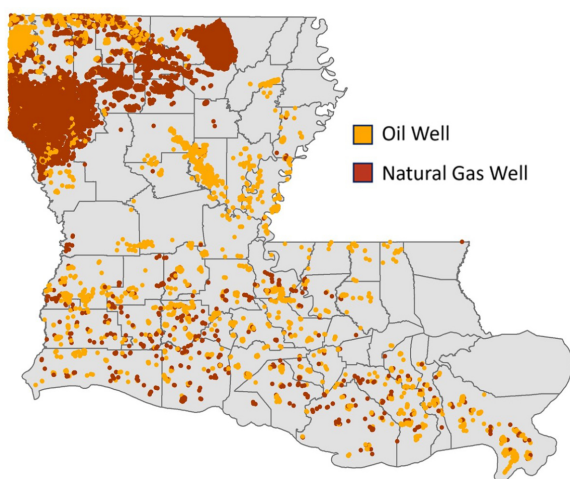


Methane Waste and Pollution in Louisiana

Fossil fuel producers in Louisiana are wasting energy resources in the form of methane. In doing so, they're harming the climate, public health, and the economy.

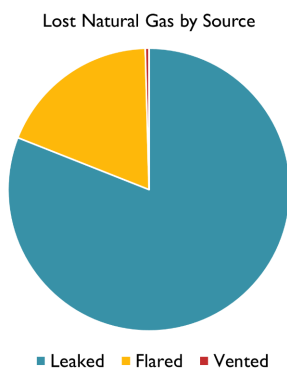
Methane waste problem

The primary component of natural gas is methane, which is a potent greenhouse gas. When methane is wasted through venting, flaring, and leaks, it means less natural gas is brought to market to sell for energy use. In 2019, Louisiana had approximately 31,000 actively producing oil and gas wells where methane emissions can occur.



The scope of the problem in Louisiana

In 2019, fossil fuel producers wasted 27.2 billion cubic feet of gas in total. 81.0% by leaking, 18.6% by flaring; and 0.4% by venting.



The impact of wasted gas in Louisiana

Economy: Natural gas waste takes an economic toll. In 2019, Louisiana saw \$82 million of gas wasted—enough to meet the annual needs of 690,000 residential consumers - well over 2/3 of all residential natural gas consumption in Louisiana. Eliminating venting and flaring alone would provide enough natural gas to supply almost every household in New Orleans for a year. Oil and gas operators also avoid paying taxes and royalties on wasted gas, so federal and state governments lose revenue. In 2019, the lost potential revenue amounted to \$2.5 million. In Louisiana, this revenue would go to a variety of programs, including the Teachers' Retirement System of Louisiana, The Budget Stabilization Fund, and the Revenue Stabilization Trust Fund.¹

Air quality: Oil and gas production sites emit methane alongside other pollutants that worsen air quality. These volatile organic compounds (VOCs) contribute to the formation of ground-level ozone, also known as smog. Smog is a hazardous air pollutant that exacerbates asthma and respiratory diseases. In addition, oil and gas production releases toxic pollutants such as hydrogen sulfide, toluene, xylene, and benzene. Exposure to these pollutants can lead to serious public health impacts, including increased incidence of cancer.

Climate: Methane is a greenhouse gas more than 80 times more powerful than carbon dioxide in the near term and is responsible for at least a quarter of today's global warming. Cutting this pollution is especially important in Louisiana, which is on the front lines of the climate crisis and whose residents continue to experience the impacts of extreme weather, coastal land loss, and increased flooding.



Photo courtesy of Healthy Gulf c/o Southwings.org

Lost revenue from wasted gas

Sources of Government Revenue: Governments receive revenue from gas extraction through royalties and taxes. The sources of revenue depend on land ownership:

Private lands: Louisiana collected a \$0.125/MCF severance tax and \$0.003/MCF of oil restoration fees on gas extracted from private lands in 2019. The state reduces these tax rates for natural gas from marginal wells, where most of the waste (58%) is occurring. Private land owners may also assess a royalty rate on leases on their lands.

State lands: Louisiana has a minimum royalty rate of 12.5%. The average royalty rate on current state gas leases is 19.4%.² The state also collects severance taxes and oil restoration fees on gas extracted from state land.

Federal lands: The federal government collects royalties on gas extracted from federal lands. In 2019, the royalty rate was 12.5%. The federal government returns 49% of this revenue to states. The state also collects severance taxes and oil restoration fees on gas extracted from federal land.

Volume of Wasted Gas by Land Type: In 2019, 1.4% of the wasted gas was lost from federal lands, 2.4% from state lands, and 96.2% from private lands.

Amount of Lost Revenue: Wasted gas resulted in the following lost potential volume and value by source:

Source of Wasted Gas	Volume of Wasted Gas (Bcf)	Value of Wasted Gas (2022\$)
Leaking	22.0	\$66,412,000
Venting	0.1	\$359,000
Flaring	5.1	\$15,233,000
Total	27.2	\$82,004,000

The following revenue could have been collected from royalties and taxes if the gas had not been wasted:

Level of Government	Revenue Lost (thousands \$2022)			
	Total	Leaking	Venting	Flaring
Federal share of federal royalties	\$73	\$64	\$0	\$9
State	\$2,462	\$1,751	\$13	\$697
State taxes	\$2,029	\$1,495	\$11	\$523
State royalties	\$362	\$194	\$2	\$166
State share of federal royalties	\$70	\$61	\$0	\$9

Benefits of policy action

Strong, commonsense rules to cut methane waste and pollution will help slow the rate of climate change happening today, protect public health, create jobs, generate additional tax revenue, and prevent the needless waste of domestic energy resources.

¹ https://www.lsu.edu/ces/publications/2019/scr_status_report_final.pdf

² <http://sonris-www.dnr.state.la.us/gis/agsweb/IE/JSViewer/index.html?TemplateID=181>