



## 7. OIL AND GAS:

### BLM to revise northwest N.M. plan as shale drilling ramps up

Phil Taylor, E&E reporter

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The Bureau of Land Management today announced that it will amend its resource management plan in northwest New Mexico to take stock of an expected boom in shale drilling.

The agency's Farmington field office said it will update assessments of how oil and gas development will affect the region's air quality, roadless lands and water supplies, among other resources, as drill rigs burgeon in the arid region.

The planning area encompasses about 4 million acres, including the San Juan Basin, an area that has produced oil and gas for the past 90 years but where gas production has fallen over the past several years with the dip in prices, causing economic pain in the Farmington area.

The boom years could return as companies including Encana Corp. and WPX Energy have retooled operations to tap more lucrative oil and natural gas liquids from the Mancos Shale and Gallup Sandstone formations.

Encana plans to spend up to \$400 million in 2014 to run two to four drill rigs in the San Juan Basin. WPX this month announced it will spend \$160 million to further develop its Gallup Sandstone oil discovery, which will include drilling 29 wells, almost double what it drilled in 2013.

Industry analysts say the oil-rich hardrock formation could hold 30 billion barrels of crude that could be worth \$400 billion.

Industry hopes advances in horizontal drilling and hydraulic fracturing will unleash a production boom similar to those in the Bakken Shale in North Dakota and Montana, the Eagle Ford Shale in Texas, and the Permian Basin in eastern New Mexico and West Texas.

But none of this activity was anticipated when BLM last revised its resource management plan (RMP) for the Farmington area in 2003, said Dave Evans, the agency's district manager.

RMPs are the underlying management blueprints BLM uses to decide how and where oil and gas and other uses of public lands, like grazing, mining and recreation, may occur.

"We wanted to have an opportunity to look at that, to contemporize and add life to the current RMP," Evans said.

Drilling for oil and natural gas liquids could mean more wells and more surface disturbance, including tank batteries, storage facilities, and roads and trucks to transport water for hydraulic fracturing.

The agency in 2002 predicted 9,700 wells would be drilled in the San Juan Basin within 20 years. The area has seen nearly half those wells drilled, though it's possible the pace of drilling could increase.

The agency contracted with Environmental Management and Planning Solutions Inc. to conduct an environmental impact statement for the plan amendment.

It has also contracted with the New Mexico Institute of Mining and Technology to conduct updated studies of likely oil and gas development and how water-intensive drilling and fracking could affect supplies in the arid basin.

BLM will also study how development could affect regional air quality and greenhouse gas emissions, as oil drilling would generate additional volatile organic compounds that are precursors to ozone production.

The amendment will also analyze whether drilling could harm dark night skies, particularly for visitors to national park sites in the region, while taking stock of the area's wilderness quality lands.

The effort could result in less land being made available for leasing or new development stipulations and mitigation to protect sensitive areas, Evans said.

But the amendment should not be confused with the master leasing plans BLM is developing in other areas of the West to more carefully balance oil and gas leasing with recreation on public lands, Evans said.

Roughly 90 percent of the lands in the Farmington field office are already under lease, which makes the area a poor candidate for an MLP, he said.

Evans said much of the new drilling consists of recompletions, which involve using existing well bores to target different oil or gas deposits and help minimize new surface impacts. At the same time, advances in horizontal drilling and hydraulic fracturing have made it possible to drill into the hardrock formation, which was impenetrable before.

"It's an encouraging-looking play," Wally Drangmeister, a spokesman for the New Mexico Oil and Gas

Association, said of the Mancos and Gallup formations.

Drangmeister said BLM is working through some "process issues" and is a little slower to approve drilling permits than industry would like, in part because wells are targeting new parts of the basin. "We're hopeful they'll work through their backlog," he said.

Drilling has also come under heightened scrutiny from conservation groups that have petitioned BLM to protect tracts near Chaco Culture National Historic Park (E&ENews PM, Sept. 4, 2013).

The petition -- filed by **WildEarth Guardians**, the Society for American Archaeology, the New Mexico Archeological Council, the Chaco Alliance and the San Juan Citizens Alliance -- calls on BLM to designate land near the park an "area of critical environmental concern," citing its "cultural significance, wilderness characteristics, remoteness, and undeveloped nature."

Another major concern is the availability of water that many warn the region can ill afford to spare.

BLM's RMP amendment will include an assessment of impacts of shale drilling on water quality and quantity, including how pumping groundwater would affect surrounding water wells and freshwater aquifers.