

Powder River Landowner Testifies to Congress on Oil and Gas Reforms

Buffalo rancher and businessman, Steve Adami, traveled to Washington, DC last week to join other Westerners testifying at a joint oversight hearing on "Land-use Issues Associated with Onshore Oil and Gas Leasing Development." Adami, who serves on the Powder River Basin Resource Council board, was joined by Northern Plains Resource Council member Roger Muggli from across the border in Montana, and Peggy Utesch of Colorado for the Western Colorado Congress. All three provided testimony based on their direct experience with problems caused by the oil and gas industry.

Adami addressed the split estate problem for landowners living over federal minerals, pointing to the serious inequities that exist for landowners who are at the mercy of oil and gas developers. "The Stock grazing Homestead Act which governs the development of minerals beneath private surface is 91 years old," Adami said. "It is time to revisit the true value of the surface estate and to provide protections for those who own the surface over federal oil and gas."

Adami urged passage of legislation proposed by Representative Udall that would require both surface owner notification, and opportunities to comment and participate at key points in the leasing, permitting, development and reclamation processes. The bill also contains requirements for "reasonable use" of the site, accommodation of the surface owner, reclamation of the site to its condition prior to



Powder River Member Steve Adami
Photo by Sara Kendall

development, and compensation for damages.

Adami asked the Committee to go further than the Udall bill—to require compensation for the use of the land during development, and a stay on any development during a landowner appeal of a bond or action. Finally, he urged the committee to consider re-connecting the minerals to the surface if they have not been developed for years.

BLM's deputy director, Henri Bisson, downplayed the split estate problem saying it only affected 20 out of over 19,500 permitted wells. He could not, however, answer any of Representative Udall's questions about BLM requirements for landowner notice prior to leasing or development. (Perhaps he avoided answering because there aren't any prior notice requirements.)

Representative Grijvala also questioned the oil and gas industry lobbyists about the notice and consent issue, asking why oil and gas should be different from federal coal leasing—which requires surface owner consent. Representative Grijvala said the committee would be looking closely at these provisions as they draft a new bill.

Tongue River farmer, Roger Muggli brought up the issue of damages caused by mismanaged CBM discharge water, from soils and vegetation to aquatics. He demonstrated with photographs how the damages occurred to his soils and hay meadows, testifying that he has lost 1/3 of his hay production.

continued on page.....7

WOGCC Shuts Down CBM Company

The Wyoming Oil and Gas Conservation Commission finally ran out of patience with a Michigan-based coalbed methane company this spring, effectively shutting down Wolverine Exploration's development activities in the state. As the *Casper Star-Tribune* noted, the April 10 action ended "the company's years-long reign as the Powder River Basin coalbed methane industry's notorious bad player." But the move also exposed, once again, the widening gap between the bonds CBM developers post for damages and the actual costs of cleaning up the messes those companies leave behind.

The commission revoked more than \$171,000 in sureties and bonds Wolverine had posted to cover 184 wells, and commissioners acknowledged that the state will never collect an additional \$126,000 in fines the agency imposed on the company about four months earlier. But the total bond amount, Commission Supervisor Don Likwartz told the *Gillette News-Record*, will cover only around 20 percent—at most—of the \$750,000 to \$1 million he estimated the state will have to pay to clean up after Wolverine. The shortfall, he hastened to add, would come

from a conservation tax levied on oil and gas revenues.

Actual reclamation and reseeding costs from past cleanups, however, suggest even Likwartz's seven-figure guesstimate is more like a tenth of what will be needed. Commission figures show, for instance, that the agency paid an average of \$33,000 per well for reclamation efforts after a company went bankrupt in 2001 and forfeited its bonds. And two years later, in 2003, a judge ordered another Michigan CBM company to pay a Sheridan County rancher more than half a million dollars just for reclamation and reseeding costs on 10 wells, for an average of \$52,000 per well.

Using that four-year-old figure, the cost of picking up after Wolverine will run about \$9.57 million, well above the optimistic \$1 million Likwartz pulled out of the air—and far in excess of the \$171,500 in bonds the company posted to ensure nobody else would get stuck with its cleanup tab.

To say nothing, of course, of the \$126,000 in fines and penalties Wolverine is ducking.

DEQ Nags Over Violations

While the Wyoming Oil and Gas Conservation Commission was taking one approach to backsliding mineral developers—effectively shutting a Michigan CBM company down by revoking its damage bonds—the state's Department of Environmental Quality stuck with another. It nagged—nicely.

DEQ's Water Quality Division sent a letter on Jan. 30 to Anadarko Petroleum in Denver, notifying the company of 136 water and oil spills by its subsidiary, Howell Petroleum, in Wyoming's Salt Creek field between Nov. 2, 2005, and Dec. 15, 2006. Three pages of single-spaced reports on discharge violations cited corroded and leaking pipes, with spills of water or crude oil ranging from 630 to 420,000 gallons.

"While neither the attached Notice of Violation nor this letter constitute an order," DEQ said in its letter to Anadarko, "it is the recommendation of this office that you take action to eliminate the alleged violation as follows: Howell should inform the WQD of the steps taken to prevent this type of an unpermitted discharge from happening again in the future. This information should be received by the WQD on or before February 22, 2007."

Nearly two months after that suggested deadline, no further action had been taken on the matter, according to the DEQ web site.

Youth In Conservation:

Pinedale Students Sweep Science Fair Awards

Two students from Pinedale won Powder River Basin Resource Council's Bill Barlow Memorial Youth in Conservation Award at the Wyoming State Science Fair, held in March at the University of Wyoming.

Powder River provided both students—Maggie Hudlow, an eighth-grader at Pinedale Middle School, and Erica David, a junior at Pinedale High School—with \$250 cash awards, certificates and honorary memberships in the organization.

"They obviously had learned a lot," said Kelly Barlow of Gillette, daughter-in-law of the late Powder River founding member in whose memory the award was created. "And they made good use of the scientific method." Barlow served as one of three judges for this year's Barlow Awards.



approach for cleaning up spills from oil and gas fracturing activities, concluding that kitty litter produced the best results at the costs development companies are willing to pay.

Erica David compared various snow-fence construction techniques in an exhibit she titled "Boards & Branches," looking for the best way to distribute snow over oil and gas field reclamation sites.

The two Pinedale students were among about 300 Wyoming students in grades six through 12 competing in the State Science Fair at UW earlier this month.

John Vanvig
Powder River Staff

Maggie Hudlow's exhibit, titled "Frac-n-stein," investigated the best

Aveys Work the 2007 Legislature

Two Sheridan women with close ties to Powder River enjoyed the run of the Senate floor during the 2007 Legislature—Ashley and Natasha Avey, daughters of Powder River Office Administrator Stephanie Avey, served as Senate pages for the last two weeks of the session.

Government classes at Fort McKenzie High School had taught them some of what to expect from the lawmaking process, the Aveys said, but both were impressed with how hard the legislators worked. "They're looking out for the state-and the people," Ashley said.

The two juniors are both on the Fort McKenzie Tribal Council, the school's student government organization, so working the floor as pages came naturally to them. "We saw all the issues," Natasha said, adding that she thinks she might consider other political roles in the future. In fact, she'll be attending Wyoming Girls State June 9-16 in Powell.

The Aveys were sponsored for the page jobs by Senate President John Schiffer of Kaycee, and both thanked the Senator for the opportunity.



Ashley Avey, left, and her sister Natasha share a joke with state Sen. Bruce Burns of Sheridan during a break in Senate business. The Aveys are the daughters of Powder River Office Administrator Stephanie Avey.

Continued from Page 3 Landowner Testifies

Western Colorado's Peggy Utesch testified on BLM's failure to implement adequate bonding for reclamation, highlighting the lack of inspection and enforcement on the part of the agency. Industry lobbyist, Claire Moseley, insisted that bonds were not supposed to cover the full cost of reclamation. She ended up painting an illogical and highly inaccurate analogy between oil and gas bonding and automobile insurance.

BLM's Deputy Director, Henri Bisson, demonstrated his own ignorance about BLM bonding and reclamation problems when he stated that he was "not aware of any operators who have walked away from their responsibilities." (Bisson should familiarize himself with the Emerald case in the Powder River Basin where the company walked away from

its wells, leaving the landowner for the last ten years trying to get BLM to reclaim the area. He should also know that BLM has been in a legal battle over who is responsible for reclaiming this site, while the land sits unreclaimed because BLM does not have the funds.)

Our Western landowners demonstrated in their testimonies the clear and immediate need for Congress to take action with legislative reforms that ensure accountability and responsible development practices from the booming oil and gas industry.

Jill Morrison
Powder River Staff

Continued from Page 5 Market Reform

dozen Senate agriculture staffers on the importance of free, fair and open farm and ranch markets.

Ranchers from Powder River sister organizations across the West also hailed Senator Enzi's move to reintroduce the Captive Supply Reform Act.

"We have an opportunity to restore open and fair competition," said Mabel Dobbs, an Idaho rancher who chairs the Livestock Committee for the Billings-based Western Organization of Resource Councils (WORC), of which Powder River is a member. "Or we can continue to let a few agri-

business companies manipulate the livestock market and squeeze profits from family farmers and ranchers and rural communities. Congress has to step in."

"Wyoming can take real pride in the fact that its own Senator Enzi is, once again, the leader in this important fight for honest markets, not to mention the future of the nation's independent cattle producers," concluded Waters, who often represents Powder River on WORC's board.

John Vanvig
Powder River Staff