

Petroleum companies challenge federal leasing

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DENVER—Oil and gas companies asked a federal appeals court Tuesday to force the U.S. Department of Interior to move more quickly on issuing oil and gas leases.

The 10th Circuit Court of Appeals in Denver heard arguments about whether the Department's Bureau of Land Management must issue oil and gas leases within 60 days after they're sold. The appeal stems from a lawsuit filed by the companies after years of delays in issuing hundreds of leases in the West amid environmental protests.

A federal judge in Wyoming ruled last year that BLM must decide within whether to issue an oil or gas lease within 60 days of auctioning it off. The energy companies appealed, arguing that BLM must not simply decide whether to issue the leases but must actually issue them.

A lawyer for the energy companies, Rebecca Watson, argued Tuesday that the federal government may decide whether to auction off federal land for oil and gas drilling. But once the decision has been made to auction the land, federal land managers must then issue the lease to the company that paid for it.

"They took the money ... and held the money between many months and in some cases many years," said Watson, representing the Western Energy Alliance, a Denver-based industry group.

The case could affect pending leases in Colorado and Utah. When the lawsuit began, some leases were also pending in Wyoming, but those have been settled.

Watson said issuing auctioned leases was a "mandatory requirement" for the government.

Judge Jerome Holmes challenged Watson, saying oil and gas companies were aware leases may undergo lengthy review before being issued.

"You signed up knowing what the deal was," Holmes told Watson. "The question is, 'why do you have the right to complain about it when you knew going in what their position was, that they were going to clear up these protests?'"

Holmes had tough questions for the government's attorney, too. He suggested BLM attorney Vivian Wang was using "regulatory gloss" when she attempted to qualify a legal condition for the agency to issue leases.

The three-judge panel will eventually decide whether the BLM's 60-day requirement means that all work regarding which public lands are suitable for drilling must be done before a parcel is auctioned.

The drilling companies would like to see that be the case.

"They have the option not to put the protested parcel out for sale," Watson said of the Department.

A lawyer representing nine environmental groups opposing the energy companies countered that energy companies know how the lease process works and are wrong to cry foul when leases take a long time to review before they're issued.

"The companies knew the rules of the game," said Earthjustice's Melanie Kay.
