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Cabinet Secretary, Environment Department

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New project in Permian Basin demonstrates potential for cleaner oilfield operations, benefits of Clean Fuel Standard

The oil and natural gas industry is the largest contributor to greenhouse gas emissions in New Mexico. Through a combination of increased regulation and innovation within the industry, public and private partners are working together to secure emissions reductions from the oil and gas sector while allowing the industry to continue to thrive and evolve here in New Mexico.



A first-of-its-kind project by EOG Resources harnesses solar energy to provide supplemental power to run compressors in southern New Mexico normally powered entirely by natural gas. During daylight hours, 24,000 solar panels across 70 acres will provide up to 8 megawatts of power to run compressors with no combustion emissions. The renewable energy project is expected to reduce emissions and operating costs, a prime example of how innovation in industry can result in both improved environmental outcomes and economic development.

The project is also an example of one that could generate valuable credits under a Clean Fuel Standard (CFS) program, which is currently proposed before the Legislature (Senate Bill 11, Clean Fuel Standard Act). Under a market-based CFS program, credits generated by such projects could be sold to transportation fuel producers who are unable to meet fuel intensity standards.

Many companies, like EOG Resources, are looking to invest in return-focused, low emissions technology. If SB 11 becomes law, New Mexico would be the only southwest state with a Clean Fuel Standard, potentially incentivizing businesses seeking to innovate to relocate or expand in New Mexico over other states.

“EOG Resources is committed to finding technology-forward solutions to reduce emissions from our operations as we look toward the oilfield of the future,” said Lloyd W. “Billy” Helms, Jr., Chief Operating

Officer of EOG Resources. “We are supportive of New Mexico’s broad-based efforts to reduce emissions, which will further incent all businesses operating in the state to innovate.”

“It is imperative for our environment that we reduce the carbon intensity of fuels that power our economy,” said New Mexico Environment Department Cabinet Secretary James Kenney. “A Clean Fuel Standard could enable businesses to substantially reduce their greenhouse gas emissions.”

The solar and natural gas hybrid-power compression facility is anticipated to reduce emissions by more than 5,000 metric tons of CO₂ equivalent annually. Using the current value of California’s Clean Fuel Standard credits, those emissions reductions could generate credits worth approximately \$1 million. The facility began operations in November of 2020 and is the company’s first project to pilot larger scale power generation to electrify field operations with low emissions and renewable power.

“This project provides a first-hand example of how companies could benefit from the Clean Fuel Standard Act,” said Sarah Cottrell Propst, Cabinet Secretary of the Energy, Minerals and Natural Resources Department. “Innovation is key to reducing emissions in the oil and gas sector. Expanding renewable energy in facilities is just one way to reduce greenhouse gas emissions in the oil and gas industry.”

“Businesses want to develop clean-fuels technology and this initiative will provide a market-based incentive for them to create these high-paying jobs and invest in New Mexico,” said Economic Development Department Cabinet Secretary Alicia J. Keyes.

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