



## PRODUCING ENERGY AND PROTECTING WILDLIFE FOR AMERICA

- America uses a prodigious amount of energy every second of every day. Energy shortages and rising energy prices are felt almost immediately, particularly by low-income Americans, through loss of jobs and higher prices of consumer goods. To meet Clean Air Act standards, over 90% of new electricity power plants run on clean-burning natural gas. This increased demand on natural gas is straining domestic supplies, resulting in historically high natural gas prices.
  - The American manufacturing sector has been built on affordable natural gas. Natural gas is used in the American chemical industry to produce the chemicals needed throughout most manufacturing processes. This year, American chemical, fertilizer and plastic industries have lost over 100,000 jobs as a result of high natural gas prices.
- The President's comprehensive energy plan addresses natural gas demand not only through increased and environmentally careful production of domestic natural gas, but also through investment in renewable resources and conservation.
- Public lands play an important role in satisfying America's energy needs. Five oil and gas basins in Montana, Wyoming, Colorado and Utah contain the second largest resource of natural gas (after offshore basins). The five basins contain some 139 trillion cubic feet (tcf) of natural gas – *enough to heat the 55 million homes that use natural gas for over 29 years*. The natural gas produced in the West is put into a network of pipelines that deliver it to the consumer's burner tip both east and west of the Rockies.
  - President Clinton and Congress, in the Energy Policy Conservation Act of 2000 (EPCA), directed that onshore public lands be inventoried and constraints to development identified. Regarding the natural gas in these five basins, the study found that:
    - **39%** of the surface (containing **63%** of the gas resource) are open with standard lease stipulations, designed to protect air, water, wildlife and historic and cultural resources as well as require reclamation
    - **25%** of the surface (containing **25%** of the gas resource) are open, but under greater restrictions
    - **36%** of the surface (containing **12%** of the gas resource) are closed to leasing
- Congress requires that every 3 months, the Bureau of Land Management (BLM) offer to lease lands where 1) there has been interest expressed in leasing and 2) BLM's land use plan allows for the leasing. It's the law – Federal Oil and Gas Leasing Reform Act of 1987. It's also the law, however, that no leasing occur without a land use plan that 1) has gone through public participation and 2) has met the requirements of the National Environmental Policy Act (NEPA).



- BLM leases carefully. Every lease contains a standard stipulation designed to protect air, water, wildlife, historic and cultural resources as well as require reclamation. Leases may also include any number of a 1000 additional stipulations to further protect important resources. Many of these lease stipulations are designed to protect wildlife and are a necessary part of producing oil and gas in an environmentally responsible way. BLM takes these stipulations seriously. BLM is not permitted to waive or modify any lease stipulation of substantial concern without public notice and the opportunity to participate. One-time exceptions to lease stipulations (usually at the end or beginning of a closure season) occur only after consultation with the state wildlife agency.
- The law requires that a land use plan be in place for the management of public lands. This land use plan includes how oil and gas development may occur on the land. The BLM has much discretion in implementing oil and gas leasing decisions during active land use planning revision or amendment. Some leasing may be deferred within the preferred alternative when a draft proposal has been made available to the public.
- BLM managers have the discretion to temporarily withhold or defer parcels from leasing if they have important unanswered questions relating to public resources. For example, in Pinedale, WY, between April 2003 and August 2004, 21 parcels totaling 22,444.24 acres were withdrawn from leasing to protect plan alternatives, consult on Canada lynx, grizzly bear, gray wolf and to protect a historic trail. The BLM in Utah, as an example, has deferred action on nearly half of the parcels nominated by industry since the beginning of 2004.
- In the first 4 years of the Bush administration, there has been a 2.2% decrease in total number of acres leased when compared to the last 4 years of prior administration. During this same 4-year period, there has been an 88% increase in the number of well permits issued by this administration. The increase reflects the public's demand for clean-burning natural gas and Congressional direction in the 2004 Appropriations bill that BLM reduce the backlog of well permits. The backlog of well permits was the result of the 2-year moratorium to prepare the Powder River Basin land use plan and conduct NEPA analysis. FY 2004 well permits increased significantly due to increased natural gas demand and higher oil and gas prices.
- Oil and gas leasing and production are occurring on a small fraction of public lands and are not the dominant use of those lands. BLM manages 261 million acres of surface and 700 million acres of minerals under U.S. Forest Service, BLM, other federal agencies and private land. Less than one percent of BLM's surface acreage or the federal mineral acreage have oil and gas production ongoing.
  - 165,000,000 acres have been withdrawn from the federal mineral estate – no mining or oil and gas (National Park Service, Wilderness, Bureau of Reclamation reservoirs, Department of Defense lands)
  - 41,000,000 acres are under lease (54,200 leases) or about 8% of the federal mineral estate
  - Land disturbed from oil and gas production is less than 1% (200,000 acres) of BLM's surface
  - Land disturbed from oil and gas production on the federal mineral estate is less than 1%
  - There are approximately 55,000 producing oil and gas wells on public lands



## U. S. Department of the Interior Bureau of Land Management

- Most oil and gas leases are sold through competitive bids and generate billions of dollars for states. The \$2 per acre minimum rental, that is commonly reported, is accepted only when no competitive bids are received on offered parcels. By law, 50% of oil and gas receipts are paid to the states and the balance goes to support the Land and Water Conservation Fund and the federal reclamation fund. In fiscal year 2003, oil and gas bonus payments, rental and royalties exceeded \$1.259 billion. Undrilled leases provided \$28 million to states in rentals alone. In addition, states apply other taxes and fees on oil and gas production.
- Before a drilling permit is issued and a well is actually drilled, experts conduct a second round of environmental analysis and the public is provided with notice of an application for permit to drill and an opportunity to comment on the application. Before a lessee of mineral rights may even apply for a drilling permit, the lessee must either 1) make a good faith effort to notify the surface owner and obtain an agreement on surface use and compensation or 2) if unable to reach agreement with the surface owner, post a bond to protect the surface owner's rights. Regardless of ownership, the lessees must post a separate second bond to ensure well abandonment and reclamation of the well site. The lessee must comply with all federal and state environmental laws. BLM is now requiring every field office to consider requiring the use of certain "best management practices," known as BMPs, to reduce impacts on visual and other natural resources. If the BMPs are made part of the drilling permit and go through an environmental analysis they are MANDATORY.
- The BLM is initiating new land use plans that have innovative ways of reducing the environmental impacts in sensitive habitats. One of these is the recently approved plan amendment in Otero and Sierra Counties in southern New Mexico. Our plan for Otero Mesa is an example. Previously, nearly 2 million acres were open for leasing; our recent record of decision closes more than 130,000 acres to leasing altogether, and would only allow *1,589 acres* of surface disturbance on the remaining 1.85 million acres. In the long-term, only *860 acres* could be occupied, which is only four hundredths of one percent of the total area. In sensitive grassland areas, no more than five percent of the lease may be disturbed at any one time and developers must adhere to some of the strictest reclamation stipulations on record.



### **Five Examples of How BLM Cares for Wildlife in Energy Development**

#### **San Juan River Basin Plan, New Mexico – Record of Decision Signed September 2003**

- Seasonal restrictions to protect wildlife
- 30% of the area (400,000 acres) set aside for wildlife
- No development activities during spring calving and raptor roosting
- Adaptive management to address wildlife and habitat needs

#### **Powder River Basin Plan, Wyoming – Record of Decision Signed April 2003**

- Final plan affects less than 1% of winter habitat for resident pronghorn, white-tail, mule deer and elk
- Seasonal closures for wildlife
- Mitigation measures and special conditions of approval for every well permit to protect wildlife
- Adaptive management to address wildlife and habitat needs

#### **Jack Morrow Hills Plan – Wyoming – Record of Decision Projected to be complete March 2005**

- Greater sage-grouse breeding (lek, nesting and early brood-rearing) and winter habitats identified and protected in coordination with Wyoming Game and Fish
- Elk and mule deer have seasonal protections for crucial winter and parturition areas
- Special management designations on new leases (no surface occupancy and controlled surface use) to protect key habitats and migration corridors in 20% of the area (99,000 acres)
- Seasonal limitations on surface disturbing activities to protect spawning game fish and special status fish
- Raptor nesting areas have “no surface occupancy” and seasonal restrictions for nest sites and winter roosting

#### **Otero Mesa Plan – New Mexico – Record of Decision signed January 2005**

- Aplomado falcon potential habitat discretionarily and permanently closed to leasing (35,790 ac.); existing plan had no such protections
- All future oil and gas leases will allow surface disturbance on no more than 5 percent of the actual lease within the Chihuahuan Desert Grasslands
- The plan calls for total long-term surface disturbance in the planning area to be 860 acres, or only four hundredths of one percent of the total area. No more than 141 exploratory wells will be authorized and BLM anticipates no more than 84 producing well in the long term
- Seasonal restriction and controlled surface occupancy will be placed around raptor nest sites for nesting protection

#### **Roan Plateau – Western Colorado – Draft Resource Management Plan Released November 2004**

- Proposed two ACECs to protect fish and wildlife values
- Proposed seasonal restrictions on all winter ranges
- Proposed that 42 percent of the affected habitat would have no surface occupancy
- Proposed watershed protection areas atop the Roan Plateau