Legislature Considers CNG as a Transportation Fuel in New Mexico

Representatives of the Oil and Gas Program at the University of New Mexico School of Law testified before the interim Committee on Science and Technology of the New Mexico Legislature on Nov. 28, on natural gas as a transportation fuel.

Dean Kevin Washburn and third-year UNM law student Jeffrey Kendall, the dean’s research fellow, testified that their research found no legal obstacles to using compressed natural gas (CNG) as a transportation fuel. Indeed, they found that an adequate legal infrastructure already exists to address legal issues that might arise.

Oil and gas entrepreneurs such as T. Boone Pickens of Texas and Aubrey McClendon of Chesapeake Energy in Oklahoma have discussed using natural gas as a transportation fuel for more than a decade.

“This may be an idea whose time has finally come,” Washburn said. With natural gas priced at historic lows compared to oil and with substantial natural gas resources now being developed in the Dakotas and in the Marcellus shale play in the Eastern United States, the economic incentives to develop new uses for natural gases are strong.

Washburn testified that governors in several neighboring states recently signed a pact to develop transportation uses for natural gas. One of these strategies is to purchase thousands of CNG vehicles for state fleets in an effort to develop markets for natural gas fuel. Gov. Susana Martinez is reportedly considering whether New Mexico should join the pact.

When asked what CNG might mean for regular consumers, Washburn testified that CNG was recently selling in Oklahoma at $1.25 for a unit nearly equivalent to a gallon of gasoline, underscoring the dramatic savings that consumers might see from this alternative fuel source.
At the Nov. 29 hearing, Kevin Boberg from New Mexico State University’s Arrowhead Center testified extensively about the technical and logistical challenges to the proposal, noting that there are more than 164,000 gas stations in the United States, but less than 850 fueling stations for compressed natural gas. Infrastructure needs are significant to develop this market. Boberg also noted that the Energy Information Agency has concluded that greater natural gas usage is inevitable and that development of such uses is vital to national security. Boberg cited a thorough study by researchers at MIT that discussed the advantages of CNG.

The UNM School of Law and NMSU’s Arrowhead Center worked together on the joint report, which was requested in the 2011 legislative session by House Memorial 41 introduced by Rep. Dennis Kintigh of Roswell. Kintigh, a former engineer, also testified extensively at the Nov. 29 hearing, which was chaired by Rep. Bobby Gonzalez of Taos.

For more information on Washburn’s testimony at the hearing or UNM School of Law’s Oil and Gas program, contact Washburn at 505.277.4700 or washburn@law.unm.edu.

**Background on UNM’s School of Law’s Oil and Gas Program**

The University of New Mexico School of Law offers courses on Basic Oil and Gas and Advanced Oil and Gas. The basic course has been taught by Adjunct Professor Bill Carr, a leading Santa Fe Oil and Gas lawyer.

Students from the UNM School of Law recently produced a lengthy legal study underwritten by ConocoPhillips on pore space ownership related to carbon sequestration in New Mexico.

The UNM School of Law and students from the UNM Anderson School of Management appeared before the Independent Petroleum Association of New Mexico (IPANM) Board of Directors at the IPANM’s annual meeting in August. One of the subjects discussed was the need to educate the younger generations of the importance of domestic oil and gas as a cornerstone of our energy policy, even while developing alternative sources of energy.

Many of the leading oil and gas attorneys in the state are UNM School of Law alumni, including Bill Carr, Mike Campbell and Gene Gallegos of Santa Fe, Tommy Roberts and Rick Tulley of Farmington, Tommy Parker of
Hobbs, Joel Carson II and Joel Carson III of Artesia, and John Cooney, Marte Lightstone and Lynn Slade of Albuquerque.

Carr presented an oil and gas update at a Legal Briefing for Legislators at the law school in early November, organized by Washburn and the State Bar of New Mexico. It was attended by more than 40 legislators.

Greg Nibert, Chaves County commissioner and president of IPANM, spoke at the UNM School of Law in October on the endangered species issues facing the oil and gas industry in southeastern New Mexico.

**General Background on the School of Law**

In New Mexico, UNM School of Law alumni include 12 state legislators, nine of the 15 appellate judges and justices, including the chief justice of New Mexico and the chief judge of the Court of Appeals, the attorney general, the state auditor, a U.S. Senator, and the general counsel and deputy general counsel to the governor.

The UNM School of Law is a small school with a rigorous curriculum and is focused on developing a strong sense of community among the students. It is one of only 10 schools in the United States that requires each student to practice law in a clinical setting prior to graduating. It graduates only about 110 students per year, which is less than one-third of the people who take the bar in New Mexico each year. It is ranked as the 10th most popular law school in the country, with a clinical program ranked 7th in the country and is one of the top 30 most selective law schools in the country (out of about 200 law schools). Two U.S. Supreme Court justices have visited the School of Law within the past year. More than 90 percent of the enrolled students each year are New Mexico residents.

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