INTRODUCTION OF THE WESTERN WATERS AND FARM LANDS PROTECTION ACT

HON. MARK UDALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 23, 2004

Mr. UDALL of Colorado. Mr. Speaker, today I am introducing the Western Waters and Farm Lands Protection Act.

The bill's purpose is to make it more likely that the energy resources in our Western states will be developed in ways that are protective of vital water supplies and respectful of the rights and interests of the agricultural community.

Toward that end, it addresses three aspects of oil and gas development.

First, it establishes clear requirements for proper management of ground water that is extracted in the course of oil and gas development.

Second, it provides for greater involvement of surface owners in plans for oil and gas development and requires the Interior Department to give surface owners advance notice of lease sales that would affect their lands and to notify them of subsequent events related to proposed or ongoing energy development.

Finally, the bill would amend the Mineral Leasing Act to require developers to draft reclamation plans and post reclamation bonds for the restoration of lands affected by oil and gas drilling.

This bill is based on H.R. 3698, which I introduced last December. Since then, I have consulted with people interested in this subject, to see whether further refinements of the legislation would be appropriate. The bill I am introducing today reflects those conversations, and in particular incorporates a change in the wording of section 102 proposed by the Colorado Farm Bureau.

That section deals with application of the Clean Water Act to waters extracted from an underground formation in connection with development of oil and gas, including coalbed methane. The Colorado Farm Bureau was concerned that the wording of the corresponding section in H.R. 3698 might be read as applying to other activities in addition to oil and gas development. That was not my intention, but to remove any doubt on that point, I agreed to the proposed revision, which is included in the bill I am introducing today.

Mr. Speaker, the western United States is blessed with significant energy resources. In appropriate places, and under appropriate conditions, they can and should be developed for the benefit of our country. But it's important to recognize the importance of other resources—particularly water—and other uses of the lands involved—and this bill responds to this need.

Its primary purposes are—(1) to assure that the development of those energy resources in the West will not mean destruction of precious water resources; (2) to reduce potential conflicts between development of energy resources and the interests and concerns of those who own the surface estate in affected lands; and (3) to provide for appropriate reclamation of affected lands.

WATER QUALITY PROTECTION

One new energy resource is receiving great attention—gas associated with coal deposits, often referred to as coalbed methane. An October 2000 United States Geological Survey report estimated that the U.S. may contain more than 700 trillion cubic feet (tcf) of coalbed methane and that more than 100 tcf of this may be recoverable using existing technology. In part because of the availability of these reserves and because of tax incentives to exploit them, the West has seen a significant increase in its development.

Development of coalbed methane usually involves the extraction of water from underground strata. Some of this extracted water is reinjected into the ground, while some is retained in surface holding ponds or released and allowed to flow into streams or other water bodies, including irrigation ditches.

The quality of the extracted waters varies from one location to another. Some are of good quality, but often they contain dissolved minerals (such as sodium, magnesium, arsenic, or selenium) that can contaminate other waters—something that can happen because of leaks or leaching from holding ponds or because the extracted waters are simply discharged into a stream or other body of water. In addition, extracted waters often have other characteristics, such as high acidity and temperature, which can adversely affect agricultural uses of land or the quality of the environment.

In Colorado and other states in the arid West, water is scarce and precious. So, as we work to develop our domestic energy resources, it is vital that we safeguard our water—and I believe that clear requirements for proper disposal of these extracted waters are necessary in order to avoid some of these adverse effects. That is the purpose of the first part of the bill.

The bill (in Title I) includes two requirements regarding extracted water.

First, it would make clear that water extracted from oil and gas development must comply with relevant and applicable discharge permits under the Clean Water Act. Lawsuits have been filed in some western states regarding whether or not these discharge permits are required for coalbed methane development. The bill would require oil and gas development to secure permits if necessary and required, like any other entity that may discharge contaminates into the waters of the United States.

Second, the bill would require those who develop federal oil or gas—including coalbed methane—under the Mineral Leasing Act to do what is necessary to make sure their activities do not harm water resources. Under this legislation, oil or gas operations that damage a water resource—by contaminating it, reducing it, or interrupting it—would be required to provide replacement water. For water produced in connection with oil or gas drilling that is injected back into the ground, the bill requires that this must be done in a way that will not reduce the quality of any aquifer. For water that is not reinjected, the bill requires that it must be dealt with in ways that comply with all Federal and State requirements.

And, because water is so important, the bill requires oil and gas operators to make the protection of water part of their plans from the very beginning, requiring applications for oil or gas leases to include details of ways in which operators will protect water quality and quantity and the rights of water users.

These are not onerous requirements, but they are very important—particularly with the great increase in drilling for coalbed methane and other energy resources in Colorado, Wyoming, Montana, and other western states.

SURFACE OWNER PROTECTION

In many parts of the country, the party that owns the surface of some land does not necessarily own the minerals beneath those lands. In the West, mineral estates often belong to the federal government while the surface estates are owned by private interests, who typically use the land for fanning and ranching.

This split-estate situation can lead to conflicts. And while I support development of energy resources where appropriate, I also believe that this must be done responsibly and in a way that demonstrates respect for the environment and overlying landowners.

The second part of the bill (Title II) is intended to promote that approach, by establishing a system for development of federal oil and gas in split-estate situations that resembles—but is not identical to—the system for development of federally-owned coal in similar situations.

Under federal law, the leasing of federally owned coal resources on lands where the surface estate is not owned by the United States is subject to the consent of the surface estate owners. But neither this consent requirement nor the operating and bonding requirements applicable to development of federally owned locatable minerals applies to the leasing or development of oil or gas in similar split-estate situations.

I believe that that there should be similar respect for the rights and interests of surface estate owners affected by development of oil and gas and that this should be done by providing clear and adequate standards and increasing the involvement of these owners in plans for oil and gas development.

Accordingly, the bill requires the Interior Department to give surface owners advance notice of lease sales that would affect their lands and to notify them of subsequent events related to proposed or ongoing developments related to such leases.

In addition, the bill requires that anyone proposing the drill for federal minerals in a split-estate situation must first try to reach an agreement with the surface owner that spells out what will be done to minimize interference with the surface owner's use and enjoyment and to provide for reclamation of affected lands and compensation for any damages.

I am convinced that most energy companies want to avoid harming the surface owners, so I expect that it will usually be possible for them to reach such agreements. However, I recognize that this may not always be the case—and the bill includes two provisions that address this possibility: (1) if no agreement is reached within 90 days, the bill requires that the matter be referred to neutral arbitration; and (2) the bill provides that if even arbitration fails to resolve differences, the energy development can go forward, subject to Interior Department regulations that will balance the energy development with the interests of the surface owner or owners.

As I mentioned, these provisions are patterned on the current law dealing

with development of federally-owned coal in split-estate situations. However, it is important to note one major difference—namely, while current law allows a surface owner to effectively veto development of coal resources, under the bill a surface owner ultimately could not block development of oil or gas underlying his or her lands. This difference reflects the fact that appropriate development of oil and natural gas is needed.

RECLAMATION REQUIREMENTS

The bill's third part (Titles III and IV) addresses reclamation of affected lands.

Title III would amend the Mineral Leasing Act by adding an explicit requirement that parties that produced oil or gas (including coalbed methane) under a federal lease must restore the affected land so it will be able to support the uses it could support before the energy development. Toward that end, this part of the bill requires development of reclamation plans and posting of reclamation bonds. In addition, so Congress can consider whether changes are needed, the bill requires the General Accounting Office to review how these requirements are being implemented and how well they are working.

And, finally, Title IV would require the Interior Department to—(1) establish, in cooperation with the Agriculture Department, a program for reclamation and closure of abandoned oil or gas wells located on lands managed by an Interior Department agency or the Forest Service or drilled for development of federal oil or gas in split-estate situations; and (2) establish, in consultation with the Energy Department, a program to provide technical assistance to state an tribal governments that are working to correct environmental problems cased by abandoned wells on other lands. The bill would authorize annual appropriations of $5 million in fiscal 2005 and 2006 for the federal program and annual appropriations of $5 million in fiscal 2005, 2006, and 2007 for the program of assistance to the states and tribes.

Mr. Speaker, our country is overly dependent on a single energy source—fossil fuels—to the detriment of our environment, our national security, and our economy. To lessen this dependence and to protect our environment, we need to diversity our energy portfolio and increase the contributions of alternative energy sources to our energy mix. However, for the foreseeable future, petroleum and natural gas (including coalbed methane) will remain important parts of a diversified energy portfolio—and I support their development in appropriate areas and in responsible ways. I believe this legislation can move us closer toward this goal by establishing some clear, reasonable rules that will provide greater assurance and certainty for all concerned, including the energy industry and the residents of Colorado, New Mexico, and other Western states. Here is a brief outline of its major provisions:

OUTLINE OF BILL

Section One—This section provides a short title (''Western Waters and Farm Lands Protection Act''), makes several findings about the need for the legislation, and states the bill's purpose, which is ''to provide for the protection of water resources and surface estate owners in the development of oil and gas resources, including coalbed methane.''

Title I—This title deals with the protection of water resources. It includes three sections:

Section 101 amends current law to specify that an operator producing oil or gas under a federal lease must—(1) replace a water supply that is contaminated or interrupted by drilling operations; (2) assure any reinjected water goes only to the same aquifer from which it was extracted or an aquifer of no better water quality; and (3) to develop a proposed water management plan before obtaining a lease.

Section 102 amends current law to make clear that extraction of water in connection with development of oil or gas (including coalbed methane) is subject to an appropriate permit and the requirement to minimize adverse effects on affected lands or waters.

Section 103 provides that nothing in the bill will—(1) affect any State's right or jurisdiction with respect to water; or (2) limit, alter, modify, or amend any interstate compact or judicial rulings that apportion water among and between different States.

Title II—This title deals with the protection of surface owners. It includes four sections:

Section 201 provides definitions for several terms used in Title II.

Section 202 requires a party seeking to develop federal oil or gas in a split-estate situation to first seek to reach an agreement with the surface owner or owners that spells out how the energy development will be carried out, how the affected lands will be reclaimed, and that compensation will be made for damages. It provides that if no such agreement is reached within 90 days after the start of negotiations the matter will be referred to arbitration by a neutral party identified by the Interior Department.

Section 203 provides that if no agreement under section 202 is reached within 90 days after going to arbitration, the Interior Department can permit energy development to proceed under an approved plan of operations and posting of an adequate bond. This section also requires the Interior Department to provide surface owners with an opportunity to comment on proposed plans of operations, participate in decisions regarding the amount of the bonds that will be required, and to participate in on-site inspections if the surface owners have reason to believe that plans of operations are not being followed. In addition, this section allows surface owners to petition the Interior Department for payments under bonds to compensate for damages and authorizes the Interior Department to release bonds after the energy development is completed and any damages have been compensated.

Section 204 requires the Interior Department to notify surface owners about lease sales and subsequent decisions involving federal oil or gas resources in their lands.

Title III—This title amends current law to require parties producing oil or gas under a federal lease to restore affected lands and to post bonds to cover reclamation costs. It also requires the GAO to review Interior Department implementation of this part of the bill and to report to Congress about the results of that review and any recommendations for legislative or administrative changes that would improve matters.

Title IV—This title deals with abandoned oil or gas wells. It includes three sections:

Section 401 defines the wells that would be covered by the title.

Section 402 requires the Interior Department, in cooperation with the Department of Agriculture, to establish a program for reclamation and closure of abandoned wells on federal lands or that were drilled for development of federally-owned minerals in split-estate situations. It authorizes appropriations of $5 million in fiscal years 2005 and 2006.

Section 403 requires the Interior Department, in consultation with the Energy Department, to establish a program to assist states and tribes to remedy environmental problems caused by abandoned oil or gas wells on non-federal and Indian lands. It authorizes appropriations of $5 million in fiscal years 2005, 2006, and 2007.

IN HONOR OF THE INSTALLATION OF RABBI HOWARD A. STECKER AT TEMPLE ISRAEL OF GREAT NECK

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 23, 2004

Mr. ACKERMAN. Mr. Speaker, I rise today to call to the House's attention a wonderful event which reflects the vibrancy and dynamism of the Jewish community in my district. On Sunday, March 28, Temple Israel of Great Neck will celebrate the installation of Rabbi Howard A. Stecker as Spiritual Leader.

Originally from Fair Lawn, New Jersey, Rabbi Stecker received a Bachelors Degree in English literature from Columbia University before going on to The Jewish Theological Seminary, where he was ordained in 1992. While in Seminary, he served as a student chaplain at Lenox Hill Hospital, counseling patients of all faiths.

Rabbi Stecker served for 4 years as Assistant Rabbi of the Shelter Rock Jewish Center in Roslyn, New York, under the leadership of Rabbi Myron Fenster before serving for 7 years as Rabbi of the Jewish Community Center of West Hempstead. In December of 2003, Rabbi Stecker became Rabbi of Temple Israel of Great Neck.

Rabbi Stecker served on the Board of Directors of the Solomon Schecter Day School, in Nassau County. He also played an important role in the formation of its high school and spent 5 years as co-chairman of its education committee. Rabbi Stecker currently serves as President of the Rabbinical Assembly of Nassau and Suffolk Counties, an organization that provides educational and social opportunities for local Rabbis. Despite his many responsibilities in the community, Rabbi Stecker makes plenty of time to spend with his wife, Deanna, and their three sons, Joshua, Daniel and Zachary.

I commend Rabbi Howard A. Stecker for his continued dedication to Jewish community on Long Island. I ask my colleagues in the House of Representatives to please join me in congratulating Rabbi Stecker on his appointment as Spiritual Leader of Temple Israel of Great Neck.