

Biodiversity Conservation Alliance * Californians for Western Wilderness
Colorado Environmental Coalition * Dakota Resource Council
Dakota Rural Action * EARTHWORKS/Oil and Gas Accountability Project
Environment Colorado * Natural Resources Defense Council
New Mexico Republicans for Environmental Protection
New Mexico Wildlife Federation * Northern Plains Resource Council
Oregon Rural Action * Powder River Basin Resource Council
Republicans for Environmental Protection * San Juan Citizens Alliance
Southern Utah Wilderness Alliance * The Wilderness Society
Truchas Chapter of Trout Unlimited * Upper Green River Alliance
Western Organization of Resource Councils * Wilderness Workshop
Wyoming Outdoor Council

Vote “yes” on Heinrich split estate amendment
Vote “yes” on passage of H.R. 3534

July 13, 2010

The Honorable Nick Rahall II
Chairman
House Natural Resources Committee
1324 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Doc Hastings
Ranking Member
House Natural Resources Committee
1329 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairman Rahall and Mr. Hastings:

On behalf of our members in the Rocky Mountain West and elsewhere, we are writing to express our support for the Consolidated Land, Energy, and Aquatic Resources Act of 2009, H.R. 3534, introduced by Chairman Rahall, as well as Representative Heinrich’s surface owner protection amendment.

While much recent attention has focused on the dangers of offshore drilling in light of the Gulf of Mexico oil spill disaster, accidents involving human health and the environment from oil and gas operations take place onshore as well, posing threats to drinking water, air quality, wildlife habitat, agricultural lands, the health of communities and our prized public lands.

H.R. 3534 includes a number of provisions that are critical to ensuring that the fiscal and environmental oversight problems that have afflicted both the onshore and offshore oil and gas programs are reformed, including:

- Sec. 231 requires issuance of new “diligent development” requirements to encourage development of and discourage speculative holding of leases.
- Sec. 232 requires reporting on efforts to develop nonproducing leases.
- Sec. 233 requires notification of the public, private surface owners and recreational leaseholders in advance of leasing and permitting.
- Sec. 234 specifies that onshore lease sales take place no more than three times per year per state, increases annual rental rates to \$2.50 per acre, and eliminates non-competitive lease sales.
- Sec. 236 requires the use of safety and environmental standards (now voluntary) to ensure the sound, efficient, and environmentally responsible development of oil and gas in a manner that avoids, minimizes and mitigates impacts from oil and gas development.
- Sec. 237 requires complete and timely reclamation of lease tracts, and restoration of any adversely affected lands or surface waters.
- Sec. 238 requires wildlife sustainability planning, management, monitoring and evaluation.
- Sec. 239 requires public disclosure of the often-toxic chemicals used in drilling and completion of oil and gas wells on federal leases.
- Sec. 241 ends the use of “categorical exclusions” established by the Energy Policy Act of 2005 by various oil and gas activities to short cut environmental review and analysis.
- Sec. 702 establishes a fee of \$2/bbl for oil and \$0.20/million btu for natural gas on all federal onshore and offshore leases in effect on the date of enactment that are producing oil and gas in commercial quantities.

Representative Heinrich’s surface owner protection amendment would enact stronger protections for those who own the 57 million acres of private land above federal minerals. As the oil and gas industry has expanded over the past decade, millions of acres of land have been disturbed by pipelines, roads, compressor stations, wastewater containment ponds and well pads, turning agricultural areas into industrial zones, the Westerners who own these “split estate” lands find that they have very little leverage to ensure responsible development on their land.

Representative Heinrich’s amendment would empower these landowners to have a greater say in the course of mineral development on their land and ensure compensation for damages. It would require BLM to notify surface owners before leasing and permitting; require a surface use agreement or bond; and ensure compensation for lost agricultural production and income, lost land value, lost use of and lost access to the land, and lost value of improvements – similar to state laws in Montana, New Mexico, North Dakota, South Dakota and Wyoming.

Enactment of these important provisions will not impede development of our federal oil and gas resources, but will help balance our nation's need for oil and natural gas with the need to protect the environment, wildlife, and the rights of property owners. We urge passage of these critical provisions of H.R. 3534, and Representative Heinrich's amendment.

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Companies report nearly 1,000 spills in Colo.

By BURT HUBBARD The Denver Post
Posted: 06/28/2010 12:15:18 PM MDT
Updated: 06/28/2010 12:15:19 PM MDT

DENVER—Oil and gas companies have reported almost 1,000 spills to Colorado regulators over the past 2 1/2 years, totaling 5.2 million gallons of drilling liquids and oil.

They ranged from small oil leaks from half-closed valves to thousands of barrels of tainted water that escaped from pits.

It's far from the volume of oil now shooting into the Gulf of Mexico, but a Denver Post analysis of state spill reports shows that even far from offshore, drilling for oil can regularly create unintended messes:

— Produced water extracted along with natural gas and frac water used in the drilling process were the most common substances spilled. They accounted for nearly half of the spills, 461, and about 85 percent of the amount

— One hundred eighty-two spills got into groundwater and 82 into surface water. Another 10 reached groundwater and surface water. Most of the groundwater impacts were in Weld County, many of them from historic spills discovered when replacing or moving well equipment.

— Weld County and its 15,000 oil wells had the most overall spills, with 365—more than one in every three spills in the state. However, Garfield County had the most material spilled, 66,386 barrels, mostly drilling liquids and water used in natural-gas exploration.

— The spills have led to only two fines so far, both for 2008 spills by the same company that fouled springs on the Western Slope. The fines totaled nearly \$650,000.

Environmental groups said they are worried about the cumulative effect of so many spills.

"to believe we can have a lot of little spills and a lot of big spills and that we're not going to see a really, really big impact is to ignore the reality of the risks of this industry," said Nada Culver, senior counsel for the Wilderness Society in Denver.

David Neslin, director of the Colorado Oil and Gas Conservation Commission, said many of the spills are small with no real environmental impact, while the state requires remediation for spills that affect the ground and water sources.

The state requires companies to routinely report spills of 5 barrels or more. If a spill occurs near a populated area, companies must report even smaller ones.

"Our reporting requirements are very low," Neslin said. "Many of these reports are for relatively small spills or relatively benign discharges.

"It's not comparable to what's going on in the gulf."

And energy companies said they move quickly to deal with spills.

"Any drop is too much," said Curtis Thomas, director of government and public affairs for BP in the Rocky Mountains. "We immediately begin any kind of process for mitigation and remediation."

As in the Gulf of Mexico, energy exploration is a major industry in Colorado, with oil production in Weld County and natural-gas exploration on the Western Slope.

In 2009, the state estimated that mineral exploration generated more than \$700 million in revenue for local and state government.

The Post review of state documents found that 981 spill reports had been filed with the Oil and Gas Conservation Commission between Jan. 1, 2008, and June 15 of this year.

The spills totaled at least 123,193 barrels of material, or about 5.2 million gallons. However, 271 of the reports did not initially list the amount spilled. Many of those involved old spills just being discovered. For comparison, the 5.2 million gallons of fluids and oil spilled over 2 1/2 years is the equivalent of the amount of oil that spewed from the BP well in the gulf in about two days.

Kerr McGee, bought by Anadarko several years ago, submitted the most reports, 147, mainly for Weld County operations.

Anadarko spokeswoman Kimberly Mazza said the company moves quickly to notify authorities and start cleanup. Later, it reviews procedures to see what went wrong.

"We place the highest possible priority on being a safe and environmentally conscientious operator," Mazza said.

Companies are not required to publicly disclose the mix of chemicals used in frac fluids.

Colorado's new regulations that went into effect last year require that companies disclose the content of frac water involved in spills if the state asks, Neslin said.

Environmentalists said if the material is benign, its contents should be disclosed.

"It's about the public's right to know and what's going into the streams and aquifers around the state," said Steve Torbit, regional executive director of the National Wildlife Federation.

The Post analysis showed that two fines have resulted so far from the spills over the past 2 1/2 years. Both were against Oxy USA in 2008 for contamination of two springs near Parachute caused by leaks from pits containing drilling wastewater and hydrocarbons from oil and gas.

State investigators found elevated levels of benzene in the springs.

Neslin said other investigations of spills from that period are ongoing.

"In fairness, there are probably another five to 10 enforcement proceedings that are underway," he said.

Neslin said the state instead has concentrated its efforts on new rules designed to minimize the impact of spills. For example, the rules keep drilling operations farther from water sources and people.

"I think we would all agree it's more expensive to clean up a problem after it occurs than to avoid the problem in the first instance," Neslin said.

Information from: The Denver Post, <http://www.denverpost.com>