Yesterday, the Interior Department posted a proposed rule to limit flaring and venting of natural gas on public lands. The rule will be good for everyone except the oil and gas operators who waste the gas, increasing methane and carbon emissions while giving the public nothing in return. The rule is clearly a step in the right direction. But there's an interesting twist: Interior claims to be ignoring the climate benefits in issuing the rule.

The amount of gas that is flared or vented has more than tripled since the end of the last the century. Venting releases methane (CH_4), a powerful greenhouse gas. Flaring results in carbon (CO_2) emissions, but with no offsetting public benefit from using it. And the wasteful operation also cheats the government of royalties for using the gas.

Given that this was a pure case of private greed at the public defense, it's not surprising that the Trump Administration defended the practice. Trump rolled back an Obama-era regulation that tried to control the process. Both the Obama rule and the Trump rollback had run into trouble in the courts, and the Biden rule tries to thread the needle between them.

You may be aware that EPA also regulates emissions from oil and gas operations, and you may be wondering why an additional rule is needed that covers emissions from oil and gas operations on public lands. One reason is that the EPA rule applies only to new oil and gas operations, not existing ones. The other is that the rules have different purposes, since the Interior rule is designed to conserve gas rather than emission reduction as such.

The government says that the rule will have the following economic impacts:

the BLM estimates that this rule would have the following economic impacts:

- Costs to industry of around $122 million per year (annualized at 7 percent);
- Benefits to industry in recovered gas of $55 million per year (annualized at 7 percent);
- Increases in royalty revenues from recovered and flared gas of $39 million per year; and
- Benefits to society of $427 million per year from reduced greenhouse gas emissions.

Interestingly, however, the new proposal does not rely on the rule's climate benefits

as a justification of the rule. The reason is that a district court judge had vacated the Obama rule on that basis. According to the court, the law prohibiting waste of oil and gas produced on public lands “does not allow and was not intended to authorize the enactment of rules justified primarily upon the ancillary benefit of a reduction in air pollution.” The Biden Administration is hoping to avoid a similar setback.

Instead of relying on climate benefits, the Interior Department argues that “the requirements of this proposed rule reflect reasonable measures to avoid waste that could be expected of a prudent operator, irrespective of any impacts with respect to climate change.” Ignoring the main benefit of a rule seems peculiar from the perspective of using regulation to improve social welfare. Yet, this blinkered approach seems safer legally, however little sense it may make in terms of social policy.

We are likely to see more moves of this kind on the part of agencies as they attempt to avoid conservative charges that they are abusing regulation powers designed for other purposes in order to pursue climate benefits. Ironically, the result is a retreat from using cost-benefit analysis, something conservatives used to favor.