

# Wyoming Producers Hopeful About Sage Grouse Shift

By Dan Larson  
Special Correspondent

CASPER, WY.—A new approach to federal protections for the greater sage grouse is offering glimmers of hope to oil and gas operators in Wyoming, a key state in developing conservation programs, according to leaders of the Petroleum Association of Wyoming.

A June order signed by U.S. Department of the Interior Secretary Ryan Zinke called for a fast-track review of existing federal regulations. The review will examine how state and local governments can be included and how consideration can be given to local economic impacts and job creation, DOI says.

PAW says it welcomes Zinke's action while withholding an evaluation until the review is complete. Discussion of the new approach to sage grouse conservation will be among the key topics discussed at the association's 2017 Annual Convention and Trade Show. This year, the event will be held Aug. 15-16 at the Ramkota Hotel in Casper.

Among other issues up for discussion, PAW executives say, are migration corridors, cultural resource surveys, tax policy improvements, revisions to the state's oil and natural gas regulations, and the state's efforts to identify problematic operators. But with Wyoming's long experience and influential policies on sage grouse conservation, the federal review of how to protect the ground-dwelling bird probably will lead the discussion, they say.

Wyoming "belongs at the table," while the federal program is under review, maintains PAW Vice President of Public Lands Esther Wagner. In 2008, then-Governor David Freudenthal, along with Wyoming stakeholders, developed a model sage grouse conservation program, she describes. The state's Sage Grouse Implementation Team, a 24-member task force formally organized by Freudenthal and led by the Wyoming Wildlife and Natural Resource Trust, oversees implementation of the conservation program, which is contained in the executive order Freuden-

thal originally issued in 2008 and which was reaffirmed and updated by Governor Matt Mead in 2015, Wagner notes.

"We have asked many times that when DOI looks at changing its sage grouse regulations, it consider how they align with the governor's executive order," Wagner says.

During the review committee meetings in July, telephone calls from some of those attending the meetings were coming into her office, she recalls. "The sessions sounded pretty intense," she describes. "We don't know where they are headed, but in conversations I have had with folks at DOI, it is clear there is a new, pro-business atmosphere in Washington.

"There was a regulatory momentum built up from the previous administration that will take some time to overcome, but now you can see the turnaround in the department's approach," Wagner observes. "The change is really quite refreshing."

## Migration Corridor

In December, the state Game and Fish Department formally designated what it refers to as "a crucial mule deer migration corridor" that stretches more than 300 miles across Wyoming from the Red Desert near Rock Springs to Pinedale and on to the Hoback River near Jackson.

The designation allows the department to conduct a risk assessment of the corridor and "develop proactive management plans to conserve and enhance the area within," WGFD states. Doing so means the state can comment on federal surface projects "based on the best available science."

PAW was a member of the committee that advised WGFD on a process for wildlife corridors designation that applied scientific principles and economics, Wagner reports. Although the corridor had not been formally identified in the past, the industry "was not disputing by any means that the corridor existed," she explains. "We wanted to help them understand the science and the impacts of formal designation."

Working with the University of Wyoming's Migration Initiative, the department says it has collected "an unprecedented volume of data" from GPS-

fitted collars on migrating mule deer.

"With such a robust and high-quality data set, researchers were able to determine the length and width of migration corridors throughout the Sublette Herd," describes Scott Smith, deputy director of WGFD's external operations

## Tracking 'Bad Apples'

The OGCC has revealed it is considering a staff policy that asks operators to report past business or operational failures as a means of reducing the incidence of orphaned oil and gas wells and related facilities. A proposal to track "bad apples," according to a published report, surfaced during an OGCC hearing in February, when commissioners ordered a well shut-in until the operator complied with orders to test or plug its remaining, out-of-service wells.

The press account indicates its review of state records show 4,480 Wyoming wells have been orphaned since 2014, with only 1,560 plugged by the end of 2016. The majority of those were Powder River Basin coalbed methane wells, it notes.

The commission can hold a seller's bond for six months while it considers the buyer's financial strength and operational history, according to an OGCC spokeswoman. If the well is not producing an economic return, she is quoted, the commission can demand an increased bond or order the well plugged.

She goes on to say that providing the commission with information on the operator's background allows the state to secure additional protections before issuing a permit. However, the policy change does not preclude the operator from working in Wyoming.

## Cause For Optimism

PAW President Bruce Hinchey says Wyoming oil and gas producers seem to have a bit more spring in their step lately, and can cite a few reasons why. After nearly seven years of review, a draft environmental impact statement for the Jonah Field finally has been published. Meanwhile, reports of early success drilling into the Niobrara formation in the southern Powder River Basin are cir-

## PAW Annual Meeting – Casper, Wy.

### Tuesday, Aug. 15

- 7 a.m.** Breakfast Buffet, Ramkota Hotel, Terrace
- 7 a.m.** Trade Show Opens
- 8-11:30 a.m.** PAW Committee Meetings  
Government & Public Relations, Taxation, and Membership Committees, Teton Room  
Bobby Robison, Anahiko Petroleum Corp.  
Joe Milczewski, Black Hills Corp.  
Jack Blomstrom, True Companies LLC  
Environmental/E&P, Transportation, and Safety Committees, North Room  
Nancy Vehr, Air Quality Administrator, Wyoming DEC  
Kevin Frederick, Water Quality Administrator, Wyoming DEC  
Public Lands Committee, Wyoming Theatre  
PLC Meeting  
Steven Paulsen, EcoPoint  
Katie Schroeder, Davis, Graham & Stubbs  
Bret Sumner, Beatty & Wozniak  
Robert Veldman, KCOE  
Ryan Lance, Sweetwater River Conservancy Conservation Bank  
Gary Beauvais, WYNDD
- 11:30 a.m.** Buffet Luncheon
- 1 p.m.** PAW PAC Golf Tournament, Casper Municipal Golf Course  
Central and South
- 6 p.m.** Chairman's Reception & Dinner

### Wednesday, Aug. 16

- 7 a.m.** Continental Breakfast, Ramkota Hotel, Terrace

### 7 a.m. Trade Show Opens

### 7:45-10 a.m. Seminars

- Taxation, Government & Public Relations, and Membership Committees, Teton Room
- Environmental/E&P, and Public Lands Committees, Wyoming Theatre  
Opening and Speaker Introductions  
Tom Kropatsch, WOGCC Deputy Supervisor  
Mary Jo Rugwell, BLM State Director  
Mike McGrady, Wyoming Governor Policy Adviser  
Tyler Abbott, Field Supervisor, U.S. Fish & Wildlife Service  
Bridget Hill, Office of State Lands & Investments Director  
Rob Budd, Wyoming Wildlife and Natural Resource Trust Executive Director
- 10 a.m.-Noon** General Session, South and Central Rooms  
PAW Chairman's Report  
Election of PAW Board of Directors  
Report from Wyoming Congressional Delegates  
Senator Michael Enzi  
Senator John Barrasso  
Congresswoman Liz Cheney
- Noon-1 p.m.** Buffet Luncheon  
Keynote Speaker: Wyoming Governor Matt Mead
- 1:15 p.m.** Board of Directors Meeting  
Board Members, Staff and Committee Chairs Only

culating throughout the state's industry circles. Hinchey says he senses new confidence in an oil and gas revival across the Cowboy State.

He reports 25 drilling rigs running in Wyoming at the beginning of July, up from only six rigs a year ago. "The drilling decision break-even points in most of the Powder River are pretty good and companies are having success with longer horizontals. I hope to see us up to about 40 rigs by the end of the year," he says.

And from the southwestern part of the state, more uplifting news has emerged, Hinchey notes. In late June, the U.S. Bureau of Land Management's Pinedale office released a draft environmental impact statement which restarted a process that had gone dormant under the previous administration.

Initially proposed by Encana in 2011, the EIS, if approved, allows natural gas development across Sublette County, Wy., south of Pinedale. The EIS process was sustained for the past three years under Jonah Energy, which was formed in 2014, when it acquired Encana's Jonah Field acreage. Earlier this summer, Jonah Energy added 1,200 producing wells on 27,000 net acres when it acquired leases from LINN Energy.

Referred to as the Normally Pressurized Lance Natural Gas Development Project, or NPL, the draft EIS would, among other things, allow development in a portion of the Jonah Field in southwest Wyoming that includes the sage grouse's "only known concentrated winter habitat," published reports note.

Issued June 26, 2017, the draft's preferred alternative backs the company's proposal to allow gas development on federal leases in Sublette County. The area covers 140,859 acres, of which 135,655 acres are surface administered by the bureau.

As proposed, the project includes 3,500 wells drilled at a pace of 350 a year, says the BLM document. Despite a bottom-hole density of 40 acres, multi-well pads would include as many as 64 wells with surface areas ranging from 5.5 to 19 acres, it notes.

"Securing the EIS will allow Jonah to invest in the field for the long term," Hinchey observes.

### Finding Balance

The energizing attitude that appears to emanate from the nation's capital will be reflected in the sessions planned for this year's PAW convention, Hinchey indicates.

"We have a lot of important ground to cover this year," he says. "But we also want members to have a good time at the fishing tournament, golf outing and the chairman's reception and dinner on Tues-

day and at the Toolpushers Supply Co. barbeque on Wednesday."

The association's annual convention should balance social activity with weighty issues such as tax policy and insights from policymakers, Hinchey observes. "I think our agenda finds that balance," he considers.

The first morning of the convention features separate, concurrent sessions for PAW's primary committees, with a combined session for the Legal, Government & Public Relations, Taxation, and Membership committees; another for the Environmental/E&P, Transportation, and Safety committees; and a third for the Public Lands Committee.

Wednesday's agenda features updates from state and federal regulators followed by election of PAW officers at a general session and political updates from the three members of Wyoming's congressional delegation. Governor Matt Mead is scheduled as the lunch keynote speaker.

Hinchey adds that this year's convention will include updates from state officials on proposed revisions to oil and gas regulations, most of which aim to clarify rules and eliminate redundancies. They also are intended to help prevent accidents such as the home explosion that occurred

in Firestone Co., in April, which was attributed to a nearby abandoned well.

"The Wyoming Oil & Gas Conservation Commission wants to clearly define an abandoned well and the scope of an operator's responsibilities," he describes. "After what happened in Colorado this spring, the commission feels it has a duty to remind operators to plug abandoned wells or show why they should not."

He adds that officials from the Wyoming Dept. of Revenue will join ongoing discussions on changes to the state's ad valorem tax and possible modification of the tax code to allow for discounted cash-flow tax accounting.

### Different Venue

After many years hosting its annual convention the third week of August at Casper's Parkway Plaza Hotel, PAW decided to make a change to a new venue, Hinchey reports.

The new venue, the Ramkota Hotel, across the North Platte River, offers the features required for hosting the convention and was happy to have PAW's business, Hinchey says.

Key to the decision, Hinchey says,

## **VENUE. . . . .**

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was the expected flood of tourists coming to Casper for the Wyoming Eclipse Festival, a week-long celebration of astronomy, music, history, outdoor recreation, food and the arts organized by Casper business interests. The festival offers the opportunity to view the total eclipse of the sun that passes directly over Casper on Aug. 21.

"The city's population will nearly double for the eclipse, so we decided to just get out of the way," Hinchey observes.

