WESTERN ENERGY **ALLIANCE**

January 8, 2024

Anthony Edwards
Deputy Forest Supervisor
Grand Mesa, Uncompahgre and Gunnison National Forest
2250 South Main Street
Delta, Colorado 81416

Re: Thompson Divide Withdrawal: Environmental Assessment (EA) and Draft Finding of No Significant Impact (FONSI)

Dear Mr. Edwards:

Western Energy Alliance opposes the proposed withdrawal of 224,713.73 acres in the Thompson Divide area from oil and natural gas exploration and production for a 20-year term. We urge the Interior Secretary to instead recognize that a withdrawal is not necessary for reasons of history; the extremely protective manner in which the Bureau of Land Management (BLM) regulates oil and natural gas operations; and the lack of authority for large-tract withdrawals. Furthermore the White River Forest (WRNF) Plan finalized in 2016 does not provide the necessary consent from the USDA Forest Service (USFS) to BLM to allow for leasing in the Thompson Divide Area, what is the need for the withdrawal?

Western Energy Alliance is the leader and champion for independent oil and natural gas companies in the West. Working with a vibrant membership base for over 50 years, the Alliance stands as a credible leader, advocate, and champion of industry. Our expert staff, active committees, and committed board members form a collaborative and welcoming community of professionals dedicated to abundant, affordable energy and a high quality of life for all. Most independent producers are small businesses, with an average of fourteen employees.

Lack of Balance

From the beginning, efforts to shut down oil and natural gas in the White River National Forest and the Thompson Divide Area, going back at least to the 2000s, have been centered around a mistaken belief that oil and natural gas development and production are incompatible with other multiple users. There has been oil and natural gas activity in the area since the late 1940s, including leasing, drilling, and production. There are wells into which natural gas is injected in the summer and then withdrawn in the winter. The fact that scenic values have been preserved since the 1940s and the land is still considered pristine undermines the arguments of those who strive against balance and wish for absolutely no oil and natural gas activity.

Rather than inform the public about the strict regulations and procedures on federal lands that ensure the protection of other resource values, USFS and BLM (the agencies) have simply gone along with the political effort to shut down all oil and natural gas in the area. Right from the beginning of the EA and draft FONSI on page one, the agencies admit that they are listening to a coalition of conservationists, hunters, recreationists, and ranchers, but not to the broader public that would benefit from the socioeconomic impacts of energy development. Rather than broker a balanced approach that acknowledges that hunting, ranching, and recreation coexist with oil and natural gas on public lands, the agencies imposed the 2016 WRNF plan that mistakenly bans new development in the area. Now with the withdrawal, the agencies have provided no convincing evidence that a withdrawal is necessary in addition to the 2016 plan. The entire 2016 plan and withdrawal processed continue to strike us as pre-decisional, as throughout the processes the agencies have listened to an anti-energy coalition but not more diffuse voices throughout the West Slope community that wish to experience the economic and employment benefits that development in the area would provide. We detail below the deficiencies of the agencies' socioeconomic analysis that intentionally downplays the economic impact of oil and natural gas while elevating recreation impact.

We have heard the agencies in the past cite to industry support for actions to put the Thompson Divide area off limits, but that support was based on a letter from one company. Other companies were forced to exit the area because of regulatory obstacles. The one company was willing to support the Thompson Divide Withdrawal and Protection Act after constructively engaging with the Thompson Divide Coalition (TDC) and receiving assurances that its valid existing lease rights would be excluded beyond the southern boundary of the TDC proposed area. However, nine years later despite that agreement, the agencies have changed the boundary to include the company's project area, thereby abrogating the cooperative engagement with the company and violating valid existing lease rights.

Further, the timing of the comment period for this EA and draft FONSI was almost completely over the holiday season, making it difficult for the broader public to meaningfully comment, as we outlined in our December 18, 2023 extension request letter. The well-organized coalition was certainly prepared to do so, as it is well-funded and able to generate form-letter comments from across the country. By listening only to anti-oil-and-gas voices and purposefully downplaying the potential and impact of oil and natural gas to the area, the agencies have failed to engage in an unbiased, deliberative public process.

Lack of Secretarial Authority

The EA cites the Interior Secretary's authority under Section 204 of the Federal Land Management Policy Act (FLPMA) to withdraw federal minerals from 224,713 acres of lands administered by USFS and BLM. 43 U.S.C. §1714(c). However, the Secretary's authority to withdraw federal land over 5,000 acres is limited by Congress. In FLPMA, Congress reasserted its constitutional authority over withdrawals. FLPMA asserts "the policy of the United States that…the Congress exercise its constitutional authority to withdraw…Federal lands for specified purposes and that Congress delineate the extent to which the Executive may withdraw lands without legislative action." 43 U.S.C. § 1701(a)(4). FLPMA section 204 delimits the scope of the Secretary's withdrawal authority. The "Secretary is authorized to make…withdrawals but only in accordance with the provisions and limitations of this section." This includes limiting her delegation authority to make withdrawal decisions. 43 U.S.C. §1714(a). Section 204 (e) provides the Secretary with authority to make "emergency" withdrawals under certain circumstances, effective for no more than three years. 43 U.S.C. § 1714(e). Section 204(d) provides general authority for a "withdrawal aggregating less than five thousand acres…by the Secretary on his own motion" and without legislative oversight. 43 U.S.C. § 1714(d).

The Secretary, upon withdrawing more than 5,000 acres, "shall notify both Houses of Congress of such a withdrawal." 43 U.S.C. § 1714(c)(1). Id. The Secretary must provide Congress with notice and detailed information on the withdrawal. 43 U.S.C. § 1714(c)(2); 43 C.F.R. §2310.3-04(a). Public notice and a hearing must precede notice to Congress. 43 U.S.C. §1714(b), (h). The Secretary lacks the authority to propose or make a withdrawal the size of the Thompson Divide Withdrawal.

The withdrawal goes far beyond what is necessary, "to protect agricultural, ranching, wildlife, air quality, recreational, ecological and scenic values resources", since BLM-managed development is heavily regulated to ensure the protection of these very same resource values. Oil and natural gas development coexists with other multiple uses and resource values, as reflected in the very history of the area. There has been oil and natural gas activity in the area since the late 1940s, including leasing, drilling, and production. There is an operating gas storage field, the Black Hills Wolf Creek Storage Field, that serves citizens of the Roaring Fork Valley with life-sustaining natural gas to heat their homes and cook their food. There are wells into which natural gas is injected in the summer and then withdrawn in the winter. The area is one in which industrial and agricultural activities coexist. The fact that scenic values have been preserved since the 1940s and the land is still considered pristine undermines the arguments of those who strive against balance and wish for absolutely no oil and natural gas activity.

Inadequate Socioeconomic Analysis

With the EA's emphasis on the agencies' preferred uses to the exclusion of oil and natural gas, the agencies have taken a broad view of the economic impact of recreation and agriculture while intentionally downplaying that of oil and natural gas. While comprehensive economic impact studies are used in the Socioeconomic Report for recreation and grazing that look at broader measures of total economic impact and factors other than just the direct jobs given in Table 1 of the EA, no similar studies are used for the oil and natural gas industry. Comprehensive studies on economic impact for recreation and grazing are referenced for: 1) Colorado as a whole; 2) the larger West Slope region; 3) the four-county area; and 4) within the Thompson Divide boundaries, but none of those cited consider the comprehensive impact of oil and natural gas. This bias should be corrected before the EA is finalized to ensure compliance with NEPA.

Rather than just citing to the narrowly tailored Bureau of Labor Statistics, several other studies are used in the Socioeconomic Report to emphasize recreation. For example, although acknowledging that the travel and tourism industry encompasses much more than the recreation that, "occur[s] specifically on USFS and BLM-administered land," the Socioeconomic Report cites the figure of $27.7 billion in travel spending for Colorado as a whole.[1] The agencies should likewise include similar oil and natural gas economic analysis.

For example, the *Colorado Oil & Gas Industry Economic and Fiscal Contributions, 2017* study by the University of Colorado Denver, Business School shows that there are 38,000 Coloradans employed in; "the complete oil and natural gas sector supply chain" and another 51,000 employees induced from their expenditure of earnings for a total direct, indirect, and induced jobs impact of 89,000 with a total of $10.8 billion in employment income and $13.5 billion in state domestic product. The industry provides $1 billion in revenues for the state of Colorado.[2] Rather than looking comprehensively, as for other sectors, the Socioeconomic report just looks at the U.S. Department of Labor, Bureau of Labor Statistics, which display only direct mining jobs.

Further, the agencies underestimate and leave out the economic impact of oil and natural gas in the counties analyzed in the EA, i.e., Delta, Garfield, Gunnison, and Pitkin counties. For example, although recognizing on page 7 that, "The economic foundations of Garfield County are built on natural resource development, agriculture, regional services, and tourism," economic impact estimates are only given for tourism.

We find it especially biased that the numbers from BLM's economic analysis[3] for recreation and livestock grazing are detailed in the Socioeconomic Report, but not for oil and natural gas even though they are readily available in BLM's report. Is it because the numbers for oil and natural gas are vastly greater than the other two sectors and do not support the narrative the agencies are trying to weave that oil and natural gas socioeconomic impact is insignificant? This seems like an intentional obfuscation to benefit one preferred stakeholder coalition.

To correct that bias, the Socioeconomic Report must be updated with the numbers from BLM's analysis for all sectors, not just the preferred ones. The numbers show that although the agencies have tried to downplay oil and natural gas, they are much more substantial than either recreation or grazing, accounting for 69% of economic impact and 55% of jobs, compared to only 15% and 27%, respectively, for recreation. We show the numbers in the table below. Note that BLM does not make the planning area data available publicly, so we had to extrapolate the field-office level numbers for oil and natural

[1] *The Economic Impact of Travel, Colorado 2022p*, Dean Runyan Associates, prepared for the Colorado Tourism Office, Office of Economic Development and International Trade, July 2023.
[2] *Colorado Oil & Gas Industry Economic and Fiscal Contributions, 2017*, the University of Colorado Denver, Business School, prepared for the Colorado Oil & Gas Association, March 2019.
[3] *The BLM: A Sound Investment for America 2022*

gas by percentages.[4] As the withdrawal action is specifically to prevent oil and natural gas exploration and production, the Socioeconomic Report must be updated with the BLM oil and natural gas numbers down to the three relevant field offices, similar to how the data are displayed for recreation and grazing.

Table 1. Economic Impact Data on BLM Lands

Colorado	**Recreation**	**Oil and Gas**	**Grazing**	**Colorado Total** (includes others not detailed)
Economic Impact (in millions)	$1,374.5	$6,097.8	$74.6	$8,874.5
Economic Impact Percentage	15%	69%	1%	
Jobs	10,955	22,348	946	40,906
Jobs Percentage	27%	55%	2%	
For the three relevant field offices				
Economic Impact (in millions)	$544.9	$1,524.5	$14.7	$1,952.4
Jobs	4,300	4,917	200	8,999

Source: *The BLM: A Sound Investment*

We find Table 8 from the Socioeconomic Report, copied below, very interesting. The table from the DRA study of travel and tourism, which the agencies admit is much broader than the recreation activities found in the Thompson Divide, shows that the economic impact of the broad tourism category is about the same as that from oil and natural gas, per the BLM data. The BLM data in our table above shows oil and natural gas economic impact to be around $1.5 billion in the area and Table 8 from the Socioeconomic Report shows travel and tourism at about $1.5 billion as well. The EA's attempt to dismiss oil and natural gas is disingenuous and the Socioeconomic Report must be corrected.

Table 8. Direct contributions of travel and tourism, 2022

Industry	Delta County	Garfield County	Gunnison County	Pitkin County	Four-county area	Colorado
Travel spending (millions of dollars)	$65.3	$316.4	$345.1	$829.2	$1,556.0	$27,700.0
Earnings (millions of dollars)	$21.0	$77.8	$90.7	$433.3	$622.8	$8,600.0
Employment (jobs)	854	2,000	2,400	5,400	10,654	176,800
Tax receipts (millions of dollars)	$3.7	$23.4	$23.1	$61.8	$112.0	$1,700

Source: Dean Runyan Associates 2023a.

[4] On page 17 of the Socioeconomic Report it is stated that "Combined, the Colorado River Valley Field Office, Uncompahgre Field Office, and Gunnison Field Office contribute over 25 percent of the state's total economic activity on BLM-administered lands and represents [sic] over 22 percent of the state's total jobs on BLM-administered lands (USDI BLM 2022a)."

Further, the economic analysis of the Thompson Divide area cited in the Socioeconomic Report does not consider oil and natural gas.[5] In some ways, that is not surprising, given that the agencies have used regulatory and planning mechanisms over 15 years or more to prevent oil and natural gas leasing and development in the area. However, there are existing leasing in the withdrawal area, especially since the boundaries have been redrawn to cover additional existing leases. The agencies have an obligation to understand what that economic impact is, but have failed to do so.

The experience of one of our member companies attempting to develop their valid existing lease rights is instructive regarding oil and natural gas economic impact. Despite assurances that the 2016 WRNF plan would respect valid existing lease rights, the agencies have not enabled development to proceed on those existing lease rights in normal order. As a result, the company's production is well below what it would otherwise be if drilling permits, rights-of-way, and other approvals had been forthcoming. The company could be producing between 70 Million cubic feet (Mmcf) and 100 MMcf of natural gas daily in its project area, but for the extra regulatory obstacles the agencies impose in response to the political pressure in the area. At a reasonable $3.50 hedged natural gas price, that equates to a natural gas value of $245,000 and $350,000 that is not being generated from the area daily and not contributing to the local and state economy. The Socioeconomic Report must be updated with the true value of oil and natural gas development in order to satisfy the hard-look requirements of NEPA.

Had there been a reasonable public comment period, we could have provided more substantive comments to inform the agencies. However, given the pre-decisional nature of the entire Thompson Divide Withdrawal, we doubt that information would be adequately considered anyway. We wish you a happy and prosperous new year.

Sincerely,

Kathleen M. Sgamma
President

[5] *The Economic Contribution of Thompson Divide to Western Colorado*, BBC Research & Consulting, 2013.