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Committee on Resources

Subcommittee on Energy and Mineral Resources

Field Hearing

Oil and Gas Development on Public Lands

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Rawlins, Wyoming

Statement of Dan Heilig

Executive Director

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Madam. Chairwoman and members of the Subcommittee:

My name is Dan Heilig, and I am the executive director of the Wyoming Outdoor Council (WOC). Established in 1967, WOC is the state's oldest and largest independent environmental organization. Our mission is to protect and enhance Wyoming's environment by educating and involving citizens and advocating environmentally sound public policies and decisions.

I appreciate the opportunity to present my organization's views on the important subject of oil and gas development on our public lands.

Wyoming is blessed with extraordinary and unique natural treasures including Yellowstone National Park, the nation's first; Grand Teton National Park; Devils Tower, the nation's first national monument; and the Shoshone National Forest, also the nation's first. We are the nation's headwaters state: the Colorado, Columbia and Missouri Rivers all have their origins in western Wyoming's remote high country. Our congressionally-designated wilderness areas that surround Yellowstone, besides offering some of the best backcountry recreational experiences in the country, comprise the largest pristine Class I airshed in the contiguous United States. Nationally-significant historic trails like the Oregon, California and Mormon trails traverse the state. Our clear skies, stunning panoramas and abundant wildlife are the envy of the nation.

Equally important, particularly for Wyoming's residents, are the 18 million acres of public lands in Wyoming managed by the Bureau of Land Management. Wyoming's Red Desert, the Upper Green River Valley, Powder River Breaks, Split Rock, and Adobe Town are just a few of the dozens of special places that Wyoming's residents cherish, use and enjoy for a variety of pursuits.

As you well know, Wyoming is also blessed with abundant supplies of mineral and energy resources. While our solar and wind power potential is enormous, it remains virtually untapped. At the same time, activity in Wyoming to develop fossil fuel resources is at unprecedented levels. It is our responsibility, both as a state and nation, to ensure that the exploitation of our mineral riches does not permanently impair the natural values that make Wyoming unique.

Before I address the subject of impediments, I want to use this opportunity to briefly respond to claims made by those in the industry that "environmentalist groups" have appealed "most project level EAs or EISs" prepared for oil and gas development projects.

Following is a list of just a few of the dozens of major energy projects that have been approved recently without appeals or litigation from the environmental community:

- n Continental Divide – 3,000 wells;
- n Jonah II – 450 wells;
- n Pinedale Anticline – 700 wells;
- n Wyodak CBM project – 5,000 wells; Wyodak CBM Drainage project – 2500 wells;
- n Gillette North, Gillette South, Marquiss, and Lighthouse CBM projects.

Annually, Wyoming BLM issues dozens, if not hundreds, of project-level authorizations for oil and gas activities without public comment, much less an appeal, being received.

In addition, a number of other large oil and gas projects have either recently been approved or are moving through the process towards approval:

- n South Piney Natural Gas Development Project, 210 wells, Sublette County;
- n EnCana, Inc's Jonah Field Infill Drilling Project, 1,250 wells, Sublette County;
- n Seminoe Road CBM Project, 1,240 wells, Carbon County;
- n Atlantic Rim CBM Project, 3,880 wells, Carbon County;
- n Wind River Natural Gas Development Project, 325 wells, Fremont County;
- n Big Porcupine, 453 CBM wells, Thunder Basin National Grasslands;
- n Kennedy Oil Pilot Exploratory CBM Project, 20 wells, Sweetwater County;
- n Copper Ridge Shallow Gas Project, 89 wells, Sweetwater County;
- n Little Monument Unit Natural Gas Project, 31 wells, Sweetwater County.

In my view, whether these projects will be the subject of appeals or litigation will frankly depend largely on whether the BLM decides to follow the law, properly disclose and mitigate the impacts, and protect the rights of property owners whose lives and livelihoods are being adversely affected by increased development.

EPCA and "Impediments"

I will focus my comments on public lands managed by the BLM, since that is where the majority of natural gas bearing formations are located.

As noted earlier, the BLM in Wyoming administers approximately 18 million acres of public lands and an additional 29 million acres of federal mineral estate, most of which is overlain by privately owned lands. Under the applicable Resource Management Plans required by federal law, the vast majority of public lands under BLM's jurisdiction - 90% or more - are open to oil and gas leasing and development. For the most part, the only lands off-limits to oil and gas development activities are the wilderness study areas established by BLM pursuant to congressional directive, totaling approximately 577,000 acres.

Under the Federal Land Policy and Management Act, 43 USC §§ 1701-1785, the BLM is required to manage the public's lands for multiple uses. This does not mean all uses on all lands, but rather "... a combination of balanced and diverse resource uses that takes into account the long-term needs of future generations for renewable and nonrenewable resources, including but not limited to, recreation, range, timber, minerals, watershed, wildlife and fish, and natural scenic, scientific and historical values; and harmonious and coordinated management of the various resources without permanent impairment of the productivity of the land and the quality of the environment with consideration being given to the relative values of the resources and not necessarily to the combination of uses that will give the greatest economic return or the greatest unit output."

Recently, industry representatives have provided a misleading portrayal concerning perceived "impediments" to their access to public lands oil and gas. I hope to clarify a few of these misconceptions. First, the 2003 Energy Policy and Conservation Act (EPCA) report makes it clear that for 60 million acres of federal lands in

five major western basins, 85 to 88% of oil and gas reserves are available for leasing with standard and other resource-protection stipulations. The EPCA report was firm in its conclusion as universally reported in the press that there are indeed few restrictions on public land oil and gas. Indeed, Assistant Interior Secretary Rebecca Watson called these findings "unexpected."

Closer to home, for the Montana and Wyoming Powder River Basin, the EPCA report found that for 10.7 million acres of federal lands, 91 to 96% of oil and gas reserves are likewise available for leasing. The Wyoming Powder River Basin is 99% open to leasing and over 95% under lease. For the Greater Green River Basin in Colorado, Utah and Wyoming, encompassing 11.6 million acres of federal lands, 88 to 90% of oil and gas reserves are likewise available for leasing. The BLM lands within the Wyoming BLM Pinedale Field Office area in the Upper Green River Valley are approximately 85% open to leasing, and very nearly all of those lands are leased.

Industry trade groups and drilling companies have tried to undermine the EPCA findings. The Petroleum Association of Wyoming, for example, in recent testimony before this Subcommittee, complained of "conditions of approval" on drilling operations as an impediment to their access to these reserves. These drilling requirements, however, are developed in land use plans and other environmental documents as part of the public comment process, in which industry participates, to help select reasonable mitigation measures to preserve multiple use, protect other resources, and allow BLM to manage public lands in accordance with federal law in order "to prevent undue or unnecessary degradation."

The treasured public lands within Wyoming are bearing a disproportionate amount of the impacts from the drilling-biased National Energy Policy and underscore how truly few restrictions and delays there are to public lands oil and gas drilling. Two figures highlight this fact: nationally there are about 35-40 million acres committed to federal oil and gas leases – and Wyoming has 15 to 20 million acres of them, or approximately one-half. Second, there are 52,000 producing oil and gas wells in the United States on federal lands – nearly 22,000 of them, or over 40%, are on Wyoming BLM lands.

While we certainly recognize the "downstream" environmental benefits of natural gas as a substitute for coal and oil in electricity production and as a heat source, the development, production and transmission of natural gas has significant environmental implications. In Wyoming the effects are most noticeable in terms of habitat destruction, air quality degradation, and industrialization of open spaces. In the Powder River Basin, for example, BLM has just approved the largest federal oil and gas project in the nation's history -- over 77,000 coalbed methane wells in Wyoming and Montana. The project will result in over 17,000 miles of new roads, 25,000 miles of new pipelines and powerlines -- enough to circle the planet -- thousands of noisy and polluting compressor stations, and hundreds of thousands of acres of destroyed soils, vegetation, ranch lands and wildlife habitat. Moreover, the unique water impacts associated with coalbed methane development will result in between 1 and 2 trillion gallons of water depleted from near-surface aquifers and dumped into thousands of discharge points on dry, erosion-prone soils and into 4,000 or more excavated surface contamination pits. Finally, as disclosed in the FEIS, impacts to air quality in the project area as well as in nearby Class I areas, will be significant.

In the Pinedale area, growing concerns about the negative effects of development prompted public support for preservation. In response to the call for "scoping" comments in conjunction with the revision of the Pinedale RMP, the BLM found that "almost all [of the over 17,000] comments expressed a desire for preservation over continued development." In addition, a recent editorial published in the local Pinedale paper, the Pinedale Roundup, illustrates the public's growing concerns. The paper's editor, Rob Shaul, calls for a halt to oil and gas development on public lands in Sublette County to protect the valley's unique natural values for future generations.

The prospects of expanding oil and gas development in Wyoming's Red Desert prompted hundreds of Wyoming citizens (who know quite well the deleterious effects of development) to turn out at public hearings in Lander and Rock Springs to voice support for protection of the Jack Morrow Hills area. Nationally, the BLM received over 60,000 comments urging protection of this unique area.

In addition to the push to develop oil and gas resources throughout the Rocky Mountain West the BLM often eliminates what few environmental protections exist. Each decision approving a major oil and gas development, as well as each oil and gas permit, contain terms, conditions and promises that are made part of the lease to ensure other resources such as wildlife are protected where oil and gas development occurs. As these stipulations sometime limit drilling periods (e.g., drilling may be prohibited in crucial winter range during winter months to protect wintering wildlife) industry constantly asks for exceptions to these

stipulations. A quick review of such requests for exceptions indicates that BLM field offices in the Rocky Mountain Region are approving approximately 85% of the requests thereby eliminating the minimal environmental protection efforts currently protecting our other valuable natural resources.

Recommendations

Rather than removing the few and minimal environmental protection measures for public lands, the laudatory goals of energy independence can be accomplished much more wisely, and without devastating effects on the environment, by emphasizing a transition to renewable energy sources within the United States, and ultimately promoting the transition to a hydrogen economy, as President Bush has advocated.

Windpower is just as cost effective as natural gas at today's prices. Rapid expansion of the nation's wind turbine fleet could sharply boost wind generation over the next four years, increasing its output to the equivalent of 3 billion cubic feet per day -- about as much natural gas as the states of Colorado and Alaska produce today.

According to the American Wind Energy Association (AWEA), wind energy is already helping to reduce the current natural gas supply shortage in the U.S., and could be deployed rapidly over the next few years to bring it under control. The current supply shortage amounts to 3-4 billion cubic feet of natural gas per day (Bcf/day), according to energy experts, and the increasing use of gas for electricity generation is one of the major causes of the shortfall. But in many areas of the country where wind farms are generating electricity, they are directly helping to conserve vital natural gas supplies.

In a recent release, AWEA executive director Randall Swisher stated, "We estimate that the wind farms already in place, and those that will be installed by the end of this year, will be saving about 0.5 Bcf/day in 2004. "That means the natural gas shortage would be 10-15% worse if it were not for the relatively small amount of wind generation we have today."

The potential for windpower, just in Wyoming, is enormous. Wyoming ranks 7th in potential windpower in the United States. The windpower potential that exists just in North Dakota and South Dakota, for instance, could make enough hydrogen to power 100% of all U. S. highway vehicles. Wind energy companies pay royalties for the use of an owner's ranch land. Here in Wyoming, an average wind generator will pay \$4000 to \$6000 per wind generator per year, and yet not interrupt a private owner's ranching and farming activities.

If a renewable portfolio standard (RPS) were put into place, nationally, requiring every power company to produce at least 20% of their energy portfolio from renewable (non-hydro) sources by 2020, it could greatly spur wind and solar energy development nationwide. A RPS, if adopted today, that provided 10 percent of U.S. electricity from wind, solar, geothermal, and bioenergy would have virtually no impact on electricity prices and could save consumers as much as \$13.2 billion, according to the results of two studies by the U.S. Department of Energy's Energy Information Administration (EIA).

This will have the salutary effect of diversifying the nation's energy mix, decreasing global warming, and promoting sources of energy that are stable and not subject to the wilder fluctuations of oil and gas prices, based upon global events that Americans cannot control. Solar and wind energy sources also have the advantage of being much less vulnerable to attack. They are not concentrated, and there is no vulnerable fuel source that could be made to explode or otherwise be destroyed.

Conserving our energy resources is also a very viable solution. Simply raising the Corporate Average Fuel Economy (CAFE) standards that govern automobile fuel efficiency, using off-the shelf technologies, could boost fuel economy by nearly 75 percent, with no compromise in safety. An average new vehicle could get 40 miles per gallon by 2012, if such standards were enacted now. An added benefit, since fuel-efficient vehicles cost less at the gas pump, is that the average driver can save more than \$2,000 over the lifetime of the car -- something Wyoming drivers could definitely appreciate.

Increasing energy efficiency standards for appliances, buildings, and industry as well as increased incentives for utility efficiency programs can also go a long way to alleviate our nation's energy needs. We know efficiency works. In 1970, 38 million homes in the U. S. were heated using natural gas, using about 5 trillion cubic feet of gas. In 2001, 59 million homes were heated with the same amount of gas. The reason: newer homes and the heating systems used in them have been made more energy-efficient.

Conclusion

Wyoming's public lands have made and will continue to make a substantial contribution toward meeting this country's energy needs. But our public lands are valuable for more than just oil and gas. They generate hundreds of million of dollars annually in economic benefits, harbor sensitive and rare species, provide opportunities for a variety of commercial and recreational activities, serve as clear air repositories, honor our proud heritage of bold pioneers, and provide the spiritual solace of open spaces.

We must recognize and honor our obligation to future generations to be responsible stewards of our natural heritage, and not allow a short-sighted crisis mentality to dictate the fate of these precious lands. It is a great nation that can plan for the long-term future and exercise the self-control to save, rather than squander, its treasures.

Madam Chairwoman and members of the Subcommittee, thank you again for the opportunity to share with you our views on this important and timely matter.
