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January 11, 2007

Michele Easley, Project Manager  
Moxa Arch Energy Development Project  
Bureau of Land Management  
Kemmerer Field Office  
31 Highway 189 North  
Kemmerer, WY 83101

Re: YATES PETROLEUM CORPORATION'S COMMENTS TO THE DRAFT ENVIRONMENTAL IMPACT STATEMENT (DEIS) FOR THE MOXA ARCH AREA INFILL GAS DEVELOPMENT PROJECT

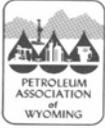
Dear Ms. Easley:

Yates Petroleum Corporation (Yates) is not a significant oil and gas leaseholder within the Moxa Arch Area Infill Gas Development Project Area and is not among the companies participating in this EIS. However, Yates does have significant oil and gas leases throughout the rest of Wyoming and it is common practice for the company to participate in the public NEPA process regardless of its lease interests or lack thereof.

That being said, Yates appreciates the opportunity to comment and fully supports the attached comments prepared and submitted collectively by Public Lands Advocacy and the Petroleum Association of Wyoming.

Respectfully submitted,

Tyler H. Vanderhoef  
Wyoming Regulatory Issue Agent for Yates Petroleum Corporation



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January 10, 2008

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VIA EMAIL: [kemmerer\\_wymail@blm.gov](mailto:kemmerer_wymail@blm.gov)

**Re: Draft Environmental Impact Statement (DEIS) for the Moxa Arch Area Infill Gas Development Project**

Dear Ms. Easley:

On behalf of Public Lands Advocacy (PLA) and the Petroleum Association of Wyoming (PAW), following are comments on the Draft Environmental Impact Statement (DEIS) for the Moxa Arch Area Infill Gas Development Project. PLA is a nonprofit trade association whose members include independent and major oil and gas producers as well as nonprofit trade and professional organizations that have joined together to foster environmentally sound exploration and production on public lands. PAW is Wyoming's oldest and largest trade organization, whose members account for over ninety percent of the natural gas and over eighty percent of the crude oil produced in the State.

Natural gas plays a crucial role in meeting the nation's economic and environmental quality goals. Over the past few years, demand has increased while production has diminished. According to *Balancing Natural Gas Policy – Fueling the Demands of a Growing Economy*, a study prepared by the National Petroleum Council at the direction of the Secretary of Energy, "the recent tightening of the natural gas supply/demand balance places greater urgency on addressing the future of this important energy source and resolving conflicting policies that favor natural gas usage, but hinder its supply." The study also found that abundant natural gas resources exist in North American and identified the Rockies Region as the **most** prospective area for development of new natural gas supplies in that it is projected to contain nearly double the reserves of natural gas than both coasts and the Gulf of Mexico combined. Also, there has been a shift from oil to gas because as a clean burning fuel, natural gas can replace oil in many of its traditional uses, such as home heating fuel, power generation, industrial use and, to a limited extent, as a transportation fuel. The importance of bringing more natural gas to the North American market is crucial because in so doing future market volatility and fuel shortages can be diminished. Natural gas resources managed by the Kemmerer Field Office are key to the success of the domestic natural gas program.

In order to meet the challenge of a projected 30 percent increase in the demand for natural gas in the near future, it is crucial for BLM to facilitate responsible development of this resource, such as that found in southern Wyoming. A key factor that BLM must take into account is that over the past 10 years, the annual depletion rate of natural gas has grown from 16 percent to 28 percent. In other words, approximately 25 percent of existing natural gas production must be replaced each year **just to stay even**. While conservation and possible imports of liquefied natural gas will certainly play a role in meeting projected demands, the best short-term solution is for the federal government to take measures to foster responsible development of the domestic natural gas resource. Expanded develop must occur on federal lands if the nation is to meet its short-term and long-term energy needs.

### KEY ISSUES

The sole purpose of this DEIS is to analyze the potential effects of infill drilling within the Moxa Arch Field, we are extremely disturbed that BLM failed to identify the Proposed Action as a “key issue.” Rather than acknowledging the importance of recovering critically needed domestic energy resources, it would appear that BLM’s primary objective in preparing this DEIS is to fend off any potential impacts of the proposed development. While we agree that potential impacts and associated mitigation measures must be key components in any analysis of a development project, it is equally important that the analysis clearly consider the need for and the benefits of the program. This has not been done and must be rectified in the FEIS.

### ALTERNATIVES

BLM analyzed a range of alternatives in the DEIS but failed to identify a “preferred alternative” in the DEIS pending review of comments received. Such a practice is not supported by PLA and PAW. While we recognize that the regulations implementing the National Environmental Policy Act (NEPA) do not require the agency to select a preferred alternative, failing to do so makes the review process much more difficult and complex. This is particularly burdensome because the federal government has released several NEPA documents for review within the same time frame. Moreover, it fails to give the public and industry a true indication of just how BLM intends to manage this project. We strongly recommend that ALL future NEPA analyses identify a preferred alternative.

PLA and PAW support the Proposed Action as put forth by the Moxa Arch Operators. The Operators worked diligently to formulate a project proposal that would address all environmental concerns associated with the proposed undertaking as well as economic feasibility on the 265,500 acre project area. While the Operators proposed infill drilling of approximately 1,861 new wells in addition to the existing producing wells in the Project Area, along with the installation and operation of additional ancillary facilities, including roads; gas pipelines; and separation, dehydration, metering, and fluid storage facilities, they have committed to keeping the foot print of the project to a minimum by limiting short-term surface disturbance to approximately 18,650 acres over a 10-year period and by limiting long-term disturbance of the 40-year life of the project to a mere 5,997 acres. In their efforts to minimize long term disturbance, the Operators have also agreed to BLM’s Best Management Practices as outlined in the Proposed Action. Both the BLM and the public must recognize that the operators are committed to utilizing state-of-the-art and other valuable technologies to minimize long-term impacts.

While we support the adoption of the Proposed Action as the Preferred Alternative, PLA and PAW believe the Operators may be able to accept the management proposed in Alternative C because it would offer some latitude to both the agency and Operators in determining how best to further develop this existing field. However, we are strongly opposed to adoption of Alternative B or even its partial integration into the preferred alternative because it would impose arbitrary and capricious limits on development of the critically needed energy resource found in the field area.

Alternative B is tantamount to a no action alternative that would prevent any additional development from being permitted. The duplicative nature of Alternative B to Alternative A is such that it did not warrant a detailed analysis in the DEIS. Furthermore, Alternative B would impose unwarranted restrictions on development which are contrary to BLM's mission as the federal minerals manager and flagrantly ignores current law and policy by ignoring entirely current valid existing lease rights held by the field operators. As such, Alternative B is far, far outside the scope of what should have been analyzed in this DEIS. The focus of a project level NEPA analysis must be how best to accommodate the proposed action – not how best to prevent it from being executed.

In addition to essentially duplicating the No Action Alternative, the DEIS does not adequately analyze the impacts that would result from implementation of Alternative B. For example, the analysis falls short in its consideration of the technical and economic feasibility of operating under such dire constraints. It fails to acknowledge the increased costs related to directional drilling or the feasibility of meeting the reclamation requirements and measures outlined in Appendix E. The analysis also ignores the negative socioeconomic impacts to the national, state and local economies that would result from far fewer or no wells at all being drilled. Overall, Alternative B ignores the fact that the analysis must be predicated upon how development will be allowed to proceed within reasonable constraints.

While industry is dedicated to working with BLM to minimize surface impacts of its operations, it is indefensible for the agency to abrogate existing lease rights in an effort to limit energy development in an area that has already been extensively developed. Clearly, adoption of Alternative B would result in legal challenges to BLM's authority to adopt such a management scheme. We strongly urge BLM to strike Alternative B and its purported analysis from the FEIS because it is outside the agency's authority and is contrary to existing law.

With respect to the range of alternatives, it is unclear why BLM elected not to focus on a proactive alternative that could effectively address stated concerns regarding wildlife and vegetation without resorting to an arbitrary limit or ceiling on surface disturbing activities. BLM has at its disposal many reasonable and vetted mitigation tools and best management practices that could successfully address such concerns without resorting to the unwarranted limitations contained in Alternative B. If BLM chooses not to adopt the Proposed Action or Alternative C, we recommend the agency reevaluate its management approach by developing a new, more reasonable management plan for development.

#### **BEST MANAGEMENT PRACTICES**

It has come to our attention that BLM arbitrarily expanded the BMPs beyond those agreed to by the Moxa Operators in the Proposed Action. It is our understanding that as part of the Proposed

Action, the Operators agreed to the BMPs, where appropriate, established in Instruction Memoranda 1004-194 and 2007-021. However, BLM arbitrarily included new BMPs that were not discussed with the Operators under the description of the Proposed Action. Therefore, the FEIS must reflect the actual commitment made by the operators rather than BLM's expanded list of BMPs. If BLM decides to apply additional BMPs, they must be discussed with the operators as provided in BLM's NEPA Handbook, before than can be added to the Proposed Action.

### CONCLUSION

In conclusion, PLA and PAW support selection of the Proposed Action as submitted by the Moxa Operators as BLM's preferred alternative. This proposal was carefully crafted to address all environmental concerns while allowing reasonable and economic extraction of critically needed domestic energy resources. In addition, we incorporate by reference those comments submitted by the Moxa Arch Field Operators, particularly those submitted by EOG Resources, Anadarko Petroleum and BP America.

We appreciate this opportunity to provide you with our comments and concerns. Please do not hesitate to contact Claire Moseley of Public Lands Advocacy if you have any questions.

Sincerely,



Claire Moseley  
Executive Director  
Public Lands Advocacy

Cheryl Sorenson  
Vice President  
Petroleum Association of Wyoming