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## OIL AND GAS:

# BP, Colo. strike deal to allow San Juan Basin drilling

Scott Streater, E&E reporter

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The state of Colorado is expanding a groundbreaking effort to balance oil and gas drilling with natural resource protection in some of the most environmentally sensitive areas along the Western Slope.

Under terms of an agreement announced last week, BP America Production Co., has agreed to a number of wildlife conservation measures to offset impacts from a planned 68-well development in the state's rugged San Juan basin.

Among the terms are that BP will purchase property to mitigate the impacts of drilling, use automated equipment and reduce vehicle traffic at its well-pad sites. The company also agreed to incorporate a closed-loop drilling system that eliminates the need for open storage pits that can inadvertently trap and kill birds and other wildlife.



Drilling firms have long sought access to oil and natural gas deposits in Colorado's portion of the San Juan basin. Under a new agreement between the state of Colorado and BP America Production Co., as many as 68 new wells will be drilled in the rugged region. Map courtesy of U.S. Geological Survey.

In addition, BP will contribute \$475,000 over the next six years for various studies to evaluate the effects of natural gas development on wildlife in the state.

"The agreement shows that it is possible to develop natural gas resources and preserve Colorado's wildlife," said Tom Remington, director of the Colorado Division of Wildlife. "This is an ideal model for planning natural resource development and conservation on a landscape scale."

Jerry Austin, BP's San Juan Area Operations Manager, said in a statement that the company is "proud to enter into a plan that not only incorporates operational changes, but also provides actual land preservation."

The agreement, covering portions of La Plata and Archuleta counties, was devised by representatives of BP and the Division of Wildlife, along with the Nature Conservancy. It also received input from the Bureau of Land Management, the Forest Service and the Army Corps of Engineers.

The parties worked together to identify the most suitable mitigation sites in the basin, eventually creating an inventory of 11 high-quality habitat areas that merit long-term preservation.

BP will choose lands from this inventory as the project develops and the specific acreage for mitigation is determined, said Jon Holst, the Division of Wildlife's energy liaison in southwest Colorado.

"We've used the best available science to identify impacted species and priority mitigation areas," said Holst.

## **Record of compromise**

The San Juan Basin agreement follows nine similar agreements announced last year between the state and companies like Exxon Mobil Corp., Encana Corp. and Marathon Oil Co., which allow the companies to drill in sensitive sections of northwest Colorado's resource-rich Piceance basin -- one of the most active oil and gas drilling regions in the West and home to a wide array of wildlife, including greater sage grouse and big-game species like elk and mule deer.

The key to the agreements is surveying proposed development sites early, identifying areas where drilling could negatively affect natural resources, and then devising strategies to avoid or mitigate those impacts, said Joe Kiesecker, the Nature Conservancy's lead scientist in Fort Collins, Colo.

"Proactive planning helps reduce conflicts between development and wildlife conservation," Kiesecker said. "By identifying conflicts between conservation and development early, we can provide effective, balanced options."

Industry officials like the approach because agreement terms can be applied to multiple drilling operations across a wide region, instead of companies having to acquire individual permits on a site-by-site basis.

Tom Spezze, southwest regional manager for the Colorado Division of Wildlife, said this makes the effort "unique" because it "allows for mitigation banking to address future impacts from development, and focuses mitigation efforts on habitat protection to offset impacts to wildlife."

The agreements also could help soften the sting for industry from tough new oil and gas regulations implemented by Colorado in 2009, including requirements for increased use of lined pits to protect groundwater, improved stormwater management to protect surface water, and various measures to protect wildlife.

The agreements also come as industry representatives and regulators, particularly on the federal level, have publicly sparred over land-use policies that some say favor conservation over energy development and jobs.

The Western Energy Alliance, an oil and gas drilling trade group, released a survey last year in which oil and natural gas industry officials said they are now avoiding drilling on federal land in the mineral-rich Rocky Mountain region due to tougher regulations ([Land Letter](#), April 29, 2010).

The Interior Department, meanwhile, has pointed to data showing that the oil and gas industry holds nearly 7,200 unused permits to drill on public lands, suggesting that a downturn in drilling activity may have more to do with the poor economy than excessive regulation ([Greenwire](#), March 25).

*Streater writes from Colorado Springs, Colo.*