

**Testimony of Ashley Korenblat
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**Before the House Natural Resources Committee
“Examining the Natural Gas and Oil Shale Opportunities in Western Colorado.”
Field Hearing in Grand Junction, Colorado
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Good afternoon Chairman Bishop and Representative Tipton.

My name is Ashley Korenblat and I live in Moab, Utah with my husband and 13-year-old son. Our company Western Spirit Cycling provides multiday road and mountain bike trips on public lands throughout the country.

As a former Wall Street trader and an entrepreneur, I bring the business lens to the public lands conversation. I have served on advisory committees for the Bureau of Land Management, the Western Governor’s Association, the State of Utah, and the Outdoor Industry Association. I am a past president of the International Mountain Bicycling Association, and a member of the Mountain Bike Hall of Fame.

Our non-profit, Public Land Solutions, is dedicated to providing comprehensive recreation planning and stakeholder coordination to support effective and sustainable public land solutions. We are currently working with a wide variety of communities across the west who are actively seeking to move their economies beyond dependence on resource extraction. In short, they are tired of being dependent on the fluctuations of world wide commodity markets. These fluctuations have a profound effect on local communities. Many county budgets across the west are suffering millions of dollars in deficits from reductions in mineral lease revenues from extracted commodities.

The opposite of a commodity is a brand. Communities lucky enough to have adjacent public lands have the opportunity to develop brands based on nearby recreation assets. Shared public lands are bringing a new type of prosperity to the west. Just down the road from where we sit today is the town of Fruita, Colorado, which has become a renowned mountain biking destination where trails “pump \$1.5 million a year into the local economy.”¹ Investments in mountain bike trails and other recreation opportunities have revitalized an all but abandoned main street and brought not just visitors, but businesses who choose to locate in communities with access to the out of doors.

And Fruita is just one of dozens of places across the west where outdoor recreation is bringing solid dependable economic growth. One of my current favorites is Twin Falls, Idaho where their County Commissioners brag, and I quote: “We now have a Chobani Yogurt factory and a

¹ <http://atfiles.org/files/pdf/Economic-Benefits-American-Trails.pdf>

ClifBar Bakery in addition to other new businesses all because we have hiking, biking, fishing, hunting, plus base jumping—have you seen that??" While the County Commissioners may never go base jumping they understand the economic power of outdoor recreation to bring not just visitors, but new businesses.

Industry, government, and communities can work together to support diverse economic development, including energy, while simultaneously benefitting from 21st century business conditions that allow both large and small companies to locate and create jobs in rural western communities.

Historically Energy Development has been the Preferred use of Public Lands.

The public lands management system has historically favored resource extraction. Energy lease terms, diligence requirements, fiscal obligations, and permitting systems have been built to maximize this one aspect of public land use, often at the expense of other business opportunities and local community priorities.

Today 90% of federally managed lands and waters are open to oil and gas leasing.¹ However, with 26 million acres leased, and only 12.8 in production, oil and gas companies are developing less than half of what they have leased.² And the most recently available data shows the industry holds nearly 8,000 approved drilling permits that are not being used. In 2017 alone, BLM issued 2,486 drilling permits, but only 1,428 permits were used to drill new wells.³ This trend has been true for decades leaving communities with millions of acres tied up in oil and gas leases, which discourages investments in other public land uses like recreation assets.

Deference to energy development and processing often leads to serious degradation of our public lands. From unbreathable air to endless service roads, with no real reclamation in sight, many communities are left burdened with superfund sites and bad reputations. Unhealthy conditions make re-branding a place as an attractive place to live, quite a challenge. Many land managers and county officials are working hard to sort out these issues, but they are limited by inadequate funding and outdated laws and regulations.

It is precisely because energy production is critical to our modern lifestyles, that we need to find ways to develop our resources in a more balanced, responsible way that don't leave local communities in the lurch and prevents them from capitalizing on the quality of life afforded by access to public lands to attract new and diverse industries.

¹ <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics>

² <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics>

³ <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics>

The Economy of Western States is Changing – and Public Land Management Needs to Change with It

Natural gas development has been an essential part of the economy of the west for decades. It will continue to play an important role, but few analysts expect it to return to the economic powerhouse it once was, making it unwise for county governments to count on prices returning to the \$11-13/mcf.

In the 21st century we have learned that the consumption of natural resources has a cost, both an opportunity cost when other land uses like recreation are discouraged and a human cost when landscapes are no longer safe places for people to live in and recreate on. Yet the energy industry has both the profits and the technology to produce energy safely while helping communities weather the ups and downs of commodity markets.

There are things we can do to optimize public land use, increase job growth in all sectors, and safely and wisely develop natural gas:

1. Avoid conflicts with neighboring agencies by using the 2008 recommendations that make the BLM a better neighbor.

In December 2008, a court formally prohibited the Bureau of Land Management from issuing 77 leases sold in Utah, some of which were right by Arches and Canyonlands national parks in my hometown of Moab. The court found the agency's decision-making process to be fundamentally broken, which prompted the BLM to reconsider its entire management of onshore oil and gas leasing. In response, the Department pulled together a task team led by Mark Stiles and several other senior leaders with BLM and the National Park Service that made a series of recommendations on how to best handle conflicts with other use. These recommendations were implemented principally through BLM guidance that required consideration of the many multiple uses of the public lands when evaluating oil and gas leases while providing a path toward more certainty for all industries, including oil and gas and recreation, and the public.

2. Use the Methane Rule to require companies to use best practices.

We know that large operators can afford to invest in new technologies to capture more gas and thus create jobs in both the companies who are creating these technologies and on the well pads. If we are worried about smaller operators let's find a way to support them, but what we should not do is risk public health and a community's long term reputation by defaulting to the lowest common denominator. It is this type of thinking that created the methane cloud over the Four Corners area and the air quality problems in the Uintah Basin.

According to BLM's estimates, full implementation of the 2016 rule would cut methane emissions by 49 percent (or 180,000 tons per year) and could result in net benefits of over \$204 million annually. The currently proposed new rule would allow for more than \$1

billion in methane waste¹, through leaks and poor well pad management is opposed by more than 99% of those who submitted comments², and would needlessly allow for pollution that impacts the economic prospects of near by communities while simultaneously reducing royalty payments.

3. Use the Master Leasing Plan concept. We worked directly with the local operator on the Moab Plan and they appreciated the input. No company wants the bad PR of wrecking a famous bike trail or campground. Instead we determined where surface occupancy was needed and did the zoning to optimize industry needs and community needs. It does not have to be one or the other.

Master Leasing Plans are a management tool for BLM to plan for oil and gas development at a more detailed level than a broad-scale resource management plan. MLPs are a “smart from the start” approach that are intended to ensure oil and gas development occurs in a more balanced, responsible way by protecting important public lands resources including national parks, wildlife habitat, clean air and water, and other uses such as outdoor recreation, hunting, fishing, farming and ranching. By addressing potential conflicts up-front, MLPs provide the oil and gas industry with more certainty and can streamline approvals for leasing and development. Although formally initiated by name in 2010, the approach came about under the leadership of former BLM James Caswell and Deputy Secretary Lynn Scarlett during the final years of President Bush’s second term. MLPs have been developed through collaborative stakeholder processes that bring all interests to the table to determine the pace and scale of development and how to protect other multiple uses while development occurs. This collaborative approach to energy development benefits multiple facets of our economy, protecting the interests of the outdoor recreation industry and tourism-based economies, as well as the oil and gas industry. MLPs also facilitate smart development that gives taxpayers a better return on investment by driving oil and gas production to public lands most suitable for that purpose rather than directing energy development to public lands that would be more productive for other commercial, recreational, and conservation uses. MLP’s belong back in the DOI tool box.

4. Leasing alone does not actually produce energy or jobs.

By offering nearly every lease that is nominated by the oil and gas industry—regardless of market conditions and potential conflicts with national parks, wildlife and other revenue-generators, like outdoor recreation—we are forcing communities to depend entirely too much on oil and gas, when instead we should be updating the public land system to meet 21st century realities. Rural communities have other options and we as a nation have other energy choices. In 2017, the BLM processed and offered at taxpayer expense almost 12 million acres of public lands nominated for leasing by the oil and gas industry. Yet, the industry purchased just 7 percent of those leases—about 791,000 acres.

¹ <https://www.blm.gov/sites/blm.gov/files/Proposed%20Waste%20Prevention%20Rule%202.12.18.pdf>

² <https://medium.com/westwise/americans-overwhelmingly-tell-ryan-zinke-to-leave-the-methane-waste-rule-alone-1c194f7c15df>

And these acres sold at firesale prices. Just 3 percent of the leases sold by the Administration accounted for 70 percent of total revenues from the onshore leasing program. In fact, one-third of the acres leased in 2017 went for \$10 per acre or less, the majority of which sold for the minimum bid of \$2 per acre—a 170 percent increase from 2016. The Congressional Budget Office reported that leases sold for \$10 per acre or less are hardly ever drilled (only 8 percent of the time).¹ By paring back reforms targeted at ensuring leases sold turn into wells drilled, we have actually encouraging widespread and wasteful speculation by the industry at the expense of nearby communities. We have the wisdom and the technology to do better.

5. Avoid committing entire regions to the boom and bust cycle of unproven processes like oil shale.

Oil shale has been called the fuel of the future for more than 50 years. Despite millions of dollars of R&D and what seems like nearly as much on public relations, there has yet to be a commercially viable oil shale project on public lands. Counties considering the commercial leasing of oil shale with the known risks to water and other environmental resources associated with large-scale development, would be remiss not to acknowledge the possibility of a future superfund site in their county. Examples abound illustrating the disadvantages of boom and bust cycles of hurried energy development can deeply harm long term public land damage.

Many residents still vividly recall “Black Sunday”—May 2, 1982. On that day, the Colony Oil Shale Project was shut down and 2,200 people lost their jobs. Over the past 25 years, the economies of the region have moved on. More and more communities throughout the west have turned to natural amenities to attract visitors, retirees and businesses. Risking their hard won reputations and bright futures for an unreliable industry is a bad business choice with long term consequences. Partner with local communities to provide lasting economic drivers that have a reliable return on investment.

6. Improve corporate citizenship by partnering with communities to invest in their future.

The town of Meeker, Colorado describes itself as: “Nestled in the White River Valley at the doorstep to the Flat Tops Wilderness and White River National Forest, Meeker, Colorado is a quiet town off the beaten path. With its numerous outdoor amenities, annual sheep dog trials and charming downtown, Meeker attracts visitors from around the globe. It is a place where bright minds can spend the morning developing the latest innovations in technology and the afternoons wading in first-class fly fishing streams.” Meeker is seeking funding for the Meeker Center for Outdoor Adventure, which is just one of the plethora of opportunities for the energy industry to be a valuable corporate citizen in western communities.

¹ Congressional Budget Office, Options for Increasing Federal Income from Crude Oil and Natural Gas on Federal Lands. https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51421-oil_and_gas_options.pdf

All of us who live in the west know the west is changing, and our energy policies must change too. There was a time when low cost energy was the most important economic driver, but today companies large and small are looking for growth opportunities where there is a high quality of life that will allow them to attract and retain employees at all levels. Access to Department of Interior lands are creating jobs from Las Cruces, NM to Hurricane, Utah to Whitefish, MT. Policies that prioritize the short term needs of multinational energy companies above the long terms needs of local communities will result in continued conflict, protests, lawsuits and waste.

In 2018, there is no reason for any community to settle for less than best practices in nearby oil fields. Government and industry need to work together to produce the energy we need without sacrificing the economic future of our western communities.

Thank you for the opportunity to speak today.