

CBM Development, Ranching And Agriculture

Powder River Basin Resource Council's Board Chair, Nancy Sorenson made the following presentation at a Coalbed Methane conference held in Denver April 4th & 5th, 2002. The conference was sponsored by the Natural Resources Law Center of the University of Colorado, The institute for Environment and Natural Resources and the Pendergast Sarni Group. Over twenty individuals from industry, government agencies, environmental groups, independent consultants and private citizens covered various aspects of CBM development.

My name is Nancy Sorenson. I have lived for the last 29 years on a ranch in the Powder River Basin in northern Wyoming. Farming and ranching in the Basin has never been easy. This semi-arid environment only allows so much livestock, and so much disturbance before the land is stressed to a point that a living cannot be made. While countless others tested the boundaries imposed by nature, and packed up and left; my husband's family listened to the land and have persevered for four generations.

While ranching here has never been easy, it has, in previous generations, been a simpler proposition. Where once it was possible to plant a few crops, and raise some livestock, anyone who ranches successfully in the Powder River Basin today accepts many limitations imposed by nature, the economy, the environmental and recreational community, and the extractive industries predominant in our area. My family and I have worked hard to improve our ranch each year, not only to make it more productive, but to make it more hospitable to the many native species in our area. We strive for a form of sustainability that takes the long view, that whatever we do on our land will not damage the resources to a point that the land cannot recover.

Since 1997 when we were first approached about leasing our minerals for Coal Bed Methane (CBM) development, our ability to maintain the delicate balance required for our philosophy of sustainability has been sorely tested, and for the first time in our ranching careers we have witnessed degradation that, I fear, is irreversible. We have negotiated and signed 13 separate agreements for various aspects of the CBM play, including oil and gas leases, pipeline right of ways (ROWs), road rents, and surface damage agreements. In not one of those negotiations did we have an option of not signing. In not one of those agreements were we able to maintain the control we need to assure the long term sustainability of our ranching operation.

Here is why: In 1997 when we were approached about leasing our 50% share of 2500 acres of oil and gas rights that we own, we said, "No, thank you, we are not ready to do that." The landman simply went to the non-resident owner of the other 50% of those same minerals, in Dallas Texas, and promptly leased them. The landman then called us back and explained that since he now owned the rights to the other 50% of our minerals we could lease our rights or not, but he now had a right to develop those minerals. In order to control, to a certain extent, what would happen to our land we ultimately signed. The cost of the attorney for this first foray into the CBM business was \$5000.00. The

rest of the minerals under our land belong to the BLM, the state of Wyoming, or other non-resident entities. As a surface owner you are not contacted when these minerals are leased. We only hear about it when the industry developer desires access to develop his minerals. In Wyoming the surface owner does not have the right to deny access to a mineral developer who owns oil and gas leases under his or her property. In fact a surface use agreement is not actually required, as these can be settled in the courts, usually to the disadvantage of the landowner. Some pipelines fall under the eminent domain laws others under the laws that allow development of anything "reasonable and necessary" to develop the minerals. In one instance a company wanted to erect an 80 foot radio tower. Again, we said, "No Thank you." A few months later a huge concrete footing was poured for this tower, even though we had not signed any agreement for it to be placed on our land. When we notified the company that they were, in effect, trespassing, they hurried to complete the tower, without ever calling us back. Then, they came to us with an agreement. The company's response as to why they didn't bother to obtain permission for this installation prior to building it was, "we needed that tower."

One representative of the oil industry said to me that he failed to see what was so offensive [about coal bed methane development]. To that person and all the others who encroach on our lands, who need to know what is so offensive, here is a partial list:

1. **Lack of Respect:** for the land, for me, for the environment, for history, and for the future.
2. **Dishonesty:** by the landman and the operators: also by the state and BLM, who pretend to care about the environment, but instead work to expedite development to the detriment of the rights of those on the land.
3. **Denial of property rights:** I never understood people who constantly spouted about private property rights. Their opinions and rhetoric seemed extreme to me. I understand more now. Simple justice cries out for a law requiring a surface use agreement before any activity takes place on one's land. What we have in effect now is a two-tiered system in which the rights of large international corporations, whose purpose is profit, have more rights than a person who has lived on the land, for perhaps his whole life.
4. **Lack of viability:** It is becoming more apparent by the day and month that CBM extraction may not be economically or environmentally viable. A representative of a company that developed land that adjoins our property has told me that that facility does not seem to have any economically recoverable gas under it. Did they have to destroy beyond recognition 640 acres of land, and discharge untold thousands of gallons of water to figure it out? Furthermore, the amount of estimated recoverable gas in the entire Powder River Basin is measly compared to the amount of water that must be discharged and wasted to recover that gas, enough water to serve the needs of Wyoming's people for over 30 years.

5. **Irresponsibility:** Methane companies repeatedly fail to live up to the promises they have made in contracts to landowners and private mineral owners. The surface user has to become a policeman to keep the operators from even obvious violations. Verbal agreements with landmen or operators mean nothing, of course, but legally signed agreements do not mean anything to these guys either. Bouncing along over open country where access has been denied is common, illegally discharging water, venting wells, are other offenses. Private individuals are commonly cheated out of part of their royalties. A methane company my family is involved with subtracts transportation expenses, and the amount of gas they use to fuel their compressors before paying royalties used to support my invalid mother in law, even though the contract on the mineral lease, and laws of the state of Wyoming clearly state that they may not do that. Things are even worse for folks who live near methane development, but do not benefit from it. Domestic water wells have dropped or become altered as a result of nearby development; the burden of proof lies with the owners of those wells, not the CBM operator. People near compressor sites must live with the noise and emissions. Individuals near county roads, and new roads built for the industry must live with choking dust through most of the summer. High SAR water discharged by the industry damages or destroys trees and hay meadows miles downstream from the site of the discharges.
6. **A lack of adequate planning** is, in a way, the key to all the other problems I have outlined here. Planning needs to take place at all levels. First of all, environmental issues need to, finally, seriously be planned for. One of my greatest concerns is that methane development will cause the addition of species onto the threatened or endangered species lists. Once again, the oil and gas industry will not bear the burden of these listings. They will leave the surface user to alter his or her operation to accommodate such listings. On a regional level, it is ludicrous that we are drilling all these wells when there is a possibility that there is inadequate pipeline capacity to market the gas. On a local level, it is a constant surprise to me that power lines, and other infrastructure, such as crowned and graveled roads are added willy nilly as needed creating an unnecessary clutter of powerlines and roads, or that no one has planned for the deterioration of air quality near county roads. On a private level, I am astonished that an operator can not tell me before I sign an agreement where or how the water will be discharged, where the power lines will go or where the compressors will be placed. Often such decisions are made by people out of Denver or some other central location who has never seen the land. When a landman is pinned down to answer such questions, the answers he gives you have little to do with the reality of what ultimately happens.
7. **A lack of adequate bonding:** The Powder River Basin is dotted with "orphan" oil wells, fields that were developed in the 1960s, 1970s and 1980s, and whose owners have decided that it is cheaper to abandon the wells and forfeit the bond than to clean up after themselves. This leaves the taxpayers to foot the bill for this cleanup, if it ever happens. Compared to deep wells, the clutter in a methane project is much greater. Who is going to clean up that mess? Another landman from a CBM company once asked me, "What can we do to appease you, Ms."

Sorenson?" To him and all the others who may need to know including our elected representatives here's the answer.

It is very simple:

Develop an energy policy that benefits alternative, renewable sources of energy, and conservation measures, such as requirements for automobile manufacturers to develop more fuel efficient vehicles, and show me that development on my land is a necessary part of making progress toward a cleaner, better and more prosperous society, then I might be willing to do my part sacrificing my way of life knowing that our nation is working diligently to solve our energy problems for the long haul. Like most people in my neighborhood, I do not wish to prevent development of necessary natural resources, but I believe it can be done in a careful and thoughtful manner, that will allow for the sustainability that we value so much.

These comments reflect the experiences that my family and I have had. They are in many ways typical and by no means the worst that has happened in this area, nor the best.

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