

# Drilling in the Rocky Mountains? Not so Fast!

## An Assessment of Surplus Drilling Permits & Leases on Federal Public Lands

Summary of an Upcoming Report by **The Wilderness Society**

*“One year after Interior Secretary Gale Norton lifted interim protection on 600,000 acres of potential wilderness in Colorado, the Bureau of Land Management is preparing to let oil and gas companies begin exploration on five proposed wilderness areas in the state. At the BLM's May 13 auction, energy speculators will be allowed to bid on leases inside the Hunter Canyon, Big Ridge, Oil Spring Mountain, Dragon Canyon and Cow Ridge parcels — all of which were proposed for permanent wilderness protection by Rep. Diana DeGette, D-Colo.” Denver Post, April 6, 2004*

The *Denver Post* article comes as no surprise. For the past three years, administration policies have pushed drilling of domestic gas and oil, with wilderness-quality areas in the Rocky Mountains as a primary target.

Industry often contends that delays by the Bureau of Land Management (BLM) in approving drilling permits, coupled with appeals by conservation groups, prevents increased production of natural gas in the Rockies. The opposite is true. Gas production in Rocky Mountain states rose from about 3.5 trillion cubic feet in 1994 to 4.6 trillion cubic feet in 2002. This accounts for 19% of the national total and is evidence that the people in the Rocky Mountain West are already doing more than their share to provide for the nation's energy needs.

Furthermore, BLM data show a growing number of “surplus” drilling permits. That is, the number of permits approved by the agency exceeds the number of wells actually started. This has occurred in every year since 1994.

The surplus inventory of drilling permits draws into serious question the need to speed up processing of permits and leasing more public land in proposed wilderness areas.

### Data and Methods

Our study area includes Colorado, Wyoming, Montana, Utah, and New Mexico. We collected data in these Rocky Mountain states on the number of acres leased, drilling permits approved, wells started, and other oil and gas statistics from BLM. We then estimated drilling potential based on two factors: (1) acres under lease, but not in production, and (2) surplus (unused) drilling permits approved by BLM.

### Results

Nationally, the oil and gas industry has leased about 42 million acres of public land managed by the BLM. This does not include leases on private and state lands, National Forests, or the Outer Continental Shelf. Nearly 73 percent of that land is not in production. In the Rockies alone, industry has leased more than 34 million acres of public land. Of that, 68 percent is not producing gas or oil (Table 1).

BLM oversees 54,000 oil and gas leases, but just 40 percent of those leases are producing gas or oil. In Wyoming alone, more than 21,000 federal oil and gas leases cover some 15 million acres of public land; only 3.6 million of those acres are in production. This illustrates the vast drilling potential already available to industry. Even *without* additional leasing, if the current inventory of non-producing leases were placed into production the scale of drilling on public lands would increase dramatically, as would the degradation of lands where drilling is wholly inappropriate.

Over the past decade, BLM has approved in excess of 25,000 drilling permits and industry has drilled about 19,000 new wells on public lands managed by BLM, resulting in a surplus of more than 6000 drilling permits (Figure 1). The lack of drilling rigs in the Rocky Mountain region is a likely reason for the surplus of drilling permits. Based on the pace of drilling over the last few years, and if no additional permits are issued, it will take several years to finish drilling the surplus permits already approved.



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**Table 1.** Federal Public Lands Under Oil and Gas Leases, Acres in Production, and Surplus Leased Acres in the Rocky Mountains, 2002

State	Acres Under Lease	Acres in Production	Surplus Leased Acres	% of Leased Acres not in Production
Colorado	4,410,122	1,317,236	3,092,886	70
Montana	5,265,327	1,036,098	4,229,229	80
New Mexico	5,876,257	4,058,953	1,817,304	31
Utah	3,722,901	895,482	2,827,419	76
Wyoming	15,244,255	3,580,113	11,664,142	77
<b>Total</b>	<b>34,518,862</b>	<b>10,887,882</b>	<b>23,630,980</b>	<b>68</b>

State statistics confirm the permit surplus. In New Mexico, the number of permits issued since 1996 exceeds the number of wells drilled by almost 4000. In Montana, well data show more than 1,100 unused permits between 2000 and 2003. Utah shows a surplus of at least 1,600 permits in the last 10 years.

**Who Pays?**

When the BLM processes a drilling permit, it costs taxpayers about \$3900, whether or not the permit is used. Our analysis, which shows a surplus of 6100 approved drilling permits, suggests that over the past decade, the processing of unused permits cost American taxpayers about \$23 million.

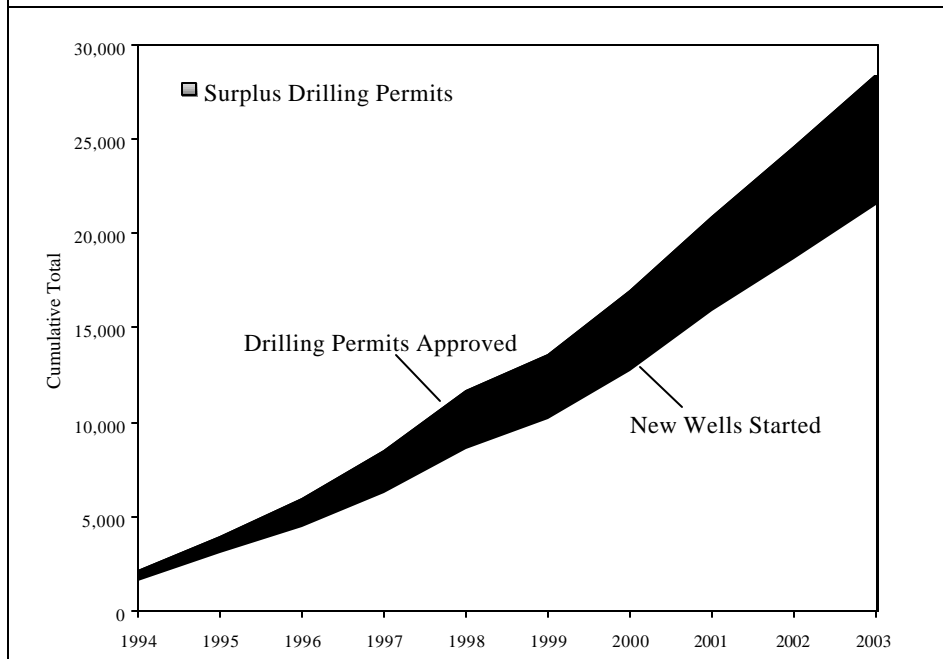
We question why BLM is spending even more taxpayer dollars to auction leases and process drilling permits, before existing permits are used and existing leases not in production are drilled, sold, or retired.

Some 24 million acres of public land in Rocky Mountain states are already under lease, but not in production. Many of these areas should never have been leased and the push to speed up lease sales and drilling permit approval could result in more areas with wilderness characteristics being lost to the oil and gas industry.

It is unnecessary to lease more public land — in particular, those areas proposed by citizens for wilderness designation that provide wildlife habitat, sources of clean water and recreation opportunities, and many other multiple uses free of charge.

The *Denver Post* agrees: “If sensitive areas on public lands were the only places left to drill, the BLM’s actions might be explainable. But they’re not. Energy companies have plenty of promising places to drill without invading proposed wildernesses or creating disturbances near parks and monuments.” – Editorial, April 11, 2004

**Figure 1.** Drilling Permits Approved and New Wells Started on Federal Public Lands, 1994-2003. BLM data indicate the cumulative number of surplus drilling permits has increased every year since 1994.



**More information:**

- Dave Alberswerth, Washington, DC 202-429-2695
- Peter Aengst, Bozeman, MT 406-586-1600
- Pete Morton, Ph.D., Denver, CO 303-650-5818 x105
- Michelle Haefele, Ph.D., Denver, CO 303-650-5818 x109