



Industry, enviro pact allows Utah drilling project to proceed (08/05/2010)

Scott Streater, E&E reporter

An agreement that allows hundreds of natural gas wells to be drilled on pristine land in northern Utah while still protecting sensitive wildlife habitat is the latest example of industry reaching out to environmentalists to move energy projects forward.

The deal, finalized last week between Bill Barrett Corp. and a coalition led by the Southern Utah Wilderness Alliance, will allow the Denver-based company to drill 626 new wells on 1,603 acres in the West Tavaputs Plateau area, including underneath the Jack and Desolation canyons that are being studied for possible wilderness designation.

That is a far more modest drilling plan than Bill Barrett submitted to the Bureau of Land Management in 2005. The company originally wanted to drill 807 new wells on 3,656 acres -- including 20 wells inside the two canyons and another 218 wells in areas identified by regulators as having wilderness characteristics.

"We feel this is truly a win-win scenario that allows the Bill Barrett Corp. to develop significant amounts of natural gas while protecting the canyon area," said Steve Bloch, SUWA's conservation director. "It's a truly awe-inspiring landscape on par with any national park in the country. We're not engaging in a great deal of hyperbole here to say that it's akin to the Grand Canyon or Yellowstone National Park."

Bill Barrett says it can scale back the project in part because advances in technology will allow the company to access the vast natural gas deposits using directional drilling techniques, as well as a more clustered development layout that includes multiple wells per well pad.

But the company also acknowledged the need for compromise in the face of a changing regulatory climate where BLM and other agencies are elevating land protection priorities when considering energy projects on federal land.



An agreement struck between Bill Barrett Corp. and the Southern Utah Wilderness Alliance will allow natural gas drilling to occur near several prized landscapes, including Desolation Canyon (above). Photo courtesy of the Southern Utah Wilderness Alliance.

In addition, Bill Barrett wants to avoid a situation like that in the Roan Plateau in western Colorado, where the company's plans to drill as many as 3,200 wells on the 55,000-acre plateau has stalled due to a federal lawsuit brought by environmental groups challenging BLM's 2008 approval of the project.

The SUWA agreement is part of the formal [record of decision](#) (ROD) issued by BLM last month authorizing the "West Tavaputs Natural Gas Full Field Development Plan," effectively allowing Bill Barrett and other energy firms to extract as much as 1 trillion cubic feet (tcf) of natural gas over the lifetime of the project.

"The collaboration leading to this Record of Decision is simply good business," CEO Fred Barrett said in a statement announcing the agreement.

New regulatory environment

Such agreements, industry observers say, are also good legal strategy. By consulting with environmental groups early and hashing out agreements to avoid land-use conflicts that Interior Secretary Ken Salazar noted last week "can lead to costly and time-consuming litigation," firms like Bill Barrett can save years of delay and millions of dollars in lawyers' fees.

Such thinking informed another recent groundbreaking partnership between El Paso Corp., developer of the 680-mile Ruby Pipeline project, and two conservation groups that had been early critics of the Wyoming-to-Oregon gas pipeline ([see related story](#)).

El Paso has agreed to pay \$22 million to fund two conservation partnerships with the Western Watersheds Project and the Oregon Natural Desert Association that should restore millions of acres of sagebrush steppe that is vital to the survival of the greater sage grouse and other sensitive species along the pipeline route.

In exchange, the groups have agreed not to file lawsuits or take other legal actions to slow construction of the \$3 billion pipeline that will transport billions of cubic feet of natural gas from the mineral-rich Rocky Mountain region to customers in the Pacific Northwest ([Land Letter](#), July 22).

Environmentalists, too, have shown a growing willingness to meet developers halfway on critical projects.

"We see this agreement between the conservation community and the Bill Barrett Corp. as a good model as we move forward with the new approach to managing oil and gas as just one of the many uses of our public lands," said Nada Culver, senior counsel and director of the Wilderness Society's BLM Action Center in Denver.

For industry, the impetus for striking such agreements comes with a changing federal regulatory climate, which began in Utah last year when Salazar pulled 77 controversial oil and gas drilling leases on federal land that had been approved by BLM in the waning days of the Bush administration.

Salazar, who chastised the previous administration's "headlong rush" to expand drilling on federal land, formed a review team that investigated the lease sale and issued a report last October that pointed the way to drilling lease reforms finalized in May. Those reforms place a far greater emphasis on environmental review and analysis of proposed projects.

Industry officials have chaffed at the stricter regulations. The Western Energy Alliance (formerly the Independent Petroleum Association of Mountain States) released a survey last April that indicated the tougher regulations are driving industry out of the Rocky Mountain region ([Land Letter](#), April 29).

In agreeing to scale back the Tavaputs Plateau drilling project, Bill Barrett acknowledged the project as originally proposed might not pass regulatory muster today.

"We have also come to understand the policies of the Department of the Interior and Secretary Salazar, who now manage these resources on behalf of the citizens of the United States," wrote Duane Zavadi, the company's senior vice president, in a Feb. 24 letter to BLM's Utah state office.

Mitigation details

The West Tavaputs Plateau drilling proposal has been controversial since BLM first began developing an environmental impact statement (EIS) for the project in August 2005.

A draft EIS that was issued in February 2008 was derided by environmentalists for failing to adequately address impacts to wildlife habitat, prompting 58,000 comments during the agency's 90-day public review.

The comments resulted in changes to the [final EIS](#) and record of decision authorizing the drilling project. Among other things, the documents outline extensive mitigation and restoration work that Bill Barrett has agreed to do to offset the project's environmental impacts.

For example, drillers will be required to install netting on reserve pits to prevent a variety of bird species, including raptors and golden eagles, from coming into contact with harmful fluids, according to the ROD.

Construction and drilling activities also will be prohibited or limited within identified bighorn sheep lambing areas from March 15 through June 30.

The company also agreed to use infrared monitoring devices to detect leaks of nitrogen oxides (NOx) or volatile organic compounds (VOCs) that contribute to the formation of ground-level ozone pollution. And all diesel rigs will be required to meet the toughest U.S. EPA air quality standards.

Fred Barrett, the company CEO, said such mitigation measures have helped to make the West Tavaputs project "the most environmentally progressive natural gas development in Utah."

As with many large energy projects in the Interior West, Bill Barrett will have to work to avoid impacts to greater sage grouse, which is on the cusp of Endangered Species Act protection.

The Fish and Wildlife Service in March ruled that the sage grouse deserves protection under ESA, but did not place the chicken-like bird on the Endangered Species List because of a backlog of other worthy species. Rather, FWS placed the grouse on a "candidate species" list, where it will review its status every year and make listing changes as warranted.

In its June biological opinion on the West Tavaputs project, FWS cited studies that "have shown that oil and gas development can negatively impact sage-grouse populations and their habitat" and that found sage grouse avoid "suitable wintering habitats" if developed for energy production.

"For these reasons, we recommend no new surface disturbance associated with this EIS be allowed within greater sage grouse brooding and wintering habitats," FWS said.

Bill Barrett officials say they are taking a number of steps to avoid the grouse and its sagebrush steppe habitat.

For example, drilling will be forbidden within 2 miles of known sage grouse breeding grounds, called "leks," between March 15 and July 15 -- the prime breeding and chick-rearing season -- and no drilling can occur within a half-mile of a known lek at any time of the year.

In addition, the company has agreed to undertake a series of "habitat improvement" projects, including removing invasive plants like piñon and juniper that displace the sagebrush steppe the grouse depend upon for food and shelter. The company will also help fund state sage grouse monitoring efforts in the region, according to the ROD.

The agreement "shows what is possible when parties work together to find common middle ground," BLM Utah State Director Juan Palma said in a statement. "I want to encourage this type of collaboration as a model to others interested in finding balanced solutions to complex issues."

[Click here](#) to read the record of decision.

[Click here](#) to read the final EIS.

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