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Permits to drill outside grouse habitat considered first

By Brantley Hargrove

Oil and gas operators who have good sage grouse habitat on land they want to drill will go to the back of the line for federal permits.

A study this summer that predicted a dire future for the sage grouse if the pace of development is maintained now will be considered by federal land managers as they process permit requests in the Powder River Basin, according to the Bureau of Land Management.

Only those energy companies with development plans outside of identified high quality sage grouse habitat will be at the front of the permitting line.

More than 346,000 acres or 7 percent of the basin have been identified as areas that will be affected, including as many as 13 oil and gas operators — Williams Production RMT Co., Yates Petroleum Corporation, and others — who are lease holders. It also includes Powder River Energy Corp., an electrical provider.

“This does not prohibit oil and gas development in areas designated as high quality,” said Steven Hall, BLM spokesman. “It does mean we’ll be taking a closer and harder look (at that development).”

It’s a move that makes some in industry question the future of production in the basin.

“It could cause a great amount of slowdown in drilling and a drop and decline in production,” said John Robitaille, vice president of the Petroleum Association of Wyoming. “Should this continue, we will not be able to keep up with the decline curve of production.”

Among his concerns is the issue of drainage in staged development — if leases outside of designated high quality habitat are allowed to drill before those within, they could drain gas reserves, Robitaille said.

It’s like having two straws in one soft drink, with one straw draining the cup before the other straw has a chance.

In most cases, those habitats are federal, and Robitaille worries that federal managers might require back-payment of the drained resources.

Many in industry also have questioned the validity of the study by University of Montana Professor David Naugle. An industry-sponsored study has arrived at a less bleak conclusion, and

Robitaille says the professor's study doesn't correspond with the Wyoming Game and Fish database that both studies used.

An official at Game and Fish disagrees with the assertion.

"That's not true," said Tom Christiansen, state Game and Fish sage grouse coordinator. "Our database is used by Naugle and the (Petroleum Association of Wyoming) analysis, but there is a difference between how the data was analyzed."

Christiansen said that Naugle also used the Montana Fish, Wildlife and Parks database.

"(Renee Taylor's) analysis is looking at average males per lek," Christiansen said. "The average of males in a lek can go up but there can be a decline in population if the number of leks go down."

In considering Naugle's work, any decisions concerning permits to drill or development plans in a high quality habitat will have to be vetted in a National Environmental Policy Act analysis that takes into consideration the study, Hall said. The BLM is encouraging operators to "amend their current applications to exclude high quality sage grouse habitat," a BLM release states.