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Introduction. I am here today on behalf of Enduring Resources, LLC (**Enduring**). We are part of the oil and gas industry operating in the San Juan Basin, located in northwestern New Mexico and southwestern Colorado. We want to testify to some of the little-known facts regarding the issuance of Public Land Order No. 7923 ("**Chaco Buffer Withdrawal**"), withdrawing over 336,000 acres of federal minerals from development in a greater than ten-mile buffer surrounding the Chaco Culture Historical National Park ("**CCHNP**"). As we will explain, the impact of the withdrawal falls most heavily on the adjacent Navajo allottee mineral owners, making unleased allottee minerals worthless from the standpoint of energy development.

Since 2018, Enduring has been operating in the San Juan Basin producing oil and natural gas from a leasehold consisting of federal minerals (59%), Navajo allottee fee minerals (24%) and state and fee minerals (17%). Of the allottee leasehold, 91% of the leases have been drilled and are currently being produced. The remaining undeveloped allottee leases lie within the Chaco Buffer Withdrawal, where Enduring holds approximately 18,000 net acres of federal and allottee leasehold. Existing undeveloped federal and allottee leases will expire due to the inability to develop allottee minerals without leased federal minerals. No new federal leases mean no future lease bonus payments, rentals or royalties will be paid to allottees because without federal leases, it is uneconomic and infeasible to lease or to develop only allottee leases.

Enduring produces in the Mancos shale formation using horizontal drilling and multi-stage hydraulic fracturing completions. The Mancos formation is developed by drilling wells approximately one mile below the surface, with laterals up to three miles in length. Drilling long laterals requires large blocks of minerals. Four to eight laterals can be drilled from one 3-acre well pad. Each lateral costs an average of $6.5 MM and on average returns $6 million in revenue per year, with a projected 20-year life cycle.

Enduring has invested over $25.5 million in a water handling system to eliminate the need to vent or flare methane. Most significantly, this system allows Enduring to eliminate the use of scarce fresh water in completions and instead to use recycled water. This water system not only reduced the operational need for fresh water, but also reduced the air emissions and safety concerns resulting from water truck traffic.

Enduring works closely with its allottee lessors and understands the significant economic and quality of life challenges faced by the allottees. The conditions of poverty that exist on the Navajo Reservation and, particularly in the Eastern Agency Chapters, are shocking. Revenues from oil and gas production constitute the principal economic activity that sustains the Navajo allottees, whose family members and elders continue to reside without electricity or running water in prefabricated homes or in hó'gáns (traditional round or hexagonal dwellings with a wood- or coal-burning stove) in the Navajo Nation's Nageezi, Huerfano, and Counselor Chapters. Oil and gas royalty income can double modest incomes. Allottees in the Eastern Navajo Agency whose mineral rights have been so developed typically receive royalty payments totaling about $20,000 per year, in a region where the median annual income is below $27,000.

Current total revenue earned by 20,000 allottees in the San Juan Basin from Enduring:

- 2020: $13,225,686.08
- 2021: $22,009,596.50
- 2022: $39,908,770.64
- 2023 first quarter: $4,930600.61

Total for less than 3.5 years : $80,085,795.83 paid to 20,000 allottees.

Shortly after I joined Enduring in January 2020, Enduring was forced to shut in its oil wells as result of the COVID 19 pandemic and the precipitous drop in oil prices to a negative value. I was responsible for sending a letter to all of its allottee lessors telling them that the wells were being shut in and that their royalty payments would be suspended until production could be restored. After the letter went out, many allottees called Enduring in great distress. I personally talked to dozens of allottees who were desperate to know when the company might be able to resume production. I heard first-hand heart-wrenching descriptions of the widespread illness and loss of family members to COVID, that they didn't know how they would pay rent, buy food or make their car payments without their oil money, and how much they depended on their checks. Fortunately, Enduring was able to begin turning wells back on after about 60 days, but the low oil prices kept their royalties low for the rest of that year, creating extreme hardship.

I. Fact #1: Allottees are neither confused nor misinformed about the impact of Public Land Order No. 7923 on their unleased minerals – there are 418 unleased allotments, affecting 16,615 allottees, with mineral resources that will never be developed because of the federal minerals surrounding them.

Navajo allotments were created when Congress passed the General Allotment Act in 1887. The act stated that the head of each family would receive 160 acres of tribal land and each single person would receive 80 acres. Title to the land would be held in trust by the government for 25 years. After 25 years each individual would receive United States citizenship and fee simple title to their land and minerals. Tribal lands not allotted to Native Americans on the reservation were to be sold to the United States and the land would be opened for homesteading. As a result, the allotments are located today in a checkerboard pattern with federal minerals.

This mixed ownership is shown on Exhibit "1", which is a map illustrating mineral and surface ownership and showing the extent of the impact of the ten- mile Chaco Buffer Withdrawal on allottee lands and minerals (shown in purple). The map also shows that the San Juan Basin, as a result of drilling since the 1950's (black dots are wells), has largely been developed *except* in the southwestern portion where the allottee lands are located and where the Chaco Buffer Withdrawal is located. There are 53 leased allotments within the Chaco Buffer

Withdrawal, each generating roughly $6.2 MM per year in royalties for an average of 5,462 individuals.

The area highlighted in yellow is the area prospective for the development of Mancos formation oil, and the green Fruitland Outcrop marks the extent of the Mancos formation reservoir. To develop oil and gas in this area requires long laterals and large units of consolidated minerals; this is the challenge in the checkerboard area. Without federal oil and gas right-of-way access, long (2-3 mile) lateral wells will not be able to pass through federal minerals to allottee minerals. Without federal oil and gas minerals there are insufficient allottee minerals to justify the expense of modern oil and gas development. It is impossible to access, or economically develop, Navajo allotments without federal minerals and rights-of-way. Without federal oil and gas the allottee minerals will not be developed. It is an obvious fact that there will be an impact on the allottees from the Chaco Buffer Withdrawal. The withdrawal will prevent the development of a *significant* amount of allottee fee oil and gas minerals.

II. Fact #2: Although there are no oil and gas operations near Chaco, nor any geologic potential for future development within a 6-mile radius of Chaco, significant oil reserves will be lost as a result of Public Land Order No. 7923.

The map marked Exhibit "2" illustrates the *potential future development* that will be lost as a result of the Chaco Buffer Withdrawal, the outline of which is shown on the map. Currently producing and proposed federal units are shown on the map. The yellow illustrates currently leased minerals. Allottee lands are shown in purple, the Fruitland Outcrop in green marks the end of the unconventional Mancos formation potential. *You will note that there is no oil and gas development, nor future potential for development, within a 6-mile radius of CCHNP because geologically, the area does not contain developable oil and gas reservoirs.*

No oil and gas company has studied the Mancos shale more comprehensively or has the operational experience than Enduring. Using an industry-accepted tool to predict oil in place in two separate reservoirs of the Mancos formation, the Gallup and the Silt, this map illustrates how the outermost area of the Chaco Buffer Withdrawal could be developed if federal minerals were available to be leased. The green horizontal "sticks" depicted on the map illustrate the long lateral wells that would reach out from large well pads into the Gallup and Silt formations.

The BLM asserted in its Chaco Withdrawal Environmental Assessment ("EA") that only 47 wells will be prevented from development by the Chaco Buffer Withdrawal (4MM bbl oil and 3.8 bcf gas, with lost royalty revenue of $4.8MM). We think that is a lowball estimate and we pointed out in our comments where, based on our research and experience, BLM went wrong in making this estimate.

This map shows otherwise – in fact, over **233 wells** (39 in the Silt and 194 in the Gallup) will not be developed. This translates into *over* 86MM barrels of oil and 25.85 BCF of natural gas lost as the result of the Chaco Buffer Withdrawal. Enduring estimates that approximately 56,320 acres outside of currently existing Mancos/Gallup units could be economically developed in the Chaco Buffer Withdrawal area if the Withdrawal had not occurred. Of that, 10,720 acres, or 19%, of those acres are Navajo allotments, and the remaining 45,600 acres (81%) are federal, state or privately-owned fee minerals. Therefore the impact of the Chaco Buffer Withdrawal falls largely on the allottees because without the federal leases and rights-of-way, their minerals will not be developed, as shown on the next exhibit.

Based on these estimated production numbers and a royalty rate of 16.66%, the combined (federal and allottee) royalties forgone would be **$51,122,997 per year** for a **total of $1,022,459,948** for the **20-year withdrawal**. The **forgone royalties for the Navajo allottees tracts** would be **$194,267,390** over the **20-year** withdrawal. Thus, the BLM's predicted impacts in the Chaco Withdrawal EA on revenue, jobs and environmental justice communities, primarily the Navajo allottees, are much greater than disclosed in the Withdrawal EA.

The illustration marked Exhibit "3" is a cross-section that depicts the development of the Mancos Formation through long laterals drilled in large federal units consisting of federal and allottee minerals. The cross-section clearly shows how without the federal minerals and federal rights-of-way (to drill through federal minerals) it would not be physically possible, nor economically possible, to develop the allottee minerals alone.

Our perspective as a member of the oil and gas industry operating on federal lands is that the development of federal oil and gas is an essential part of BLM's multiple use mission and supported in federal law. *See, e.g.,* Mineral Leasing Act of 1920, Mining and Minerals Policy Act of 1970, Federal Oil and Gas Royalty Management Act of 1982, Energy Policy Act of 2005 and the Inflation Reduction Act of 2022. Federal oil and gas revenue support state budgets and the U.S. Treasury. Oil and gas development creates good-paying jobs in rural areas. The energy produced on federal lands reduces our dependence on foreign suppliers and enhances our national security, as well as providing significant revenues to both the federal government and the State of New Mexico.

Most significant to the subject of the hearing, the U.S. Department of the Interior bears a legal responsibility to act as a fiduciary to Indian Tribes and allottees; a role the BLM understands requires the agency to "maximize economic gain for tribes/allottees. . . ." Yet, the result of the Chaco Buffer Withdrawal is to foreclose the allottee's ability to develop their minerals.

III. Fact #3: The Chaco Buffer Withdrawal Area is well protected by current statutes and BLM policies regarding surface use.

The issuance of the Chaco Buffer Withdrawal fails to consider the role of other federal environmental laws in protecting culturally important sites such as Chaco. The FLPMA, the Mineral Leasing Act and federal environmental laws contain substantive requirements to protect the environment—air, water, fish and wildlife resources, endangered species, birds and raptors, historic and cultural resources. Procedural statutes like National Environmental Policy Act and National Historic Preservation Act direct BLM to consider the environment and historic and cultural resources before approving any drilling locations. BLM routinely uses these federal laws to manage the environmental impacts of authorized actions, like oil and gas, on BLM public land resources. The oil and gas industry fully accepts it shared responsibility to protect the landscape, air and water resources and the public health.

The oil and gas industry has not leased or developed oil and gas resources within a 6 mile-radius of CCHNP and has no reason to do so in the future. The industry recognizes that the Puebloan and Navajo peoples have strong cultural and spiritual ties to the CCNHNP and respects the importance of preserving it for future generations. If an archeological survey identifies any cultural resource in the outer 4-mile radius around the CCHNP, current law will protect that site by requiring the potential drilling location to be moved to avoid the resource. Existing federal substantive and procedural laws and the regulations administered by the BLM minimize adverse impact from oil and gas operations to the surface.

Summary. To summarize my testimony today, there are no present nor future oil and gas operations that will disturb the CCHNP or affect the 40,000 citizens who visit this great cultural legacy each year. Current law and geological facts on the ground will continue to protect the CCHNP. The Chaco Buffer Withdrawal is not necessary to protect that national resource.

Unfortunately, the impact of the withdrawal will fall on the least able to withstand it – Navajo allottees who rely on oil and gas revenues for basic needs. With the Chaco Buffer Withdrawal of federal minerals, Navajo allottees are being denied the right to develop their minerals in the outer 4-miles of the 10-mile Chaco Buffer Withdrawal. As we explained, that is because of the checkerboard ownership of the minerals and the necessity of creating large federal units for the drilling of 2-3-mile-long horizontal wells.

Any culturally important archaeological sites located on the surface of unleased public lands in the remaining undeveloped portion of the Mancos formation are fully protected by existing federal laws and regulations as well as BLM policies and lease stipulations. The only actual impact of the Chaco Buffer Withdrawal is to deny Navajo allottees and the nation the potential to develop remaining Mancos oil reserves that could potentially provide much needed income to the allottees and contribute to our nation's energy independence and national security.