

DEMANDS FOR, AND PROTESTS OF, O&G LEASE SALES GROW

Despite new objections to onshore oil and gas development in five western states (by our count), BLM continues to sell almost all tracts it offers.

Most recently, the Colorado BLM May 8 offered 49 tracts and sold 46 of them, grossing almost \$4 million in bonus bids and other fees. However, just before the sale the Colorado BLM pulled 84 parcels extending over 144,000 acres after receiving more than 100 protests. All the protested tracts are in the Rio Grande National Forest.

BLM may reoffer those parcels, but is not sure when it will have addressed complaints in the protests. "We're not projecting when it might be," said a BLM spokesman. "Some of it may be ready as early as the next lease sale in August." The spokesman could not say if all the deferred acreage would be offered this year.

Just before the BLM sale on May 2 Sen. Ken Salazar (D-Colo.) and Rep. John Salazar (D-Colo.) asked BLM to delay offering the Rio Grand National Forest tracts in deference to Rio Grande and Saguache Counties.

"While these parcels were inventoried for their oil and gas potential in the Rio Grande National Forest Management Plan and the Resource Management Plan of the San Luis Valley Public Lands Center, neither Rio Grande nor Saguache Counties have zoning regulations current for oil and gas exploration at the scale proposed," the Salazar brothers wrote Sally Wisely, BLM Colorado State Director. BLM then withdrew the tracts.

In the last month BLM has also heard objections to oil and gas development in, alphabetically, Nevada, New Mexico, Utah and Wyoming.

On the other side of the fence the oil and gas industry continues to ask BLM to maximize oil and gas lease sales and permit approvals in President Bush's last year in office. Industry representatives such as the Independent Petroleum Association of America (IPAA) argue that public lands energy development can provide some relief from zooming gasoline prices.

Dan Naatz, vice president of federal resources for IPAA, said of the administration, "They are certainly going after it. We'd urge them to continue to be aggressive." Naatz recommended that BLM work with other federal agencies to approve quickly applications for permit to drill (APDs) that comply with land management plans.

But, he said, "There is a fear that when an administration gets into its last year, an apathy develops in the bureaucracy. We hope the White House and the Department of Interior will not let that happen."

The administration has offended industry with at least one proposal - a \$4,000 fee for processing each APD, a proposal that the Democratic Congress approved in December. Senate Republicans have written a comprehensive energy production bill (S 2958) that would eliminate the fee. While the Republican bill is not going anywhere in a Democratic Congress, opponents of the fee want it included in any energy bill, if one moves. (See related article page 5 on Senate energy bills.)

BLM does have a couple of initiatives in the works that could lead to increased energy development, a bureau spokesman said this week. For one thing it may use more categorical exclusions (CXs) from detailed environmental reviews, as authorized by Section 390 of the Energy Policy Act of 2005 and BLM Instruction Memorandum No. 2005-247 of Sept. 30, 2005.

"This will be aided by the completion of pending resource management plans that examine the level of detail in planning areas in a manner that would allow us to more readily utilize these CXs," said bureau spokesman Matt Spangler. "In addition, completion of pending environmental impact statements in areas with significant oil and gas development potential will allow for more use of CXs."

Expanded use of CXs risks new litigation from environmentalists, said David Alberswerth, a BLM policy staff member for The Wilderness Society. "They have increased the use of categorical exclusions to 25 percent of drilling permits in the last two years," he said. "Most troubling for us is they don't review the situation to determine if extraordinary circumstances exist that justify the categorical exclusions, as required by (the Council on

Environmental Quality) and the BLM manual. This will almost certainly have to be resolved with litigation or by a change of policy from the next administration."

BLM may also increase the use of off-site mitigation to compensate for habitat damage caused by energy development. "We will be releasing soon a revised version of our offsite mitigation policy, which will allow for oil and gas permits to be issued in places where it was more difficult before," said Spangler.

Alberswerth also objected to that. "If you talk to most wildlife biologists, off-site mitigation has proved not to work," he said. "A lot wished it did. But that will probably have to be litigated."

Overall, Alberswerth foresees a concerted effort by the administration to maximize lease issuance and APD approval over the next year. He sees that playing out in (1) an attempt by BLM to complete as many resource management plans as possible, particularly in Utah, and (2) an attempt by BLM to offer the Roan Plateau in Colorado for lease. He anticipates a Roan sale in August.

Here's some of the to and fro in the West:

COLORADO: When BLM proposed leasing more than 140,000 acres of the Rio Grande National Forest in the May 8 Colorado BLM sale, the Salazars, the Colorado Division of Wildlife, sportsmen and environmentalists objected. BLM got the message and withdrew 144,000 acres from the sale. BLM did offer 49 tracts and sold oil and gas rights to 28,546 acres.

WYOMING I: Gov. Dave Freudenthal (D) told BLM May 2 that its proposed resource management plan (RMP) for developing the oil rich Pinedale Anticline in Sublette County was "unacceptable." He said BLM had failed to tell the state whether BLM would adopt an adaptive management procedure for the plan or simply prescribe conditions for development.

Said Freudenthal, "Prior to the discussions between Pinedale (BLM) staff and state cooperators on April 21, 2008, it was our understanding that the proposed Pinedale RMP was intended to be performance based and would therefore rely on provisions for the adaptive management of resources and resource values. Given the recently discovered uncertainty and serious level of overall confusion surrounding this previously understood course, we are engaged in a last ditch effort to try and cover the bases."

BLM has prepared a supplemental draft EIS for the Pinedale area to cover the drilling of some 4,399 wells, up from 1,139 authorized now, in the 200,000-acre anticline. Freudenthal said BLM should start over with a new RMP.

WYOMING II: The Senate Energy Committee May 7 approved legislation (S 2229) from Sen. John Barrasso (R-Wyo.) that would authorize the Forest Service to buy out oil and gas leases on 1.2 million acres of the Wyoming Range of the Bridger-Teton National Forest. The Forest Service could not use federal money; it would have to use donations from non-profit groups. The oil and gas industry and interest groups in the debate will almost certainly focus on 44,000 acres BLM has leased in the last few years on behalf of the Forest Service.

The Industrial Energy Consumers of America criticized the Barrasso bill and said the withdrawal could take out of play 8.8 trillion cubic feet of natural gas. "At a time when every homeowner, farmer and manufacturer is suffering from high energy costs, this is not the time for Congress to withdraw access to large amounts of natural gas," said Paul N. Cicio, president of the association.

NEW MEXICO: As we reported in the April 18 issue, the New Mexico State Office of BLM withdrew 60,000 of the 112,000 acres it had planned to offer in an April 16 oil and gas lease sale. BLM was still able to sell all 61 oil and gas leases it offered, bringing in \$15.7 million. BLM said it pulled 37 tracts from the sale because of litigation over a resource management plan governing Sierra County.

UTAH: Environmentalists and their allies submitted more than 50,000 comments last month in opposition to a West Tavaputs oil and gas development project proposed for east central Utah. The preferred alternative would authorize 800 new natural gas wells over 20 years. The project covers 137,000 acres. The Bill Barrett Corp. proposed the project.

"The West Tavaputs project is the most egregious project that we've seen put forward by the BLM and industry in Utah during the Bush

administration," said Stephen Bloch, staff attorney for the Southern Utah Wilderness Alliance. Environmentalists say the area is packed with both natural beauty and cultural resources.

NEVADA: Environmentalists are objecting to a BLM plan to write an environmental assessment (EA) to evaluate oil and gas leasing in Lander and Nye Counties. The Westside EA would consider the impacts of making 1.7 million acres of land available to lease. The Center for Biological Diversity argues that energy development there would worsen global warming. "By failing to even mention the climate implications of this oil and gas project in its Environmental Assessment, the Bush administration is hiding the truth regarding the real effects of its misguided energy policy," said Rob Mrowka, the center's Nevada representative.