Southwest Resource Advisory Council Meeting
MEETING MINUTES
Friday, Nov. 19, 2004

Durango Recreation Center, Eolus Room,
2700 N. Main Avenue, Durango, Colorado

Mark Stiles called the meeting to order at 9 a.m.

ATTENDEES:
Resource Advisory Council Members:
Don Bennett, Tony Gurzick, Drew MacLeod, Mallory Dimmitt, John Field, Kathy Welt, Howard Heath, Ann McCoy, Andrea Robinsong, Ellen Stein, Alan Staehle, Art Goodtimes, Kelly Wilson, Andy Gulliford, Nik Kendziorski

BLM: Mark Stiles, Brian Davis, Walt Brown, Ann Bond, Jim Powers

Visitors	Representing	Town/City
Many, many, many	many different interests	All over Four Corners

Opening Remarks/Introductions:
All RAC members are present, so a quorum exists to hear input and give advice and direction on the Northern San Juan Basin (NSJB) Coalbed Methane (CBM) Draft Environmental Impact Statement (DEIS). Barry Tollefson, who shares the RAC liaison role with Mark and Barb Sharrow, is retiring. Mark asked for election of officers. Andrea nominated Kathy as chair, Ann seconded. All said, yea. Alan nominated Art as co-chair, Tony seconded. All said, yea.

Northern San Juan Basin Coalbed Methane DEIS:
Mark gave an overview of the project status and reviewed public comment period opportunities. This is the ninth meeting on the draft EIS where the public can offer comments. BLM has final say on drilling, but the Forest Service has surface management responsibility on National Forest System lands. Mark asked that comments/discussions be addressed to the BLM because the RAC is a BLM advisory council. The final EIS is expected in May/June 2005. Andy asked for information on BLM standards and procedures for drilling. Mark says we'll hit on that today and follow up later.

Walt, the EIS team leader, showed a map of the entire San Juan (SJ) Basin (the red dot "shotgun" map). About a third of the SJ Basin is in Colorado. The map showed the extent of existing gas developments. Undeveloped portions remaining include the lands of the Southern Ute Indian Tribe and the HD Mountains. The basin was created by a prehistoric inland sea that laid sedimentary layers on top of swamp layers and was later bent up into a huge bowl. The pressure of burial and uplift turned swamps into coals. Another map showed the NSJB project area. A presentation slide showed land status jurisdiction percentages and acreages. The whole project area is about 125,000 acres. Purpose and need was the next slide, and included what the project does and does not do. A slide of issues was shown next, followed by a slide of an alternatives comparison chart. Six companies, BP, Pure, Exok, Elmridge, Petrox, and XTO, brought the NSJB proposal to the agencies. The next slide showed the projected timeline.

Mark talked about the federal role in oil and gas development on public lands:
1. Leasing - Leases already exist for the federal minerals, except for 5,000 acres in the HDs. Some were sold in the late 70s, most recent was in 2001. Some have been resold since originally purchased. A lease is a contractual right allowing private companies to develop fluid minerals on public lands. Companies with federal leases have a right to enjoy the leases - the federal management agencies say how. The original planning documents considered management decisions - those being whether to be leased or not. Stipulations usually are time

restrictions like no drilling during sensitive wildlife seasons. There are three leases with No Surface Occupancy (NSO) stipulations in the project area that have waivers. They total about 4,000 -5,000 acres and are the most recently sold leases. Those prior to 2001 don't have NSO stipulations. There are 15-20 lease blocks. In 2001, one lease block sold for $1.2 million for 1,000 acres. There are other laws that must be followed as the agency approves sites.
Andy had questions about how cultural resources are being handled. Mark invited him to meet with agency archeologists working on the project, but maps aren't published showing cultural sites in order to protect them.
2. Application for Permit to Drill (APD), staking - There are two different ways a company makes an application to apply for a well location. Agency engineers technically review down-hole requirements. Designs must conform to lease terms and land-use plans. Impact analysis must be done under the National Environmental Policy Act (NEPA). We need new analysis because there's been enough development for old planning documents to not cover new situations and issues. Conditions of approval put on APD approvals include distances, appearances, timing, culvert sizes, or 'unitizing' with neighboring development.
3. Enforcement - The BLM is on-site during drilling and setting of surface pipe, witnesses testing, issues incidents of non-compliance if necessary, implements checks and balances, and conducts staff visits during drilling. Surface reclamation is monitored as things progress.

Andrea asked how much pull the RAC has with its recommendation to the agencies. Mark said it has a lot, hypothetically.

Public Comment Period

A La Plata Energy Council representative covered the issues of roadless, groundwater, domestic water, surface water and erosion, setbacks, alternative drilling techniques, and conclusions. NSO stipulations were rescinded when the HDs were not recommended by Congress as Wilderness and released for multiple-use management. Other comments included: CBM production does not affect water wells at the outcrop because they are casing properly. Produced water is different than domestic water. There is no interaction between separate aquifers. Water well depths in the county are at different levels. CBM wells in the Fruitland coals are much deeper. Domestic water wells are a completely different formation and cannot be affected by CBM production. Surface water permeates into ground and into domestic water wells. There have not been erosion impacts from current CBM development, and we don't think there will be in the future either. Setback should be flexible across the basin and based on existing data and analysis. Alternative drilling is investigational at this time, and technical challenges remain. They are doing pilot projects. The issue is production, not drilling, in terms of alternative drilling methods. The long-term stability of those well bores is not known. Half of the horizontal wells in the SJ Basin have experienced well-bore failures. There are significant technical challenges before it can be adopted overwhelmingly by industry. The agencies must honor the existing lease rights. The alternatives for horizontal and directional drilling, 1A and 1B, are not technically feasible. They support the Industry Proposed Alternative. It is not anticipated that groundwater will be affected. Impacts to surface water will be minimal if best management practices are followed. Setback criteria must be based on existing scientific studies and published papers.

A San Juan Citizens Alliance (SJCA) representative said the project poses dangers to human health and ecosystem integrity. Other comments included: The agencies have an obligation to protect public lands, and they have tools to make less impact on the roadless area. These include alternative drilling, existing roads, No Surface Occupancy, setbacks from outcrop, and lease buy backs. The Durango City Council, Archuleta County, and the Towns of Bayfield and Ignacio have all passed resolutions against drilling in the HDs. Public opinion has been overwhelmingly against this proposal. Opposition has come from a broad coalition of people, not just environmentalists. The existing gas developments are doing their part in providing natural gas to this country. The HD Mountains are a small part of the basin, and it doesn't make sense to drill there, too. Oil and gas development is not compatible with other multiple uses. The Amoco buy out of homes in Pine River Ranches led to the setback ruling now in effect along the outcrop.

Another SJCA representative said many who live here really care about these issues and think they will affect them personally as well as the ecology of the area. Other comments included: The HDs are an unusual ecological area. Drilling along the outcrop is dangerous. There are a lot of springs in the HDs, but they are not identified in the EIS. The HDs are a mid-level ecological zone except for these riparian areas. There are springs on hillsides and in the bottom of drainages. If they go dry, this will affect the current grazing permittee, ranches on the periphery, and wildlife.

This project goes against the idea of multiple use; during the life of the project, it will be single use. The EIS lists problems resulting from drilling near the outcrop. Old growth will be impacted. Topography is so rugged, no best practices will stop erosion in many areas. Wildlife will be greatly affected. The agencies need to allow evaluation of directional and horizontal drilling, honor NSO stipulations, and buy back leases. There is precedent to think outside the box. There's no existing alternative that looks at this. None include not drilling along the outcrop. There needs to be a true low-impact alternative. What constitutes "enjoyment of a lease"? There is no rationale in the EIS. HD's CBM could be drained by horizontal drilling without roads. Lease buy backs could compensate companies, or they could be given the option of surrendering leases for tax incentives. The EIS needs to analyze the feasibility of lease buy backs. The possibility needs to be evaluated. There's also a takings of water rights involved. Pine River Ranches was again referenced.

Mark said that there would need to be a special appropriation from Congress to buy back leases. It would be too costly to handle within our normal appropriation. We do have authority to do land exchanges, which could be used to cover leases, but there must be willing parties holding the leases.

An Ignacio resident showed maps from the FS/BLM and spoke about erosion resulting from proposed development. Other comments included: The EIS proposes development in high-hazard soil types, which are highly erosive. Proposed development is in areas with highly erosive soils on steep slopes. There are mapped landslides in those soils. Avoid disturbance to these areas. Request agencies heed own warnings that CBM development cannot safely occur in these areas of the HDs. Erosion, in turn, leads to sedimentation that violates the Clean Water Act. This does not take into account new roads and pipelines. Unavoidable long-term damage will result to public lands used by many besides the energy industry.

A retired archaeologist said true significance of the cultural resources of the HDs is greatly underestimated in the EIS. Other comments included: The HDs are a vast reservoir of archeological resources. No one would dream of bulldozing Chaco Canyon, and potential scientific information of the HDs is just as significant. By studying the HDs, we could learn about past relationships between human lifestyles, populations, and the environment. We can study the carrying capacity of the land and behavior of people. We could use this information to find reasons to modify our behavior and culture today. Learning what made past cultures change their lifestyles when environmental consequences occurred is very significant today. The value of the archeology is greater than the oil and gas resources contained there. Once you destroy the context, you destroy the quality of the archeology. If you must extract gas, don't destroy any more cultural resources. Design a comprehensive cultural resource inventory of the HDs to get a handle on the resources there before you engage in a huge project like this.

Another individual that lives in the HDs and has a ranch said that he would be highly impacted and wants to see industry honor the 1.5-mile setback along the outcrop. Other comments included: We rely on the water from our springs, which could be dried up, and resulting erosion could fill up our ponds. This would cause a loss of our water rights. EIS doesn't acknowledge a lot of the homes and properties that exist there today. The EIS is flawed and inaccurate on the Archuleta County side of the project area.

An energy spokesman says technology to horizontally drill and complete wells exists, and we have done it today. He said that they stand willing and able to proceed with that.

A drilling engineer recommends looking for a solution to preserve these mountains. Other comments included: Industry expects a breakthrough in technology in four years. The gas will still be there, and the price is going up. Proposes consortium of leaseholders and drilling from horizontal wells. The EIS points to several successes of this technology, which is cheaper than conventional wells and produces well. Just because there were a few failures in the SJ Basin is not a reason to say you can't do it, industry has always overcome production problems. What's the rush? The government compensates other energy producers. Why not for CBM? We have the technology to do it today.

An outfitter guide in the HDs said a lot of us are tied to tourism. Other comments included: People don't come to Southwest Colorado to see a pump jack. This proposal in the HDs will negatively impact all the big-game animals that use the area. Especially those that migrate there for winter range. The impacts on wildlife are going to be incredibly negative.

An industry spokesman said that they don't bulldoze archeological sites. Other comments included: We hire archeologists to clear the areas. I've lost many well-pad locations due to that and to endangered-species issues.

A rancher in the HDs said the 1.5-mile buffer is his concern. Other comments included: If creeks and springs that feed into the Piedra River are affected, it will impact everyone downstream as well as our water wells and irrigation ponds. There have been problems with drilling near outcrops in other places. Even the Southern Ute Indian Tribe blocked industry from drilling on steep ridges and high areas, and they are very pro-drilling, and the Indians still don't allow them in the steep areas. If they cut hundreds of miles of roads, there will be sedimentation from runoff, noxious weeds all over the place, and they can't keep up with the weed problems they have today out there. When is enough, enough?

A female resident doesn't want to see development along the outcrop and wants you to make it cost what it's really going to cost, not just the development cost. Other comments included: No matter what best management practices are used, the area will have to be reclaimed when the wells play out. The smaller companies may not be around to clean up after themselves unless you ask them to set aside the money upfront, and agencies have the right to do that. Each well in the roadless area will cost far more than the statewide fee each company currently pays for all their annual activity in Colorado. Creating a bonding restriction is not in the DEIS. Figure out how much it's going to cost to clean up each well site in advance. The industry can decide if it's too expensive to do that.

An industry representative says the total amount of gas produced in the SJ Basin is declining. Other comments included: They're trying just to maintain a flat production curve. Our knowledge has greatly advanced since Pine River Ranches. We've learned that the fact they had methane in their basements had nothing to do with CBM development. If we knew then what we know now, we wouldn't have bought them out. Our science proves that when you drill a well, it won't affect nearby houses. There's no evidence that it affects springs either. We have two projects experimenting with horizontal drilling. There are a lot of benefits, but there are too many questions remaining for us to say we'll do it everywhere. It's a technology that is not proven, and we have to go back in and re-drill when it fails. There are disagreements over what's in the EIS and what you're hearing today.

A Navajo Nation representative said that they deal with energy on their reservation. Other comments included: Be consistent in your considerations. They are a neighbor to this area. How will this affect the economy of the Navajo Nation? We have to coexist with these industries. They have an economy that doesn't provide for its people. Their land has been desecrated. He wants some information so he can brief the president of the Navajo Nation.

A female resident who lives near the HDs said she worked for an oil company for decades and could even benefit financially from drilling because she owns her own mineral rights, yet she was speaking against drilling near the outcrop. Other comments included: The outcrop water is fresh, potable, and drinkable. The Preferred Alternative says there could be increased methane seepage near residences. We don't have any now in our water well or springs. If you mess up my water, you can't do anything about it later. She prefers that you be cautious and stay away from the outcrop. The science that says there will be no problems has been done by energy company employees. It also doesn't include Archuleta County data.

A Durango City Council member said they have unanimously passed a resolution against drilling in the HDs or along the outcrop in a spirit of cooperation. Other comments included: They recognize their sister cities of Bayfield and Ignacio, and counties will be significantly impacted. They called for preservation of the existing natural resources.

A La Plata County Commissioner spoke for the option of purchasing leases and said there is precedent for this in Montana. Other comments included: The mission statements of the agencies make it hard to imagine there can be a decision to drill in these mountains. The repurchase of these leases would be in the best interest of all the people who live in this area. The people have spoken to you many times. In addition to Congressional appropriations, there may be other financial opportunities from other organizations. There is a need to revisit this process and look at how it will benefit the people of this area and the general public who owns the public lands.

The Mayor of Ignacio said that they also have passed a resolution against drilling in the HDs. Other comments included: Fellow ranchers hunt in those mountains, folks make a living off of tourism in that area. Generations of citizens have used that area for many years. There are plenty of other sites that could be used more efficiently for oil and gas production.

The Mayor of Bayfield said that they and the Archuleta County Commissioners have grave concerns. Other comments included: An old-growth forest cannot be reclaimed. They are also concerned about the visual corridor, and the impacts on water are very important. He asked the RAC to consider their plea and wishes. They are unanimous.

A Durango physician said that any scientist knows that science is limited. Other comments included: He said we do the best we can with what is known at the time. He used recalled medications as an example of how decisions can turn out to be mistakes. Once the roads are built and the drilling starts, those actions cannot be reversed.

A Bayfield resident said the wildlife portion of the document is grossly inadequate. Other comments included: He has ridden and hunted in the HDs for 25 years. The diversity of wildlife is incredible. Fracturing their habitat will impact the wildlife greatly. There is no real low-impact alternative in that EIS. At what cost are we going in there and drilling?

Discussion on Topic by RAC members:
RAC members discussed what they heard, as well as listened to a summary of the early subgroup public meetings, where comment was taken earlier. Members asked questions of staff regarding the major issues that were brought up by the public.

Resolution:
After considering the input from subgroup members, previous meetings, and presentations that were made, the Southwest Colorado RAC made the following general recommendations to BLM in preparing the FEIS for the Northern San Juan Basin Coal Bed Methane Project. Impacts on water (springs, streams, wells, ditches) should be more fully explored. Alternative technology options should be considered. BLM should look into the feasibility of implementing lease buy backs or exchanges as mitigation measures in the unroaded, inventoried roadless area and near

the Fruitland Outcrop. Development near the outcrop should be avoided until more information is available. Escrow and bonding should be required of proponents upfront to ensure future reclamation of major impacts. A new alternative should be developed to better evaluate efforts that would mitigate Roadless Area and Fruitland Outcrop issues. Full mitigation of noxious-weed introduction into the Roadless Area should be covered. BLM should encourage local governments to use their jurisdiction to maximize mitigation to the extent possible. Archaeological concerns should be more fully evaluated. Protection of true roadless areas should be more completely evaluated. Tony, Kathy and Art agreed to prepare a letter on behalf of the RAC to formally present this resolution for BLM's consideration (see attached). Art made a motion and Alan seconded, and it passed unanimously that the resolution be forwarded in the form of a letter including the above topics and discussion. The resolution letter will be forwarded to the BLM by the public comment deadline of November 30, 2004, if possible.

Future Meeting Dates/Locations:
Jan. 20-21, Delta
March 4, Montrose
May 6, Gunnison
July 22, Silverton

Meeting was adjourned at 4 p.m.

November 30, 2004

Bureau of Land Management
San Juan Public Lands Center
15 Burnett Court
Durango, CO 81301

RE: Northern San Juan Basin Coalbed Methane Draft Environmental Impact Statement – SWRAC Direction and Advice

Dear Bureau of Land Management,

Over the last several months, the Southwest Resource Advisory Council (SWRAC) has been listening to public testimony regarding the Northern San Juan Basin Coalbed Methane Draft Environmental Impact Statement (DEIS). These various meetings culminated with additional public comments being heard during the SWRAC meeting held in Durango on November 19, 2004. After hearing the comments at this meeting, the SWRAC unanimously passed a resolution to provide the Bureau of Land Management (BLM) with the following direction and advice regarding the DEIS:

A. Local governments have been united and clear in their concerns about certain aspects of the DEIS. La Plata and Archuleta counties and the cities of Bayfield, Ignacio, and Durango have all unanimously passed similar resolutions. These resolutions all ask the BLM and Forest Service to protect the roadless portion of the HD Mountains Inventoried Roadless Area (IRA) and to avoid impacts from natural gas well development within one and one-half miles of the Fruitland Formation Outcrop.

   There are currently no alternatives in the DEIS which analyze the issues and requests of these local governments. The SWRAC would like the BLM to develop and analyze an alternative that directly addresses the concerns expressed by these local governments and their constituents. Specifically, keeping the roadless portion of the HD Mountains IRA roadless and placing a moratorium on drilling within one and one-half miles of the Fruitland Formation Outcrop until the necessary information is acquired about the potential short- and long-term impacts of that natural gas well development and production, and appropriate mitigations established.

B. For all DEIS alternatives, the SWRAC encourages the BLM to consider the following eight points:

   1. Protection of both surface and ground water, especially as it may relate to water wells, springs, and streams.
   2. The use of alternative technology (e.g. directional and horizontal drilling, etc.), lease exchanges, and lease buy backs as mitigation

possibilities should be explored and analyzed for the IRA and the outcrop area.

3. Delay drilling in the outcrop area until more information is known about the possible impacts of drilling activities in that area, and appropriate mitigations developed.
4. Require bonding and escrow on a per well or per lease basis upfront for reclamation of major impacts.
5. Noxious weed control should be better addressed and bonding required for weed control.
6. Minimize impacts and maximize mitigation as well as require true mitigation (i.e. monitoring is not the same as mitigation).
7. Pay special attention to the protection of archaeological sites and ensure consultations with tribal governments, perhaps including a Class III survey as recommended at our meeting in Durango.
8. Better evaluate the ability to keep roads out of the roadless areas of the IRA.

The SWRAC looks forward to seeing new alternatives and additional analysis in the final EIS. We remain available to provide additional input and advice as may be needed. Thank you for your time and your consideration.

Sincerely,
Southwest Resource Advisory Council

Kathleen G. Welt

Kathleen G. Welt,
Chair