



July 24, 2015

BLM Caliente Field Office
Attn: Dec. 2015 O&G Lease Sale
PO Box 237
Caliente, NV 89008

Re: Western Energy Alliance Comments on the Preliminary Environmental Assessment for the December 2015 Oil and Gas Lease Sale – Ely District Office

Dear Sir/Madam:

Western Energy Alliance wishes to express its support for Alternative A – Lease All Parcels Nominated, Ely District Office in the Preliminary Environmental Assessment (EA) for the December 2015 oil and natural gas lease sale. We urge the Bureau of Land Management (BLM) to move forward in the process without further removal of any of the nominated parcels.

Western Energy Alliance represents over 450 members involved in all aspects of environmentally responsible exploration and production of oil and natural gas in the West. The Alliance represents independents, the majority of which are small businesses with an average of fifteen employees. Our members regularly lease and operate on BLM-managed lands in Nevada and throughout the West, and therefore Western Energy Alliance has an interest in ensuring that leasing proceeds in an orderly manner.

Parcel Deferrals

BLM originally received Expressions of Interest (EOI) for 94 parcels totaling 140,691 acres. Under Alternative B, only 56 parcels totaling 96,617 acres, or 71% of the original amount, remain available for lease. These large deferrals are inappropriate and not justified in the EA. We urge BLM to lease all parcels, as in Alternative A.

The reason stated for the deferrals is the need for further section 7 consultation, despite the fact that BLM states in the EA that “The Ely RMP Endangered Species Act section 7 consultation concluded “no effect” on the [White River spinedace and Railroad Valley springfish] based on the proposed action.” The EA then suggests that “[n]ew information since the Ely RMP indicates that oil and gas extraction could lead to impacts not previously analyzed in the Ely RMP Biological Assessment.” The new information referenced in the EA attributes earthquakes and surface water contamination to oil and natural gas extraction. Neither are grounds for further lease deferral or Section 7 consultations because they are known risks that are managed by both federal and state regulation. BLM has provided no justification or evidence other than a vague statement that earthquakes or potential surface spills are likely to actually impact the species.

Turning to the potential for surface water contamination, oil and natural gas companies take great care to protect vital water resources. The State of Nevada has jurisdiction over water resources, and has a long history of and expertise in managing its water resources. The state implements and industry complies with the Clean Water Act (CWA), the Safe Drinking Water Act (SDWA), and state laws to protect water quality.

In addition, during oil and natural gas development, plans of operation incorporate comprehensive protections to prevent or immediately address the potential spill of oil, natural gas liquids, produced water, hydraulic fracturing fluids and other fluids. Companies develop Spill Prevention, Control, and Countermeasure (SPCC) plans per Environmental Protection Agency (EPA) requirements to reduce the risk of spills reaching and affecting surface water. Roads and well pads are designed to minimize runoff and sediment buildup in waterways. These regulations together minimize the risk of surface water contamination.

In addition, Nevada has stringent regulations for wellbore construction and hydraulic fracturing to ensure that fluids remain in the wellbore during drilling and hydraulic fracturing operations. Federal and state regulations address fluids containment and transportation on the surface to minimize the risk of surface water contamination.

Concerning earthquakes, it is well known that drilling and hydraulic fracturing stimulation have not been tied to earthquakes that can be felt on the surface. While fracking does result in underground seismicity, it is at a low order of magnitude that generally cannot be felt at the surface nor causes surface damage. On the other hand, there have been instances where wastewater injection wells have caused earthquakes of sufficient magnitude that have been felt at the surface and in some rare instances, have caused some surface damage. However, it is well documented that these cases were of injection wells sited into unstable geology at large pressures and volumes.

Underground injection control (UIC) wells are regulated under the SDWA by the State of Nevada through delegation from EPA. States have successfully imposed regulations to ensure that injection wells do not create earthquakes. These requirements involve siting UIC wells into appropriate geological formations at pressures and volumes that will not induce seismicity. BLM is further erroneous in concluding that potential oil and natural gas activity on the leases would carry any risk of induced seismicity, as at the leasing stage it cannot be concluded that the parcels in question would have UIC wells on them, or that UIC wells will be the method of wastewater disposal that would be used, as it is just one of several options.

In summary, BLM has provided no justification for deferral of the parcels. Vague statements about the potential for surface contamination and earthquakes are not sufficient justification because both risks can be and are properly managed. There is absolutely no discussion of how either reasonably could be expected to impact the species. Furthermore, Section 7 consultation can be done for the leases if indeed there is a

reasonable risk of impact to the species. Because of all the regulatory mechanisms in place to both minimize the risks as well as perform Section 7 consultation on a site or lease-specific basis if necessary, deferral is not appropriate.

Air Quality

As affirmed in the EA, the act of leasing in and of itself will result in no impacts. There can be no assumption that a leased parcel will actually be developed, and therefore any attempts to quantify emissions are purely conjecture. If and when development of a lease is proposed, project-specific NEPA analysis will be completed. Further, the Nevada Bureau of Air Pollution Control (BAPC) stringently regulates air emissions per the Clean Air Act (CAA), as delegated by EPA, with strict permitting requirements before development may actually take place. EPA has also recently imposed additional CAA requirements for reducing oil and natural gas emissions that BAPC is likewise charged with implementing through permitting. Therefore, BLM has correctly performed the level of analysis necessary at the leasing stage, and rightly has recognized the jurisdiction of BAPC and EPA with respect to air impacts.

Wildlife

The EA discusses several wildlife and special status species that are present on a number of the proposed parcels. Those species listed under the Endangered Species Act (ESA) require formal consultation prior to any surface disturbing activity, and raptors and migratory birds are both protected by the Migratory Bird Treaty Act (MBTA). Appropriate Conditions of Approval (COA) may also be applied at the permitting stage for the further protection of wildlife resources, and companies go to great lengths to avoid and minimize potential impacts to the greatest extent possible. Due to these protective measures, we believe that potential impacts to wildlife can and will be effectively mitigated.

Socioeconomics

Our industry plays a role in the economic well-being of Nevada; oil and natural gas exploration and production supports nearly 1,800 high-paying jobs with wages totaling nearly \$117 million, and provides annual economic impact of over \$324 million and nearly \$55 million in federal and state taxes. These revenues are used to fund infrastructure, education, and other vital services for communities.

Energy produced domestically also reduces the need to import energy from other nations many of which do not have the same level of environmental protections in place. Alternative A, which would allow all parcels to be leased, would have the greatest positive socioeconomic impact.

Oil and natural gas production has been one of the few bright spots in an otherwise moribund economy. Domestic production, predominantly on state and private lands, has

allowed the United States to claim the mantle as the world's top producer of oil and natural gas, whereas federal lands continue to lag behind. Production from public lands has historically been an important part of the equation, and to meet the nation's energy needs and to continue to reduce our reliance on foreign sources it must continue to be so into the future.

Western Energy Alliance urges BLM to move forward with Alternative A and refrain from deferring any further acreage. We appreciate the opportunity to comment. Should you have any questions, please do not hesitate to contact me.

Sincerely,



Kathleen Sgamma
Vice President of Government & Public Affairs

Cc: John Ruhs, Acting State Director, Nevada BLM
Raul Morales, Deputy State Director, Natural Resources, Land & Planning