



*Via Email:*  
[comments-intermtnfishlake@fs.fed.us](mailto:comments-intermtnfishlake@fs.fed.us).  
*Oil and Gas Leasing Analysis Project*

August 10, 2006

Mr. Carter Reed  
Oil and Gas Team Leader  
Fishlake National Forest  
115 East 900  
North, Richfield, UT 84701

Re: AGA Comments on the Notice of Intent to Prepare an Environmental Impact Statement for Oil and Natural Gas Leasing in Fishlake National Forest, Utah 71 Fed. Reg. 38602 (July 7, 2006)

Dear Mr. Reed:

The American Gas Association (AGA) appreciates the opportunity to comment on the U.S. Forest Service's (USFS) Notice of Intent to Prepare an Environmental Impact Statement for oil and natural gas leasing in Fishlake National Forest, Utah. AGA urges the USFS to include an important public policy issue in the scope of your analysis. Specifically, we urge you to consider the affect of your proposed action on the available supply of natural gas, how this will affect the price consumers must pay for natural gas, and the impact this will have on air quality and human health in the United States. While it may seem that your decision in this one instance may not affect supplies that much, the cumulative effect of restricting natural gas production in this and other federal lands in the inter-mountain West could have a significant impact on the health and well being of millions of U.S. consumers, especially the most vulnerable in our society who already struggle to pay to heat their homes.

The American Gas Association, founded in 1918, represents 197 local energy utility companies that deliver natural gas to more than 56 million homes, businesses and industries throughout the United States. AGA's members account for roughly 83 percent of all natural gas delivered by the nation's local natural gas distribution companies. AGA is an advocate for local natural gas utility companies and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Natural gas meets nearly one-fourth of the United States' energy needs. Our Association is sharply focused on assisting its member utilities obtain and deliver stable supplies of clean-burning natural gas, safely and reliably. For more information, go to [www.aga.org](http://www.aga.org).

Over the past five years American consumers of natural gas have borne the brunt of ever increasing prices, the natural outcome of an increasingly tight balance between supply and demand. During that time the price for natural gas has increased over 400 percent, causing severe financial hardship for manufacturers, farmers, homeowners and other consumers throughout the land.



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To address this situation, it is critical that the federal government expand access to natural gas supplies.

In this proceeding, we understand that the Forest Supervisor of the Fishlake National Forest and Utah State Director of the Bureau of Land Management (BLM) propose to conduct an EIS and decide which lands to make available for oil and gas leasing. As part of the analysis, the Forest Service will identify those areas that would be available for leasing subject to the terms and conditions of the standard oil and gas lease form, or subject to constraints that would require the use of lease stipulations such as those prohibiting surface occupancy. The analysis will also: (1) Identify alternatives to the proposed action, including that of not allowing leasing (no action), (2) project the type/amount of post-leasing activity that is reasonably foreseeable, and (3) analyze the reasonably foreseeable impacts of projected post-leasing activity

AGA believes that there are ways to balance the critical need for increased gas supplies while at the same time being good environmental stewards of the planning area through technologically advanced natural gas modern drilling techniques and environmental best management practices (BMPs). By balancing the varied uses in the planning region, natural gas supplies can be increased prudently in the final Fishlake EIS. This will ease the imbalance in energy supply and demand that is driving up natural gas prices for consumers.

### **AGA's Position**

Put simply, AGA believes that the EIS should acknowledge this important policy concern: our nation needs more natural gas supply to meet rising demand and to reduce price volatility that hurts consumers and our economy. This does *not* mean that you have to ignore environmental concerns. As shown below, however, there are ways to balance the critical need for increased natural gas supplies while at the same time being good environmental stewards.

Natural gas prices are soaring and, given the projected 40 percent growth in demand by 2025, the AGA strongly urges the USFS and BLM to expand access to supplies of natural gas production in non-wilderness areas of the inter-mountain West. Specifically, in this proceeding, we urge both agencies to allow the greatest possible access for production in the Fishlake Project Area, by moving forward with an increase in the levels of oil and gas development within the forest boundaries.

### **Balancing Multiple Uses Under the FLPMA**

Nearly one-third of the United States is owned in common by its citizens, but is managed by BLM for divergent purposes -- including conservation of natural resources, recreation, resource extraction, and grazing. The Federal Land Policy and Management Act of 1976



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(FLPMA) directs land managers to promote multiple uses of federal lands in a manner that will ensure sustained yields from natural resources. The FLPMA requires land managers to balance the needs of the American public for open space and preservation, but also for natural resources that maintain and improve our quality of life. Multiple use management is a complicated task, requiring BLM to strike a balance among many competing uses in order to sustain the health, diversity, and *productivity* of the public lands for the *use* and enjoyment of present and future generations.

### **Supply and Demand Imbalance Leads to High & Volatile Prices**

Natural gas is the cleanest fossil fuel, which has made it increasingly desirable for home heating, appliances, and electric generation. As a result, demand has been steadily rising in recent years. The “gas bubble” of the late 1980s and ’90s, is gone. No longer is demand met while unneeded production facilities sit idle. The valves are wide open, yet demand has been outpacing supply, and the result has been both higher and more volatile prices. See AGA’s Study *Avoiding the Wild Ride – Ways to Tame Natural Gas Price Volatility* (<http://www.aga.org/WildRide>).

This tight supply/demand balance makes the natural gas market even more sensitive to supply disruptions, such as the ones that have occurred with Hurricane Katrina and Hurricane Rita. Our economic security often depends on the timely expansion, or repair of energy related facilities that enable the nation to have access to existing and new reserves of oil and natural gas. A study completed by the Interstate Natural Gas Association of America Foundation (INGAA Foundation) in 2005 revealed that a two-year delay in constructing needed natural gas infrastructure would cost America consumers \$200 billion by 2020. See [http://www.ingaa.org/Documents/Foundation%20Studies/F-2005-01%20\(Avoiding%20and%20Resolving%20Conflicts\).pdf](http://www.ingaa.org/Documents/Foundation%20Studies/F-2005-01%20(Avoiding%20and%20Resolving%20Conflicts).pdf).

**Natural gas utilities and customers are in the same boat when prices go up—we are all hurt.** Higher and more volatile prices have made customers shocked and angered by their monthly natural gas bills. Our member companies have borne the brunt of that anger, even though we simply pass the costs we pay for that gas on to the customer— with *no* mark-up or profit.

**There are only two ways to solve this problem. We must decrease demand *and* increase supply.** Americans have already significantly decreased their per capita use of energy—by around 20 percent per person during the past decade. Yet overall demand for natural gas is rising due to population increases and regulatory pressure for using clean natural gas for electric power production. Conservation alone is not the answer. Instead, we must also increase supplies of natural gas to meet rising demand. We need *both* conservation and increased supplies to ensure a healthy, vibrant economy with sustained



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growth. See AGA study *From the Ground Up – America's Natural Gas Supply Challenge* (<http://www.aga.org/FromTheGroundUp>).

This two-pronged policy approach was advocated in the National Commission on Energy Policy's December 2004 report. In order to provide the ample, secure, clean and affordable energy supplies the nation requires, the Commission recommended "policies to expand and diversify available supplies of natural gas" among other things. Furthermore, the Commission notes that natural gas is a "fuel that is critically important to the nation's energy supply and that is likely to play a substantial role in the transition to a lower-carbon energy future." See *Ending the Energy Stalemate, A Bipartisan Strategy to Meet America's Energy Challenges* (<http://www.energycommission.org>).

Public health and welfare is also at stake. Poor families have had to struggle to pay to heat their homes in recent winters. Applications for charitable assistance and federal assistance under the Low Income Home Energy Assistance Program (LIHEAP) soared in recent winters. And many working poor families do not qualify for such assistance.

From a broader public welfare perspective, if the current supply-demand imbalance and the resulting price volatility are allowed to continue, it could cause natural gas customers to switch to other less efficient, less secure and less environmentally friendly fuel sources. An AGA study estimates that a 50 percent increase in natural gas use could reduce oil imports by approximately 2.6 million barrels a day, while reducing emissions of our principal greenhouse gas, carbon dioxide, by some 930 million tons every year. See *Fueling the Future – Natural Gas & New Technologies for a Cleaner 21<sup>st</sup> Century (2001 Update)* at page 1 (<http://www.aga.org/FuelingTheFuture>).

In January 2005, a coalition of major manufacturers, three environmental groups and energy-efficiency groups wrote to President Bush and Congress calling for new U.S. natural gas policies to strike a much needed balance between growing natural gas demand and limited supply while ensuring that gas development takes place in an environmentally responsible manner. See *Letter to President Bush and Congress, January 3, 2005* (<http://aceee.org/energy/natgasprinciples.pdf>).

Indeed the U.S. Department of Energy pledged more than \$15 million to fund research and development projects focused on recovering large, unconventional oil and natural gas resources. For the foreseeable future, U.S. energy security will hinge upon our ability to increase production of both conventional and unconventional oil and gas resources domestically. This latest R&D initiative especially, focuses on achieving higher energy yields in the most environmentally-sensitive fashion possible.



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According to the Clinton Administration's 1999 energy report, advanced technologies have made America the cleanest energy producer in the world. The report offers detailed analyses on the use of technology in exploration, drilling and completion, production, site restoration, and protection of sensitive areas. According to the report, advanced technologies led to reduced energy consumption, reduced greenhouse gas emissions, better protection of water resources and wildlife habitat and increased worker safety. See *Environmental Benefits of Advanced Oil and Gas Exploration and Production Technology* (<http://resourcescommittee.house.gov/Press/reports/energy/clinreport.pdf>).

To ensure that the United States has adequate supplies of natural gas to meet demand and to moderate prices, it must pursue new gas supply options in a timely and environmentally responsible manner and diversify domestic sources of gas supply. The agencies have an opportunity at this juncture to do just this. They could consider, for example, developing a coordinated transportation plan to minimize impacts so that the agency could allow greater access than would otherwise be the case. Year-round drilling also should be allowed in more areas, taking into consideration modern drilling techniques and environmental BMPs. By balancing the varied uses in the planning region, it can increase natural gas supply and ease the nation's energy burden and natural gas demands.

We recognize that it is not easy to balance other competing interests with the public interest in obtaining a reliable, clean, domestic supply of energy. We believe that USFS and BLM can propose workable alternatives in its new Fishlake EIS, while giving appropriate weight to the vital energy, environmental, economic, national security, and public health impacts of its proposals. AGA urges you to allow the greatest possible access to natural gas supplies at a time when we clearly need to increase supply to meet rising demand.

If you should have any questions, please me at 202-824-7340.

Respectfully submitted,

**American Gas Association**

A handwritten signature in black ink that reads "Pamela A. Lacey". The signature is written in a cursive, flowing style.

By: \_\_\_\_\_

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