

WESTERN ENERGY
ALLIANCE

July 19, 2017

Via Electronic Mail and Overnight Delivery

Greater Sage Grouse Review Team
U.S. Department of the Interior
1849 C Street, NW
Washington D.C. 20240

Re: Economic Impacts of Greater Sage Grouse Federal Land Use Plans

Dear Review Team:

Western Energy Alliance (the Alliance) submits this letter and information for your consideration during your review of the greater sage-grouse (GrSG) federal land use plans pursuant to Secretarial Order 3349.

The Alliance represents over 300 companies engaged in all aspects of environmentally responsible exploration and production of oil and natural gas across the West. Alliance members are independents, the majority of which are small businesses with an average of fifteen employees. Our industry plays an important role in the economic wellbeing of the western States, and our production is a strong contributor toward American energy security.

The oil and natural gas industry generates approximately 173,860 jobs in the 13 western states, and approximately 62% of these jobs (107,700) are located in four states where greater sage grouse are found: Montana, Colorado, Wyoming, and Utah.

The economic benefits of oil and gas production in the West are significant. Western producers are proud to provide 21% of the nation's oil and 25% of natural gas production while impacting less than 0.07 percent of public lands. Our industry generates \$84.3 billion in annual economic impact nationwide, and in 2016 the industry contributed \$13.3 billion in taxes to local, state and federal governments. Onshore producers return \$54.12 in royalties and lease revenues for each dollar spent by the government administering the federal onshore program.

Economic Impact. The 2015 GrSG federal land use plans are severely restrictive and have tremendous detrimental economic and job impacts to the oil and gas industry. An economic analysis by John Dunham & Associates (JDA) reports that these restrictions will result in:

- loss of approximately 9,276 oil and gas jobs;
- reduced annual economic growth of approximately \$2.4 billion; and,

- loss of annual federal and state tax revenues of approximately \$351 million.¹

This analysis utilized the IMPLAN model. A copy of this economic analysis is attached.

In the West, states and counties rely on a healthy and robust oil and natural gas industry to balance state budgets and fund education, public safety, and infrastructure projects. Most states require companies to pay severance, property, and other types of taxes as well as royalties on the energy they produce. Western states also have school trust funds funded by productive activities like oil and natural gas development on state lands.

Targeted Oil and Gas Restrictions from GrSG Plans. The oil and gas specific restrictions in the GrSG plans result in increased costs due to limitations on activities, and reduce new oil and gas development. The primary restrictions of concern to the Alliance are:

- Overly expansive and burdensome lek buffers (e.g., 3.1 miles) and noise buffers;
- Inconsistent and overly burdensome density and disturbance caps;
- Failure to define, recognize and respect Valid Existing Rights;
- Inconsistent and overly burdensome No Surface Occupancy (NSO), Controlled Surface Use (CSU), and Timing Limitations (TL) lease stipulations;
- BLM's unlawful ceding of authority to U.S. Fish and Wildlife Service for approval of exception, waiver or modification of NSO, CSU, and TL stipulations;
- Imposition of unlawful and overly broad compensatory mitigation and net conservation gain requirements;
- Undue leasing prohibitions and restrictions;
- Arbitrary and unduly burdensome "Required Design Features;"
- Unsupported and overly broad designations of priority habitat management areas; and,
- Arbitrary exemptions for renewable transmission projects (e.g., surface disturbance cap exemption counted against oil and gas development cap).

These provisions are contrary to the President's Executive Order, titled "Promoting Energy Independence and Economic Growth," and Secretary Zinke's Order 3349, "American Energy Independence." The above provisions should be removed and the land use plans revised so that a proper balance is struck between recognizing and utilizing state conservation plans for the species and continued economic development and growth to ensure American energy independence and dominance.

Revision of the Land Use Plans is a Necessity. Given the expansive and unduly burdensome restrictions in these plans, it is critical that Interior revise the land use plans rather than simply seeking to make limited changes. Moreover, the States should have

¹ These numbers are based upon analysis of Scenario Two in the attached economic analysis, which tracks with the restrictions contained in the final federal land use plans issued in 2015.

primary management authority over the conservation of the GrSG because it is not a listed species, and the States have more local expertise.

State efforts, such as in Montana, Utah, and Wyoming, provide a more sensible and adaptive approach to GrSG management while balancing future economic growth that is entirely lacking in the current plans which utilize a federal, command and control, one-size-fits-all approach.

Additional Considerations. The Alliance also provides the following additional considerations for review of the GrSG federal land use plans:

1. Rescission of 2016 Instruction Memoranda

The instruction memoranda issued in 2016 should each be rescinded in their entirety, as these guidelines further exacerbate the unduly burdensome restrictions of the GrSG plans.

2. Issuance of Instruction Memoranda on Valid Existing Rights

While the GrSG Records of Decision and land use plans liberally utilize the phrase "valid existing rights" – it is not defined anywhere in the plans, and is imposed and implemented in a manner that disregards these rights. "Valid Existing Rights" should be explicitly defined as any lease, permit or authorization issued or granted prior to the date of issuance of the GrSG Records of Decision.

3. Review of Alliance's Data Quality Act challenges

In 2015, the Alliance submitted a series of Data Quality Act challenges to Interior on: (1) BLM's National Technical Team Report; (2) the USFWS's Conservation Objectives Team Report; (3) the USGS GrSG Monograph; and, (4) the USGS "Conservation Buffer Distance Estimates for Greater Sage-Grouse—A Review"¹ (the Buffer Report). These reports contain significant data quality flaws, omissions, and fundamental scientific errors, yet were still utilized as foundational elements for formulation of the GrSG plans.

The Interior GrSG Review Team should review the Alliance's Data Quality Act submissions to identify key scientific and data flaws that need to be addressed and corrected in the revised GrSG plans.

4. Revisions to Habitat Mapping and Habitat Designations

The habitat designations reflected in the current land use plans are based on computer mapping exercises built around overly burdensome and far reaching leks and buffers that are not supported by science, resulting in inaccurate and overbroad habitat designations.

The plans should be revised to provide States with primacy in designating habitat and expressly allow for adaptation of designation habitat based upon local conditions and data from State recommendations. The revised plans and RODs should also include an express provision that affords site-specific ground-truthing of habitat areas on a project-specific basis.

5. Guiding Principles for Management Provisions

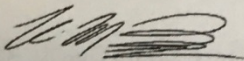
As Interior and BLM move forward to revise the GrSG plans and RODs, the following guiding principles should be in the forefront:

- Viable management strategies in the RMPAs and RODs must be: (1) based on science; (2) designed to promote certainty, affordability, flexibility, simplicity, and accessibility; and, (3) operationally and legally viable.
- RMPAs must provide a platform that allows for transparency and regulatory certainty at the project level.
- Conserve high-quality habitat where it makes the greatest ecological difference, while balancing economic activity and recognizing valid existing rights.
- Provide adaptability to improve the effectiveness and efficiency of BLM management.

Thank you for your time and consideration. The Alliance looks forward to continued dialog regarding these important issues on a going forward basis.

Please do not hesitate to contact us if you have any questions or would like additional information.

Sincerely,



Kathleen M. Sgamma
President