproportionate impact on small and independent producers.

According to the independent analysis provided by John Dunham & Associates ("JDA") and the New Mexico Tax Research Institute, it is estimated that the rule could result in a loss of \$730 million in revenue to state and local governments, as well as a loss of more than 3,200 jobs. The small business exemption, meanwhile, is reportedly so limited, that few, if any, of our small oil and gas operators would qualify.

In a letter to the Biden Administration earlier this year, the Governor warned of massive revenue losses resulting from even a modest reduction in oil and gas production in the state. At the time, it was estimated that a 10 percent decline in production would result in a loss of over \$700 million between the fiscal year and 2025. Based on the JDA study, however, this proposed rule would lead to a whopping 12.9 percent decline in oil production and a 22.8 percent decline in natural gas production. Given our state's reliance on oil and gas revenues to fund our public schools, vital infrastructure, and public safety, these massive, declining production figures are of great concern to us.

As written, this rule may very well jeopardize the sustainability of New Mexico's energy economy, as well as the stability of our state and local economies. For these reasons, we urge

The Honorable James Kenney

Page 2

September 17, 2021

NMED to address the concerns and questions expressed here and in the LFC letter as early and as thoroughly as possible.

We look forward to your response and we thank you for your attention to this pressing matter.

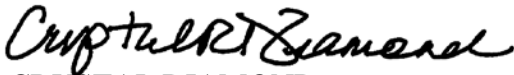
Sincerely,



GREGORY A. BACA  
State Senator  
Senate Republican Leader



MARK MOORES  
State Senator  
Republican Caucus Chair



CRYSTAL DIAMOND  
State Senator



RON GRIGGS  
State Senator



GAY G. KERNAN  
State Senator



CLIFF R. PIRTLE  
State Senator



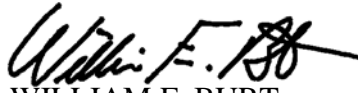
GREGG SCHMEDES  
State Senator



PAT WOODS  
State Senator



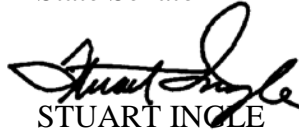
CRAIG W. BRANDT  
State Senator  
Senate Republican Whip



WILLIAM F. BURT  
State Senator



DAVID M. GALLEGOS  
State Senator



STUART INGLE  
State Senator



STEVEN P. NEVILLE  
State Senator



JOSHUA SANCHEZ  
State Senator



WILLIAM E. SHARER  
State Senator