

Q: When is drilling on top of the Roan Plateau likely to start under "deferred leasing" (Alternative III) in the draft Roan Plateau plan?

A: In about 8 years, half the 16 years projected under Alt. III.

EXPLANATION

Numbers and formulas are taken from the Roan Plateau Planning Area (RPPA) Resource Management Plan and Draft Environmental Impact Statement (DEIS), variously at section 4.5.5.3 (DEIS 4-215, 216) and in Appendix H ("Oil and Gas Reasonable Foreseeable Development for the Roan Plateau Planning Area" (DEIS H-1) and Table H-2 "Reasonable Foreseeable Development" (DEIS H-14)). Current well numbers inside the RPPA (691) are from a December 2, 2004 personal conversation w/ Steve Bennett, Glenwood Springs BLM. The annual number of estimated Williams and EnCana wells is based on recent reports, with sources noted. **[Green text in brackets] expresses the formula used with (sources in parenthesis) to indicate from where figures are derived.**

1,651 wells [remaining to be drilled at base to reach 80% threshold]

This is the point at the public lands atop the Roan Plateau would be opened for drilling, according to the draft plan (DEIS 4-126). This number can change based on new information and circumstances (DEIS 4-216).

[BLM's number of wells drilled to meet the 80% threshold (DEIS 4-216)] minus [Current wells inside Planning Area (Pers. Conversation w/ BLM/Steve Bennett, 12/02/04)]

$$2,342 - 691 = 1,651$$

/248 wells per year [as "weighted annual average" drilled at base]

Calculations according to formula in "Notes" Reasonable Foreseeable Development Table (DEIS H-14)

[(Lands which remain to be leased at base (DEIS H-14)]*[annual EnCana wells]¹ + [lands at based leased by Williams (DEIS H-14)]*[annual Williams wells]²) / ([lands which remain to be leased at base] + [lands at based leased by Williams])

$$\frac{(16,476 * 300 + 18,066 * 200)^3}{34,542} = \frac{8,556,000}{34,542} = 248$$

=6.66 Years [until drilling at base meets 80% threshold]

The BLM calculates that drilling will start "up to a year" after the lands atop the Roan Plateau are available for leasing (DEIS 4-216). **Thus under the "deferred leasing" of Alt. III, drilling on top would start in about eight years, based on current rates and using the BLM's numbers and formulas.**

[Wells remaining to be drilled to reach 80% threshold] / ["weighted annual average"]

$$\frac{1,651}{248} = 6.657258064$$

¹EnCana will be drilling about 450 wells in the region in 2005, according to recent reports. See "Today's Economy: A Colorado Viewpoint." *The Adam's Group*, October 22, 2004 at www.coloradoeconomy.com/nl102204.html.

²Williams is planning on drilling about 300 wells annually over at least the next few years. See "Natural gas company plans 800 new wells," *Glenwood Springs Post-Independent*, November 19, 2004.

³The figures of 300 EnCana wells and 200 Williams wells, although substantially larger than the BLM numbers, remain a conservative estimate. If calculations used the BLM's methodology, based on 100% of the estimated drilling rate and thus used the total 450 EnCana wells and 300 Williams wells from recent reports (rather than reducing that number by 1/3 in each case, to 300 and 200 respectively), the threshold for leasing the top of the Plateau would be met in less than five years.