



January 22, 2008

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ASSESSMENT RELEASED ON REFUGE DRILLING

Alamosa, CO – A new environmental study of drilling in the United States’ newest wildlife refuge concludes that a proposed project would displace big game, disturb sensitive migratory birds like sandhill cranes and curlews, and risk polluting the arid San Luis Valley’s irreplaceable water supplies.

The US Fish & Wildlife Service released its draft Environmental Assessment on gas and oil drilling in the Baca National Wildlife Refuge on Friday, Jan. 18th. The federal agency says it has no authority to preclude wildcat drilling on the refuge, Colorado’s largest, and has no intention of trying to purchase the rights to the minerals that underlie the Baca’s pristine wetlands and nationally significant wildlife habitat. If the exploratory wells produce gas, full-blown development can be expected to occur.

“The reason the refuge was created was to protect water supplies and the underlying aquifer, which are far more economically valuable than oil or natural gas,” said Christine Canaly, Director of the San Luis Valley Ecosystem Council. “Now that’s being placed at risk to benefit a Canadian company that has no experience drilling in an area as complex and poorly understood as the San Luis basin.”

The 92,500-acre Baca NWR was purchased by the Federal government for \$33 million in 2000 for the purpose of protecting its “unique hydrological, biological, educational and recreational values.” The agency believes that some restrictions on proposed exploratory drilling by a Canadian wildcat company would likely avoid lasting impacts to big game, birds, fish, and water sources.

This past month, the Saguache County Commissioners passed a six-month moratorium prohibiting any oil and gas development to give the county time to implement new regulations on drilling in the valley. “Even the Colorado State government has realized that oil and gas exploration and production requires more regulations to protect the health, safety, of citizens and the rights of surface owners,” said Saguache County Commissioner Sam Pace. “The State is revamping present rules. Saguache County needs time to review and create it’s own oil and gas regulations, to protect the well being of the citizens of this county. Many citizens are concerned and our two planning commissions unanimously recommended a moratorium.”

The Baca National Wildlife Refuge protects a vast network of wetlands that are among the most concentrated, pristine and biologically diverse in the Southwest. It also protects significant recharge areas for the valley’s Closed Basin Aquifer, a complex groundwater reserve that feeds the Rio Grande Basin all the way to Mexico. Over 45 rare, threatened or endangered species are known to occur on the refuge because of its high-quality wildlife habitat.

The aquifer is also the primary water source for the valley’s agricultural economy, which produces \$200 million annual value of potatoes, barley, alfalfa and a variety of vegetables.

Lexam Explorations, Inc.'s (Lexam), a Canadian mining firm with no experience in the oil and gas industry, plans to drill two 14,000' deep exploration wells in the Baca NWR. Lexam purchased 75 percent of the mineral interests in the Baca NWR before it was created. ConocoPhillips owns the remaining 25% of the mineral rights in the area, which also encroach on Great Sand Dunes National Park, located within two miles of the proposed drilling site.

This dual ownership of surface and subsurface rights is known as "split estate." And under federal law, the mineral right owner can drill for oil and gas even without the surface owner's consent, as thousands of Westerners have discovered in recent years.

The USFWS initially claimed it had no authority to impose any environmental restrictions on Lexam. However in November, Colorado Federal District Court Judge Walker D. Miller sided with the San Luis Valley Ecosystem Council and ordered the agency to adhere to the requirements of the National Environmental Policy Act, which requires the government to study the impact of proposed development on public land. Judge Miller also prohibited "all ground disturbing activities related to the exploration and development of the mineral estate underlying the Baca National Wildlife Refuge" until the NEPA process was complete.

Almost 50,000 people responded during the 30-day scoping period designed to gather comments and concerns about the drilling. The responses overwhelmingly opposed the drilling project and focused on the potential risk of contaminating the Closed Basin aquifer and impacts to the valley's wildlife and tourism industry.

The new draft EA lays out USFWS's "Proposed Action Alternative" to permit Lexam's drilling plan as proposed. The agency declined to consider numerous other restrictions, including directional drilling, limiting exploration to a one well, and establishing a no surface occupancy prohibition that denies Lexam access to the refuge.

Following the 45-day public comment period (ending March 2, 2008), the USFWS Regional Director will make either a Finding of No Significant Impact (FONSI) or a Decision to Prepare an Environmental Impact Statement (EIS).

Given the newness of the refuge, the Fish and Wildlife Service has not yet developed a management plan for the Baca NWR or conducted a biologic assessment of its resources. This knowledge gap is one reason many citizens are calling for the agency to complete a full Environmental Impact Statement of the drilling project.

"How can the USFWS possibly assess the potential impacts of drilling on the wildlife the law requires it to protect when agency biologists don't even know what's out there?" asked Ceal Smith, a Conservation Biologist working for the Citizen's for San Luis Valley Water Protection Coalition. "It would be reckless for the government to let industry proceed without a full EIS."

The Coalition's greatest concern, and one that is poorly addressed in the draft EA, is the potential impact of drilling 14,000 feet, or almost 2.8 miles through the Closed Basin aquifer system, one of the largest and most pristine aquifers in the United States. "There are many unanswered questions about what the drilling might do to the quality, quantity and directional flow of the aquifer in this sensitive recharge area," said Smith.

The Coalition hopes that the mineral interests can be permanently withdrawn, an option that was considered but not ultimately feasible, when the Great Sand Dunes National Park and Preservation Act of 2000 creating the Baca NWR, was originally passed.