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Taxpayer Cost of Methane Emissions

1. THE OIL AND GAS INDUSTRY IS ONE OF THE LARGEST SOURCES OF METHANE EMISSIONS AND WASTE IN THE U.S.

According to the Energy Information Administration (EIA), around 3,170 billion cubic feet (bcf) of natural gas were intentionally vented or flared during oil and gas production and operations in the U.S. from FY2012 to FY2021. Based on operator self-reported data, 300 bcf of natural gas was released into the atmosphere during this period on federal lands alone, but the real figure is likely far greater as operators often underreport.

2. COST-EFFECTIVE METHANE MITIGATION TECHNOLOGY IS AVAILABLE AND BENEFITS INDUSTRY, COMMUNITIES, AND THE PUBLIC.

Technologies to detect and reduce methane waste, such as satellite monitoring, infrared cameras, and drones, have gotten more cost-effective and are already used by many oil and gas operators. But regulatory uncertainty has stalled investment by penalizing operators who have invested while rewarding those who have not. Methane mitigation also creates job opportunities and generates economic value, benefiting the industry, communities most affected by methane waste, and the public.

3. METHANE WASTE COSTS AMERICAN CONSUMERS BY FAILING TO GET NATURAL GAS TO MARKET, DENYING HOUSEHOLDS ACCESS TO A VALUABLE ENERGY RESOURCE.

The 300 bcf of natural gas wasted on federal lands from FY2012-FY2021 could have powered 3.2 million households for a year. In 2019 alone, 163 bcf of natural gas was

wasted on federal and tribal lands. Valued at \$509 million, that gas could have powered 2.2 million households.

4. FEDERAL AND STATE TAXPAYERS LOST \$76 MILLION IN POTENTIAL ROYALTY REVENUES BETWEEN FY2012-2021.

Taxpayers are compensated for the extraction and sale of federally owned resources like oil and natural gas through royalties, which is currently set at 12.5%. Taxpayers should have received \$119 million for gas lost between FY2012-FY2021, but instead received only \$43 million, roughly one-third of the potential royalties.

5. METHANE EMISSIONS POSE SIGNIFICANT PUBLIC HEALTH, SAFETY, AND ENVIRONMENTAL RISKS.

Methane waste also creates broader liabilities through climate-driven extreme weather, public health impacts, and safety risks for nearby communities. Methane leaks often release harmful co-pollutants and volatile organic compounds that are associated with respiratory diseases and other serious health conditions. Methane leaks due to aging pipelines or poorly maintained infrastructure can also potentially lead to explosions or fires. These diffuse but real costs are borne by taxpayers through disaster recovery assistance, health care spending, and damages to infrastructure and property.