

Statement of
Danny Cruz, Mayor
Town of Springer, New Mexico
Before the
House Resources Subcommittee
Regarding
Oil and Gas Development of the Valle Vidal
October 27, 2005

Mr. Chairman and Members of the Committee, thank you for the opportunity to present my views on the subject of oil and gas development in the Valle Vidal. My name is Danny Cruz and I am the Mayor of Springer, New Mexico. My statement will focus on the vital economic role the Valle Vidal plays in the communities of North-Central New Mexico. First, I would like to begin with a discussion of the gas resources located in the Valle Vidal and their relation to the national energy picture.

Oil and especially natural gas development is a robust activity on federal lands within the Rocky Mountain West. For example, according to the Bureau of Land Management, there are currently over 63,000 producing oil and gas wells on the public lands that it manages. This is especially true for New Mexico. Our state is number two in the nation in term of natural gas production. We are number one in coalbed methane production. There are currently over 24,000 natural gas wells operating in our state and another 20,000 oil wells. In 2004 nearly 2,500 permits were issued in New Mexico. In fact, drilling permits are being issued at a rate that far exceeds industry's ability to develop the resource. We contribute more than our fair share to the nation's energy supply.

These facts, as well as the recent findings of the EPCA report, contradict claims by industry advocates that there are too many "restrictions" or "impediments" that inhibit industry "access" to oil and gas resources on public lands. In fact, according to the Bush Administration, in a report entitled: *Scientific Inventory of Onshore Federal Lands' Oil and Gas Resources and Reserves*, only 15.9 tcf of technically recoverable gas beneath federal lands is currently restricted from leasing. The economically recoverable gas quantities in these areas are substantially less, and comprise only a fraction of 1% of all U.S. natural gas resources.

The Valle Vidal itself, holds very little coalbed methane gas. The U.S. Forest Service, contracting with industry experts, made an assessment of the amounts of natural gas under the Valle Vidal in 2004. Even the most optimistic estimates of these amounts have been shown to be trivial and absolutely inconsequential in terms of energy solutions for this nation. Simply put, and based on the Forest Service's own data, the Valle Vidal, even under the most intensive development scenarios, could only provide our nation with no more than about two and a half days' supply of natural gas.

The oil and gas industry estimates that there is, at most, 21 trillion cubic feet (tcf) of gas in the Raton Basin, which happens to be one of the smallest basins in the nation. At best, the Valle Vidal holds about 150 billion cubic feet (bcf) of gas. That is, less than two percent of all gas in the basin. There is more coalbed methane gas under the city of Fort Worth, TX (27 tcf) than the total volume of coalbed methane under the entire Raton Basin. Drilling in the Valle Vidal will have absolutely no impact on the price consumers pay for natural gas nor will it have any meaningful impact on our nation's energy supply.

Drilling the Valle Vidal would severely and negatively impact the economy of North-Central New Mexico. The Valle Vidal serves as a vital economic resource for our communities. More than 50,000 Americans recreate in the Valle Vidal each year. A

further 3,000 Boy Scouts utilize the wild areas of the Valle Vidal for education and outdoors training every year.

Earlier this year, we looked at the impact coalbed methane development in the Valle Vidal would have on our communities in a report entitled, "*Local Economic Impacts of Gas Development in Valle Vidal, New Mexico*," We looked at economic trends in Colfax and Las Animas (Colorado) counties and the projected level of gas development for the Valle Vidal based on a recent a Forest Service study of coalbed methane resources in the Valle Vidal (RFDS). The economic report found growing economic sectors in Colfax County include service, retirement and recreation activities. Additionally, gas development on the Valle Vidal would bring insignificant jobs or revenues to the area, while simultaneously threatening existing, robust sectors. People come to our communities and spend money in our communities because of our protected landscapes.

Drilling the Valle Vidal will be a net economic loss for our communities. Recreation on the Valle Vidal currently generates anywhere from \$2-5 million dollars to local economies. Income generated from coalbed methane (CBM) drilling will not offset that loss. Further, job creation from drilling the Valle Vidal will add less than one percent to area employment figures, if that, and many recreation-based jobs would be permanently lost in that development. Most of these jobs associated with developing the Valle Vidal will not be available to local residents due to the specialized workers upon which the oil and gas industry typically relies. Any revenues generated to local governments will be offset by the burden that the oil and gas industry brings to county roads, fire and other emergency responders, and other services. Past job losses in Colfax County resulting from the end of mineral extraction activities do not correlate with declines in employment in other sectors of Colfax County's economy.

Area Chamber of Commerce organizations and public officials from both Colfax and Taos areas agree that the report's finding reflect critical community realities. The Valle Vidal brings millions every year into our economies. That money is coming from wildlife watching, hunting, fishing, horseback riding, camping and the Boy Scouts. All of these people spend money on the way to and from the Valle Vidal. We can't afford to lose that. Our protected public lands are our lifeline to a sustainable future. More and more we are seeing that communities that protect their public lands are benefiting economically. Personally, I use the Valle Vidal regularly for hunting, fishing and camping. The Valle Vidal is one of the last remaining places the average citizen can use for recreation without going out of the country. Places like the Valle Vidal made America what it is. The American people should retain the opportunity to see a part of America as it used to be. I am here today to ask you to help protect a vital economy that we can pass on to our children and grandchildren.

The Valle Vidal represents an incredibly insignificant portion of our nation's energy supply. Yet it represents a significant portion of our region's future economic well-being. Further, considering the industry's current inability to drill areas that have already been permitted, it makes very little sense to industrialize the Valle Vidal.

I am a supporter of the oil and gas industry. Industry representatives constantly point out that they work under a “do it right” philosophy. Permanently removing the threat of gas development on the Valle Vidal is a critical and necessary component of “doing oil and gas development right” in our state. “Doing it right” in New Mexico means that there are some places that simply should not be drilled. The Valle Vidal is one of those places.

Thank you again for this opportunity to present my views.

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