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GOVERNOR CHALLENGES BLM AND INDUSTRY TO BALANCE DEVELOPMENT AND CONSERVATION ON THE PINEDALE ANTICLINE

CHEYENNE, Wyo. * Acknowledging the federal government*s push to rapidly develop energy resources in Wyoming, today Governor Dave Freudenthal challenged the Bureau of Land Management and industry to strike a balance between development and conservation in the Pinedale area.

The Governor commented on the need to find a solution that maximizes gas recovery while providing long-term protection for the state*s resources in a letter to Dennis Stenger, Pinedale field office manager for the BLM, focusing on the Draft Supplemental Pinedale Anticline Environmental Impact Statement currently being developed by the agency.

There is likely no other place in the Rocky Mountain Region with such extensive co-existence of world class wildlife, natural gas, visual and cultural resources, Freudenthal said in his letter. *My challenge to the BLM staff and proponents is to find a solution that maximizes gas recovery while providing long-term protection for the remaining valuable social, cultural, scenic, aesthetic, agricultural and wildlife resources so as not to cause irreversible harm to any of them.*

Freudenthal*s administration has negotiated to reduce the impacts of additional large-scale development on the Pinedale Anticline and to ensure that unavoidable impacts are mitigated appropriately.

While I understand the need to develop our natural resources, we must continue to do it in a way that preserves our quality of life in Wyoming, Freudenthal said.

The winter drilling supplement to the Pinedale Anticline Project Area EIS will focus development on the core area of the Anticline, and the Governor was encouraged to see the following measures initially committed to by industry:

* Directional drilling restricted to an additional 250 well pads.

* Concentrated drilling on only 1/5 of the Anticline, leaving the rest of the area open for migrating and wintering wildlife.

- * Voluntary suspension of certain leases on the flank areas of the Anticline to provide wildlife habitat.
- * Significant mitigation and monitoring fund created by industry to be used to offset the impacts associated with drilling.

The text of the Governor*s letter follows below.

Mr. Dennis Stenger, Field Manager
Pinedale Bureau of Land Management Field Office USDI BLM P O Box 768 Pinedale,
WY 82941

Dear Dennis,

Thank you for the opportunity to comment on the Bureau of Land Management*s Pinedale Draft Supplemental Environmental Impact Statement (DSEIS). I understand that the final decision on the development of this federal resource lies with your agency. Further, I am mindful that the federal government is currently committed to a focused policy of maximizing the production of energy from federal lands. Notwithstanding these pressures on the federal agencies, I hope you will seriously consider the impact of your analysis and decisions on the people, wildlife, and environment of Wyoming, as though you planned to live in the impacted area. I will address issues of this additional development on the Pinedale Anticline in a broad context and ask that you carefully look at the details in each individual agency*s comments.

I appreciate the extensive work and complexities that exist in order to sufficiently analyze a federal natural gas proposal of this scale on top of an already existing developed field. There is likely no other place in the Rocky Mountain Region with such extensive co-existence of world class wildlife, natural gas, visual, and cultural resources. My challenge to the BLM staff and proponents is to find a solution that maximizes gas recovery while providing long-term protection for the remaining valuable social, cultural, scenic, aesthetic, agricultural and wildlife resources so as not to cause irreversible harm to any of them.

A successful management strategy will require more than the standard BLM operational and business practices. It will require the proponents and BLM to fully explore federal operating practices, regulations and statutes.

I appreciate the willingness of the proponents to work on a multi-operator proposal such as has been undertaken with this DSEIS effort. A successful collaborative effort could provide additional socio-economic benefits to the local communities and the State by leveling out the seasonal drilling, completion and operational fluctuations. But equally important is the unmatched opportunity to provide a model for habitat and environmental mitigation which will lead to increased habitat function at the end of the natural gas development play.

The challenge I encountered through this particular DSEIS process was the divergence between my original understanding of the proposed level of development and either of the two alternatives presented in the DSEIS. The initial scoping notice outlined the desire for a relaxation of winter stipulations, and then spoke to the number of wells in a

very general nature. This was disingenuous. When the final estimate of wells was set at 4,399, I was frankly stunned. However, once the project is properly understood, it makes more sense because the actual number of drilling pads is only 250. I had an initial understanding the proposal would result in an expansion in well numbers, but nothing of this magnitude. I ask the BLM to ensure that future scoping documents fully and specifically disclose the number of anticipated wells, the number of drill pads, as well as the anticipated level of surface disturbance with sufficient accuracy to provide a fair opportunity for public comment and State participation through active involvement by cooperating agencies.

I am not sure where the departure occurred, but I ask and expect that the final preferred alternative will provide for coordinated development in the *core area* and for every reasonable effort to be made to protect the current existing crucial habitat identified in the flanks of the Pinedale Anticline Project Area (PAPA) during *core area* development. The bottom line standard must be to not only prevent any further degradation in wildlife numbers but to also provide habitat preservation and enhancements which will allow the several species of indigenous wildlife to flourish and recover to normal levels based on historical carrying capacity of the PAPA habitat. With regard to gas development impacts beyond wildlife habitat, air and water quality must also be maintained at reasonable quality levels. Development of the natural gas reserves in the PAPA are important to both the producers and the people of the State, but the social, cultural, scenic, aesthetic, agricultural and wildlife resources are equally important to sustaining the long term social and economic vitality of the Pinedale region for all the people of Wyoming.

I ask that the following specific comments be considered in the Final Supplemental Environmental Impact Statement:

Protecting the crucial habitat in the flanks

1. Currently there is unleased acreage in the PAPA that is available for lease. My request is that no additional acreage be leased until the final Pinedale Resource Management Plan (RMP) Record of Decision (ROD) is signed. In order to protect big game herds while the development of the core is occurring, unleased parcels in the PAPA should only be leased with a No Surface Occupancy (NSO) stipulation or in the alternative, leasing should be deferred until full monitoring capability is in place and development of the core area is completed.
2. There is a substantial amount of leased land in the flanks that could be developed. Again, my initial understanding was that much of this area would not be developed. Unfortunately, at this point in time that is not true. Should operators whether proponents or other, agree to suspend their leases to protect the PAPA flanks during the core development, the BLM should encourage and support suspension.
3. To honor existing leases, development should be allowed to go forward. However, with the recent decline in mule deer herd numbers and loss of sage grouse leks in the Pinedale Field Office (PFO) territory, I request that development outside the core be limited in such a manner that there should be no incremental negative impacts on environmental, wildlife, agricultural or cultural resources. State agencies will make specific recommendations regarding the percent of surface disturbance per section or alternatively the number and size of well pads that should be allowed for flank development, and I ask that you use these specific recommendations in the final ROD.

4. All developers operating in the PAPA should be required to commit to fund monitoring commensurate with the level and pace of development that actually occurs. BLM regulations indicate that the BLM can conduct monitoring without it having to be a measure committed to by an operator (or operators), and development decisions can be contingent on impacts identified through monitoring.

Core development

One of my bottom line objectives is to ensure there is no additional degradation to wildlife numbers due to habitat disturbance or destruction. In this regard there are two continuing concerns with regard to development of the core area: 1) further drilling to fully delineate and develop the core area; and 2) the timing and phasing of development across the core.

1. I understand the need to adjust the delineated boundaries of the core as the field becomes fully defined. However, there also needs to be some certainty of the constraints especially in areas of crucial wildlife habitat and crucial wildlife migration corridors. I ask the BLM to carefully consider language being drafted by the Wyoming Game & Fish (WG&F) as well as industry as to how the core boundaries might be adjusted. The language must minimize or eliminate impacts to the functionality of crucial habitat and meet the bottom line goal of no additional degradation to wildlife carrying capacity due to habitat or migration corridor disturbance or destruction.

2. There are also continuing concerns as to the ultimate timing and phasing for development activities of the various identified core development areas. The WG&F are coordinating their concerns with the proponents and will provide their recommendations. I ask that you adopt timing and phasing schedules which support the bottom line objective.

Thresholds

I am aware that there are concerns about the particular mitigation thresholds that have been identified by WG&F in particular and the monitoring which may be required in order to effectively evaluate the development impacts in regard to the specified thresholds. It is my sincere hope that the specific thresholds never become a real issue. If trends begin to approach any of the impact mitigation threshold levels, it is a clear signal that something is out of balance with bottom line objectives and natural gas development activities need to be reviewed very critically to see if they are contributing factors. Trends towards thresholds may signal a need to change the pace and/or activities associated with the natural gas development in order to appropriately balance for the interests of all resources.

I support the concept of regular planning meetings, and I also support the notion that such meetings should occur at least once a year with language in the ROD that allows for more frequent meetings if circumstances warrant. These meetings will provide an opportunity to assess, evaluate and fine tune monitoring efforts and mitigation strategies as the actual effects of PAPA natural gas development occur.

That said, I don't want decisions with regard to how or when monitoring will be used left completely in the realm of future planning meetings. The Final SEIS needs to contain a very complete framework with regard to the monitoring expectations needed in order to meet bottom line objectives and to insure that development activities comply with the very critical mitigation thresholds identified by Wyoming Game and Fish, Wyoming

Department of Environmental Quality (WDEQ) and Wyoming Department of Agriculture (WDA).

Monitoring

Because the PAPA DSEIS outlines a huge development proposal in very critical wildlife habitat and may seriously impact wildlife, basic mitigation and monitoring should not be left to a judgment call at the review meetings during development of the natural gas resources. It is my hope that adequate monitoring will be offered by the proponents as part of operator committed measures. Wildlife and air quality monitoring are the specific two areas that need to be specifically outlined in the ROD so the expectations of the BLM and operators are fully disclosed and any potential for unexpected surprises to any party are limited. Between the draft and final SEIS I request that the BLM coordinate with WG&F, WDEQ and WDA on the required monitoring that needs to be identified and contained in the ROD. The mitigation and monitoring outlined in the ROD should be understood to be the minimum level expected, not the maximum.

To support this request, I refer to the BLM regulations, listed below, which state that RMP monitoring will be the responsibility of the BLM. Furthermore, the BLM may require monitoring for activity plans whether it is committed to by the operator or not.

The BLM manual H-1790-1 National Environmental Policy Act Handbook page VI-4(e) states that controversial or sensitive decisions, issues or impacts are usually included in monitoring plans. The level of public concern about a particular decision, issue or environmental impact may be the basis for establishing priorities for monitoring. In addition page VI-1(A) 1 also states that *all actions and mitigation measures including monitoring and enforcement programs adopted in a decision document are legally enforceable commitments.

The following monitoring efforts should be required:

1. Reclamation monitoring.
2. Monitoring to make sure mitigation practices are applied correctly.
3. Monitoring as to whether mitigation practices are effective.
4. Population monitoring for various species of affected wildlife.

I understand that the Pinedale Field Office (PFO) is requesting that the operators provide additional funding to add BLM personnel in the PFO specifically for monitoring and enforcement purposes. Mitigation measures from the 2000 PAPA ROD were not consistently enforced by the PFO. With the proposed increase in the pace of natural gas development in the PAPA-SEIS, personnel must be specifically identified and devoted to the monitoring, inspection and enforcement of reclamation activities, air quality standards, wildlife objectives and negative impacts on other valuable resources. I am concerned about the BLM request given the

history of monitoring and compliance enforcement exercised by the PFO with regard to the 2000 PAPA ROD. If specific BLM personnel and positions are not identified, monitoring and enforcement may be compromised if BLM personnel divert their focus and attention to other duties and responsibilities. I will not support this proposal unless there is complete focus and dedication in ensuring that the project is proceeding as intended, the impacts are being monitored in a thorough and timely manner and the mitigation measures are enforced according to the SEIS ROD.

Stipulations

Because of the effort of the proponents to reduce impacts to the PAPA, no additional exceptions to seasonal stipulations should be allowed either on or off the crest unless documented to be minor in nature and agreed to as part of the regular review meetings.

Mitigation

I appreciate the fact that there are significant costs associated with directional drilling and condensate piping that is being proposed by the proponents in an effort to reduce disturbance and fragmentation in the PAPA associated with year round drilling and 4,400 wells on 250 additional well pads.

Even though there will be consolidation of wells and facilities, the overall surface disturbance will still increase due to the sheer number of wells proposed in the DSEIS. I also appreciate that the proponents are prepared to consider additional mitigation based on monitoring data presented at each of the annual review meetings. However, it is absurd to not acknowledge upfront that there will be a need for mitigation to protect the wildlife herds. There is no doubt that any habitat mitigation will not provide immediate relief to the wildlife need, and may in fact take several years for the habitat improvement to be effective. It is important that the DSEIS acknowledges the level of development that the area will likely experience and the likely impacts. If the anticipated impacts are realized, they will be much more tolerable if we have prepared the public and ourselves in advance, rather than react to an unrealistic SEIS document.

I have challenged the proponents to commit to a fund which can provide funds for the monitoring and mitigation activities. This is not intended to create additional bureaucracy, but to ensure that work gets done correctly in the PAPA. These funds can be used to address habitat mitigation in the core development area, the flank areas of the PAPA and also in areas outside the PAPA where the habitat benefits would specifically mitigate impacts from gas development activities in the PAPA.

The Department of Environmental Quality has been working independently with the operators to design an air quality impact mitigation plan.

Additionally, the WDEQ has been in discussions with these and other operators concerning emerging water quality issues. Funding for the air quality mitigation will be addressed in a separate agreement with WDEQ, but should funding be necessary for water quality impact analysis and mitigation, it is the intent of the parties that the funding will come from this mitigation account.

Best regards,
Dave Freudenthal
Governor

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