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December 7, 2010

Laurie Shannon,  
Planning Team Leader,  
Fish and Wildlife Service, Region 6,  
P.O. Box 25486,  
Denver, CO 80225-0486

Subject: Comments on [FWS-R6-R-2010-N215; 60138-1261-6CCP-S3]

Charles M. Russell National Wildlife  
Refuge and UL Bend National Wildlife  
Refuge, Montana

Dear Ms. Shannon:

The Montana Petroleum Association (MPA) appreciates the ample time provided by the U.S Fish and Wildlife Service (service) to comment on the extensive Comprehensive Conservation Plan (CCP) on the CM Russell Wildlife Refuge (CMR). The Montana Petroleum Association is a voluntary, nonprofit trade association whose members include oil and natural gas producers, gathering and pipeline companies, petroleum refineries, service providers and consultants. A majority of the oil and gas produced in Montana is produced by MPA members.

As an advocate for the oil and gas industry in Montana, MPA has participated and commissioned studies to analyze the economic impact of our industry in Montana. Dr. Scott Rickard, PhD, Center for Applied Economic Research with Montana State University-Billings completed an in depth economic analysis in 2006 and provides updates every two years. In the 2008 study update, Dr. Rickard demonstrates the total positive economic impact of the oil and gas industry in Montana supported 12,000 jobs and along with revenue in excess of \$9 billion dollars. The bulk of the oil and gas activity in Montana occurs in the eastern part of the State, including the counties that surround the CMR.

After careful review of the draft CCP, we recommend that the Service formally withdraw the CCP in order to complete additional analysis. Absent additional needed analysis, MPA supports Alternative A, the no action alternative. The principle reason for this position rests in the fact that alternative A is the only alternative of the four selected for review by the Service that does not seek permanent withdrawal of oil and gas leasable and saleable minerals within the refuge boundaries. Given projected energy demands in the United States, it is not in our national interest to permanently remove a mineral base from the opportunity to be developed sometime in the future. MPA opposes any attempt to make the mineral withdrawals inside the CMR permanent.

The Service is fond of quoting language out of the original executive order that created the CMR in 1936. The original language also declares, ***“Provided, that nothing herein contained shall restrict prospecting, locating, developing, mining, entering, leasing, or patenting the mineral resources of the lands under the applicable laws.”*** Throughout the entire analysis document, the only mention of oil and gas is in a statement that the Service will honor legal rights of way to access State lands including those for oil and gas extraction, that the Service will continue to purchase private oil and gas mineral rights, and that the development of oil and gas should be discontinued. MPA is concerned that an industry that employs, directly or indirectly, over 12,000 people in Montana does not get any meaningful analysis in the CCP.

MPA suggests the Service review the economic impacts in greater detail. The CCP states that refuges across the country add \$1.7 billion to the economy and over 35 million visits. The CMR has only 233,000 visits according to the CCP, a mere six tenths of one percent of the national visitation record. If that percentage is applied to the \$1.7 billion in economic impact, the CMR provides only around \$6 million to local economies, a far cry from \$9 billion in positive economic impact to Montana from the petroleum industry alone. The CCP speaks of the loss of population in the counties surrounding the CMR. It also recognizes the scarcity of jobs and that many local citizens need to work two jobs. It is highly likely that these jobs are service-type jobs that are supported by the Service’s style of economic stimulation. Meanwhile, petroleum industry jobs provide an average wage nearly twice the Montana average. These are the types of jobs needed in Montana, where one job can support an entire family.

The recent economic update from Dr. Rickard contained in volume 3 of MPA’s Treasure State Journal (attached), shows that the counties near the CMR, (Fergus, Petroleum, Garfield, McCone, Valley, Phillips and Blaine) received a total of \$10.5 million in production tax revenue alone. This figure is only production tax revenue and does not include property taxes, income taxes, or job income within the community, etc. There is a myth held by many land and wildlife managers that energy development and wildlife habitat are mutually exclusive. MPA does not agree with that belief. Modern drilling technology and production practices have improved the relationship between our activity and other tourist related activities promoted in the CCP.

The CCP looks at economics only in minor detail and fails to meet the requirements of the National Environmental Policy Act by not analyzing the negative economic impact of the recommendation to permanently withdraw CMR lands from all mineral activities. An economic analysis must include more than just a simple estimate of lost revenue and include a more robust analysis of the impact of placing federal minerals off-limits on a large scale. For example, the BLM deferred 76,000 acres from a 2007 lease sale near the refuge over ambiguous concerns about sage grouse. As a result of that decision, the entire lease sale package containing over 200,000 acres failed to get a competitive bid. As a further result, energy companies did not conduct any exploration work in the area denying private citizens who owned mineral rights the possibility mineral revenue, all due to one poor decision regarding federal lands. Furthermore, the economic analysis needs to be more robust than a simple calculation of lost revenues based on the USGS determination of probability of minerals in the area. In 2008 the USGS released a report estimating 3 to 4.3 billion barrels of technically recoverable oil existed in Montana and North Dakota’s Bakken Formation - - 25 times more than the same estimate done in 1995. USGS estimates are based on regional probabilities, are highly influenced by technology changes and are not necessarily scalable to smaller subsets of the regional studies. Technology which allows for the economic recovery of natural gas and oil from previously undeveloped low quality reservoirs, tight sands and organic rich shale, improves on almost a daily basis. A USGS determination of a low quantity of recoverable resources minerals is not adequate to address the true cost of a decision by the service to withdraw mineral development permanently. The economic analysis also needs to include the impacted private interests which become substantially less attractive without the availability of nearby federal minerals, especially for unconventional resource development.

The CCP lacks any detail on how private and State minerals will be allowed to be accessed. What is the procedure for access to State and private minerals? What is the procedure for allowing necessary infrastructure to be developed if indeed, State or private minerals are produced? There is no detail in the CCP about how an operator would be able to cross federal land within the refuge to remove or access oil and gas minerals. MPA requests the Service to include such analysis.

Tables 4 and 5 in chapter 3 provide additional support for taking no action. America's economy is struggling, as are most economies across the world. Leading economists and financial leaders are pressuring our nation's policy-makers to reduce government spending. According to the 15-year projections, the costs associated with alternatives B,C,D are significantly more costly than the No Action alternative.

The climate change section of the CCP needs additional detail. Statements made by the Service appear to assume an end to any debate about the contribution of anthropogenic green house gas emissions. The debate is certainly far from absolute. Climate change appears to drive much of the CCP's increased expenditures in alternatives B, C and D. The No Action alternative allows the Service to maintain or reduce emissions that the other alternatives will only increase. Additionally, there is no trade-off analysis of the value of prescribed burning as it relates to increased carbon emissions, nor the increased haze near class one air sheds. There is no trade-off analysis that gives the public a reason to believe that habitat and range management truly need an expensive policy-driven, man-made fire program. Again, the CCP lacks adequate analysis to support the more costly programs contained in alternatives B, C and D. Moreover, MPA questions the logic of prescribed burning next to a class 1 air shed. Any non-government action with similar emissions would result in harsh criticism from the Service as well as most other land management agencies and environmental groups, and would never be approved.

A review of table 56 explains the impacts of the analysis in clear detail. The No Action alternative has negligible impacts. In the one or two areas where Alternative A may result in impacts, the other alternatives do nothing to improve upon current management. It makes no sense to give the public less access, give area ranchers less use, or to make oil and gas restrictions permanent while increasing government spending for nothing.

The CCP fails to provide any justification for changes in current management. Therefore, MPA strongly opposes the preferred alternative for the reasons stated above in our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Galt". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David A. Galt  
Executive Director