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5. COALBED METHANE: BLM decision favors Atlantic Rim development

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The Bureau of Land Management this week gave the go-ahead for the drilling of about 2,000 new wells in the 270,000-acre Atlantic Rim section of the Green River Basin in Carbon County, Wyo. As many as 1,800 of the wells sought by development companies would be for coalbed methane extraction while the other 200 would be traditional natural gas wells.

The record of decision for a final environmental impact statement issued May 21 attempts to mitigate environmental impacts of development in the area by somewhat limiting surface disturbances, but it will allow for full extraction of as much as 1.35 trillion cubic feet of natural gas over the 50-year projected life of projects.

According to BLM, the overall project will generate \$6.4 billion in economic activity, including \$958 million in total taxes and federal royalties. However, environmental advocates charge that the true cost of development will be "to create an industrial wasteland with no wildlife resource value," in the words of Erik Molvar, executive director of the Biodiversity Conservation Alliance (BCA) of Laramie, Wyo.



The Double Eagle Petroleum Cow Creek Coalbed Methane pod, within the Atlantic Rim area. Photo courtesy of Biological Diversity Alliance.

Steve Belinda, energy policy initiatives director of the Theodore Roosevelt Conservation Partners (TRCP) group that represents hunters and recreational fishers, added that the development threatens to displace 2,500 hunters and 18 outfitters that bring \$1 million per year in economic activity to Carbon County. "Is that tradeoff a good bargain?" he asked.

Dave Simons, Atlantic Rim project manager for the BLM Rawlins Field Office, said that significant mitigations of potential effects include requirements to put underground much of the pipelines and electric power lines, and to limit unreclaimed surface area disturbances to no more than 7,600 acres at any one time and spacing wells to a maximum of eight per 640-acre section. The total area of long-term disturbance would be about 13,000 acres, compared to the 15,500 acres initially proposed by companies seeking the leases.

Reinjection required

In addition, water produced from the CBM activities would have to be reinjected below the main groundwater aquifers, as deeply as 3,000, except in circumstances where landowners petition to use the water for livestock or wildlife watering needs, or requests from agencies responsible for offsetting the loss of artesian water sources.

Simons said that the companies themselves requested reinjection as "the most effective way of dealing with a byproduct for which there was no other use." In at least one instance, however, a company has proposed surface disposal for water from a pending project in the area.

The Atlantic Rim project area comprises 270,000 acres, with 173,672 of that in federal holdings, 14,060 acres of state lands and 82,348 acres of private real estate. While there is already significant oil and gas drilling activity in the area.

Major resource developers in the area include Anadarko Petroleum, Double Eagle Petroleum Co. and Warren Resources. According to Double Eagle President Steve Hollis, the BLM's action will allow the company by mid-July to start drilling up to 268 new wells in the Catalina Unit, where there are already 14 CBM wells at Cow Creek producing over 5 million cubic feet per day of natural gas. "We anticipate drilling 34 development wells and three injection wells in 2007," Hollis said in a statement this week. While winter grazing will slow down the work in some areas, 10 wells are expected to go into operation this fall, with the other 24 on line by February 2008.

"The development of this resource will keep us busy for three to five years," Hollis said. "If the wells produce as well as the existing 14 wells have, we will increase our production significantly."

Although the Cow Creek Field experienced slow operations last winter because of severe winter and the need to rework wells, the company said it expects production at the field to increase as current workovers are completed.

According to financial statements, the company expects to be able to market gas at about \$1 per thousand cubic feet, with nearly all of its output from the region currently sold under fixed-price contracts averaging a little more than \$6 per mcf.

Anadarko and Warren Resources have announced intentions to drill 70 new CBM wells in the Sun Dog Unit, adjacent to the Catalina Unit. The two companies already operate 24 producing wells in the Doty Mountain area, about six miles northeast of the Catalina Unit, and have applied for scores of new wells there. Double Eagle also owns a 20 percent working interest in those wells.

The companies are anticipating that the first phases of their new developments will be on line coinciding with the completion of the second leg of the Rocky Mountain Express Pipeline that will open up new markets in the Midwest and bring higher prices for Wyoming gas.

'Maximally intrusive development'

The BLM decision to approve extensive CBM development in the Atlantic Rim did not surprise conservation advocates, but it comes at a time of heightened scrutiny of the effects of energy development on wildlife and recreational activities. Recent congressional hearings have explored whether the Bush administration and the Interior Department are elevating oil and gas drilling and mining above hunting, fishing and recreation ([Land Letter](#), March 29).

TRCP's Belinda told *Land Letter*, "I'm worried that BLM is trying to satisfy industry. Nobody can point me to a section of the law that says BLM's mission is to maximize oil and gas development." While hunting and grazing have traditionally been the primary activities of the Atlantic Rim region, he fears that wildlife, livestock and sporting uses will suffer from the development over 50 to 70 years of drilling and production operations. "That may be temporary to some folks, but to me that's permanent," he said.

For proponents of biodiversity, such as Erik Molvar of BCA, BLM's decision lays out a "maximally intrusive development agenda in a most sensitive area" that will result in the destruction of wildlife resources. He alleged that BLM and industry have jointly funded studies in the past that measure the effects of proposed mitigations on such sensitive species as mule deer and sage grouse, finding that "protections simply don't work" ([Land Letter](#), Feb. 24, 2005).

"It's frustrating that BLM is incapable of learning from its past mistakes in other areas," he said.

BLM's Simons, however, pointed to 14 "performance standards" built into the decision that put the onus on companies to minimize their impacts, or risk losing future drilling approvals.

While the agency and state resource departments will work together to monitor the effects of drilling, he admitted that there is no specific funding for the work. "That's a big concern," he said. One source of money could be the Wyoming Landscape Conservation Initiative, with matching grants from the Interior Department's Healthy Lands Initiative. The fiscal 2008 budget request includes \$4.5 million for Wyoming projects.

[Click here](#) for the BLM record of decision on Atlantic Rim CBM development.