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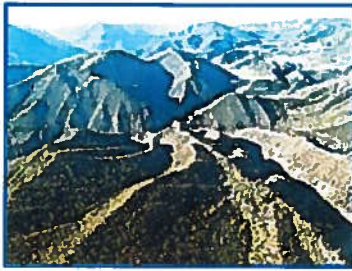
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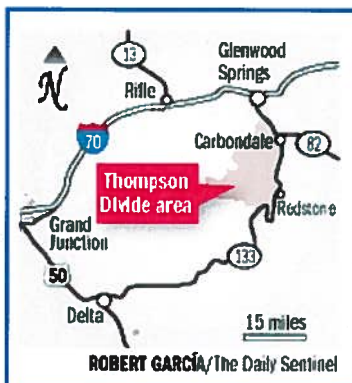
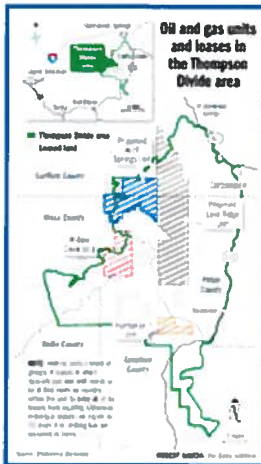
A BIG CHASM over Thompson Divide



Rancher Jock Jacober, shown by a ditch on national forest land southwest of Glenwood Springs that sends water to area ranching operations, says one concern about planned oil and gas development in the area is the potential for contamination of watersheds relied on by agriculture, area residents and wildlife.



An aerial shot of Thompson Divide.



Some oil-and-gas-related facilities already exist in the Thompson Divide area, which a coalition is seeking to protect from drilling southwest of Glenwood Springs and west of Carbondale. SourceGas stores natural gas in underground formations there and pipes it via this corridor to help meet higher local demand in winter months.

QUICKREAD

BY THE NUMBERS: THOMPSON DIVIDE

81 — current oil and gas leases in the 221,500-acre Thompson Divide area

105,000 — total acreage covered by these leases

55,000 — leased acreage in roadless areas

35 — estimated number of operations that graze cattle in the Thompson Divide Area

3,200 — number of supporters Thompson Divide Coalition says it has

\$2.5 million — amount initially offered by the coalition to energy companies in an attempt to get them to give up leases. The amount is intended to cover direct costs such as acquiring leases at auction and paying rent on them

\$10 million — estimated total investment just one leaseholder, WillSource Enterprise, LLC, claims to already have made in its leases

\$1.5 billion — gross revenue WillSource estimates it might be able to produce from drilling on its leases even with today's natural gas prices

Sources: Thompson Divide Coalition, U.S. Forest Service, WillSource Enterprise, LLC

By [Dennis Webb](#)

Sunday, October 28, 2012

Rancher Jock Jacober eased his pickup to the side of a national forest road above Sunlight Mountain Resort southwest of Glenwood Springs, grabbed his binoculars and looked to see if he could figure out the ownership of four cows grazing in a field.

Minutes prior, a solitary coyote watched the truck roll by, holding his ground in an area known as Four-Mile Park, where stands of aspen refused to let go of their shimmering gold amid a splendid, long-lasting fall color season. Up the road, Jacober pointed to where he previously has spied moose in willow-choked wetlands.

This is hunting country, mountain biking country, hiking country, snowmobiling country, ranching country. And, as some decades-old wells stand as testament to even further up the road, it also intermittently has been drilling country.

Now, energy companies are showing interest in pursuing oil and gas development again here and in a larger region that stretches from an area southwest of Glenwood Springs past Carbondale to the south and further, beyond McClure Pass.

Bigger battle

Their interest has ignited activism led by a group called the Thompson Divide Coalition, which takes its name from the Thompson Creek watershed, one of 15 or more watersheds fully or partly originating in the 221,500-acre region the coalition is trying to protect.

U.S. Sen. Michael Bennet, D-Colo., who is floating a draft bill that would prevent future leasing in much of that acreage, has called the Thompson Divide debate the “epicenter” of the national discussion on oil and gas development issues.

The stakes appear to be high. The acreage in question is four times that in dispute in a lengthy legal battle over the Bureau of Land Management’s 2008 leasing of acreage on the Roan Plateau west of Rifle for oil and gas development. It’s about three times as large as what the BLM a year ago decided to close off from drilling in the Vermillion Basin northwest of Craig, in another high-profile battle between energy-development backers and advocates of protecting areas for other values.

Jacober and his sons operate Crystal River Meats, buying local calves they then raise on grass and sell to local restaurants and grocers.

They’re among ranchers who rely on Thompson Divide summer range and fear the potential impacts of oil and gas development, from air and water contamination to traffic and dust.

He’s a board member of the coalition, which has brought together agricultural, recreational, environmental and other interests in a united battle.

“This is where the environmental community and the livestock community have kind of met. They share the values of places like this,” Jacober said.

A former western Colorado congressman, Mike Strang, is among the Carbondale-area ranchers who have gotten behind the cause. Local counties and municipalities likewise have joined in the effort to keep drilling rigs off the Thompson Divide. Their concerns range from the prospect of heavy truck traffic rolling through their towns, to contamination of municipal watersheds, to potential impacts on tourism, agriculture, hunting and other industries.

Late in game

In response, the energy industry is countering that the Thompson Divide area holds potentially vast oil and gas reserves and can be responsibly developed for the benefit of the nation.

“My hope would be that people could sit down and understand that it can all be done,” said Reed Williams, president of WillSource Enterprise, LLC. “Everyone has to realize it will cost something for each of us and we’ve got to protect our magnificent environment out there and we have to count on these resources as a part of our national assets, and that’s what will happen eventually.”

If there is a certain inevitability to how Williams sees things eventually playing out in the Thompson Divide, that may be because the coalition might be seen as having arrived a little late in the game in its activism. More than 100,000 acres of the Thompson Divide area already have been leased for oil and gas development, including substantial acreage held by WillSource that straddles the western edge of the area boundary as drawn by the coalition.

In February, the coalition offered a total of \$2.5 million to lease holders in an effort to buy out the leases, with the idea being that it also would be pursuing federal legislation to keep them from being leased again. The offer was based on acquisition and rental fees paid for the leases, and some companies called it far too little, given their actual investment in the leases and the leases’ development potential.

Wildlife, hunting

Jacobson questions the wisdom of the federal government having offered those leases on federal land. He believes oil and gas development requires an industrial-scale level of development that trumps all other uses, such as the grazing leases that also have been granted there for a century or more.

“It’s like selling your house to two different people,” he said.

Adding to concerns over drilling on the Thompson Divide is the potential impact on wildlife. Peter Hart, staff attorney for the Carbondale-based Wilderness Workshop, said its numerous roadless areas provide a critical migration corridor between Battlement Mesa, Grand Mesa and the central Rockies.

“It’s some of the best hunting in the state,” he said.

Said John Groves, district wildlife manager in Carbondale for Colorado Parks and Wildlife, "We do have concerns about drilling up there just like we have concerns about drilling in a lot of places, because without a doubt drilling has an impact on wildlife, there's no way around it."

The Thompson Divide area includes valley bottoms and 10,000-foot elevations. It has major elk production areas and provides important transitional winter range and prime habitat for wildlife, Groves said.

It also includes a lot of rugged, relatively inaccessible country, he said, and he fears the potential impacts of drilling traffic, particularly if wrecks lead to spills into creeks.

With increased human population, recreational pressures and other factors hurting deer and elk reproduction in the area, drilling would be one more compounding factor, he said.

He said he doesn't think his agency has taken an official stance on drilling in the Thompson Divide, but added, "My personal opinion is I would like to see it without the drilling. If drilling happens it needs to happen very carefully."

Deep riches

Williams believes his company already has shown the willingness to do just that, such as by running pipelines along existing roads rather than tearing down trees to create more direct routes.

"We believe that there are responsible, doable solutions to all of these things," he said.

"I care about the land. I'm out there a lot and I see the animals and I work to preserve them," he said.

Williams said the \$63,000 he was offered to give up his leases pales in comparison to the \$10 million or so his company already has invested in starting to develop them, much less the potential \$1.5 billion in gross revenue he believes they could generate if developed, based on drilling that has occurred just west of his company's leases.

The Thompson Divide Coalition has questioned the oil and gas prospects for the area, which sits on the edge of the Piceance Basin, where natural gas development has focused on sandstone geological formations. But Williams and others in the energy industry believe it holds plenty of promise, including a strong potential for oil and gas development in deeper shale formations, just as shale formations have been successfully developed in other parts of the country.

Jacober said that with the number of billionaires in the Roaring Fork Valley, with Aspen at its upper end, the possibility of the coalition offering substantially more for the leases exists. But Williams said something else to consider is the federal royalties that would be lost if development doesn't occur. If his guess about the value of his Thompson Divide leases is right, they could produce hundreds of millions of dollars in royalties, "and I'm the smallest player out there," he said.

David Ludlam, executive director of the West Slope Colorado Oil & Gas Association, finds hypocrisy in the Aspen-area opposition to Thompson Divide drilling. He said the average home in the upper Roaring Fork Valley is 4,178 square feet and uses more than twice the natural gas of average western Colorado residents.

“Yet, the Thompson Divide Coalition doesn’t want to be inconvenienced by having to produce some of the natural gas they use. ... The era of a not-in-my-backyard approach to energy policy must give way to all of us taking more responsibility for the natural gas and energy we depend on,” he said by e-mail.

The Thompson Divide area already helps keep Roaring Fork Valley residents warm. Some wells were drilled there at least as far back as the 1960s. In the 1970s, depleted wells started being used to operate a storage facility, now owned by the utility SourceGas. Gas is injected there and then piped to homes when demand is high in the winter.

Jacobson said of the existing infrastructure, “It’s here, it’s part of the landscape, we use it, but let’s not go and add to it.”

Battle over leasing

A lead player in trying to stop new drilling in Thompson Divide is the Carbondale-based Wilderness Workshop conservation group. Leases can expire in 10 years if they’re not yet producing oil or gas, and many in the area could expire next year. However, companies including SG Interests, and more recently Antero Resources, have proposed grouping leases into federal units, something the BLM says can allow for more orderly development.

“In those cases, companies have to initially drill just one producing well unitwide to keep all of the leases active,” said BLM spokesman David Boyd. “After five years the company would need to drill a new well every 90 days or the unit would contract to the areas with producing wells.”

News of SG Interests’ proposal led to widespread public outcry, and the BLM has yet to decide on it. Meanwhile, the company has notified the BLM that it is interested in drilling from potentially seven to nine well pads to keep the leases from expiring, and it has filed for one drilling permit.

Recently, after questions raised by the Wilderness Workshop, the BLM decided a federal unit involving WillSource leases had contracted from seven to three leases, and that three of the eliminated WillSource leases had later expired. WillSource is challenging that decision, which the BLM has put on hold pending the outcome of the administrative review of its decision. The Wilderness Workshop also is challenging the BLM decision, saying it should have eliminated rather than contracted the unit.

Hart, the group’s attorney, said WillSource has been granted too many extensions after failing to drill on the unit. Williams said there are many good and valid reasons for granting extensions, such as new federal environmental requirements that delay a company’s ability to act on a lease.