



State of Utah

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PUBLIC LANDS POLICY COORDINATION

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Director

RESOURCE DEVELOPMENT COORDINATING COMMITTEE
Public Lands Section

April 16, 2008

Diana Mason
Division of Oil, Gas and Mining
1594 West North Temple
PO Box 145801
Salt Lake City, Utah 84114-5801

SUBJECT: Pearl Montana Exploration, West Rozel State 41-16, and 43-22
Project No. 08-8853

Dear Ms. Mason:

In response to a public request and concerns regarding potential impacts to Robert Smithson's Spiral Jetty and the wildlife and waters of the Great Salt Lake, the review period for this proposal was extended from January 31 to February 13, 2008. Extensive public comments- over 3,000 e-mails, 150 letters and 300 phone calls were received during this time. All paper based comments are attached for your consideration or are included in the shared e-mail folder you have already been provided. Additionally, the National Park Service has included comments regarding potential access and Golden Spike National Monument. Comments from state agencies follow.

Air Quality:

This proposal may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 North, 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules is found at:

www.rules.utah.gov/publicat/cde/r307/r307.htm

Historical Resources:

It is recommended that the Division of Oil, Gas & Mining and the Division of Forestry, Fire and State Lands designate a lead for compliance with Utah Code § 9-8-404 who will undertake a determination of effects on cultural resources and consult with the office of State History. While the probability of direct effects from the project appears to be extremely low, the project does appear to be within the view of the Spiral Jetty, a work related to the landscape art movement. This resource may be

of historical significance and the project may have some potential for indirect visual effects to the resource.

It is understood that determination of historical significance for the Spiral Jetty and determination of effects for this project is not necessarily simple. However, given the potential for significance of the resource and the potential for effects, as well as the potential for public interest in the project, we recommend both informal and formal consultation with our office. We are confident that a reasonable determination can be made.

Additionally, the proponent has indicated they wish to construct associated facilities at Little Valley Harbor at the Great Salt Lake. This area is suggested to contain infrastructure of historical age (over fifty years old). It is also recommended that the project lead consider these resources as defined under Utah Code § 9-8-404.

Water Quality/Resources/Rights:

The greatest concern about drilling is the potential for leakage and accidental spills. Approximately five million waterfowl and shorebirds depend upon Great Salt Lake for nesting and foraging habitat. For this reason Great Salt Lake has been recognized and a critical component of the Western Hemispheric Shorebird Reserve System. For example, approximately 2/3 of North America's Wilson phalaropes, which is about 90% of the Western US and Canada population, depend on the brine shrimp and wetland macroinvertebrates to nourish and resupply their energy needs for the 8,000 mile migration from northern Canada and Alaska to Patagonia. In addition, the greatest single concentration of nesting cinnamon teal and American avocets occurs in the wetlands of GSL. Indeed, the entirety of the south arm of Great Salt (i.e. open water and wetlands) represents essential foraging and/or nesting habitat for the 5 million birds that annually visit GSL. GSL also has one of the greatest concentrations of wintering bald eagles outside of the Pacific Northwest and Alaska.

With the well-documented impacts to any waterbirds that come in contact with oil, and the intense concentration of such birds in GSL throughout the year, there is no question that the potential environmental damage from oil spills represents an unacceptable risk to wildlife and the aquatic life that they depend upon for their very survival and even the survival of the population in western hemispheric flyway.

In the event of a spill the quality of the water column and lake bottom sediments will be affected by the contaminants from the spill. These contaminants include the petroleum hydrocarbon contents, heavy metal contents, and toxic chemicals. Water quality would degrade considerably as a result of these inputs into the system. These changes in water quality could negatively affect the community diversity of the ecosystem.

As such, the minimum requirement for any exploratory or production wells should be drill rig location on the shore within reinforced/lined berms and then the possible use of directional drilling for any oil reserves under the lake. The Great Salt Lake is of particular interest as it is a special resource and a very unique environment. Thus, the utmost care should be taken when attempting oil exploration in this lake.

Please clarify whether the proponent will need a water right for the water extracted during the project. It is clear that a water right exists to meet the needs of the project, but it is unclear whether a water right is needed for that which is extracted during the operation.

Please indicate how, in the event an economically recoverable amount of oil is discovered, oil would be transferred from the lake to the shore. In particular, please clarify whether a possible pipeline would require compliance with the Rivers and Harbors Act (Section 404).

Wildlife Resources:

The Great Salt Lake (GSL) is of hemispheric importance to migratory waterbirds (waterfowl, shorebirds and wading birds), because many species use the GSL as nesting, feeding and staging areas. At times, millions of birds may be found on the GSL and the surrounding wetland/upland habitat complexes. Since the GSL is a dynamic system with the lake elevation changing seasonally and annually, the abundance and location of habitats continually change over time. These changes create a continual diversity and continuity of available habitats, such that wildlife will move around the GSL to find those habitats that supply their needs. It is because of these habitats that the GSL has become so critically important to wildlife, with the lake sometimes supporting over 50% of the worldwide populations of some avian species. Avian use of the GSL waters and habitats can shift greatly with subtle changes in lake elevation because of the low gradient bottom. Due to the potential for water quality contamination and other impacts from this project, UDWR is concerned about the possible effects on numerous wildlife species.

Brine shrimp populations are easily impacted by fluctuations in their environment. Discharges of wastewater generated during construction and possible oil spills could have a profound influence on brine shrimp populations. Brine shrimp are the basis of a multimillion dollar business on the GSL and activities that alter the production of brine shrimp may lead to substantial losses in the brine shrimp industry. Moreover, several avian species depend upon brine shrimp as their primary food source within the GSL.

UDWR requests the Division of Oil, Gas and Mining address the following additional concerns:

The proximity of the leased area to Gunnison Island creates the potential for disruption of nesting American White Pelicans, California gulls, and peregrine falcons. Currently there is a one (1) mile buffer surrounding the island to minimize disturbance. This buffer was intended to provide security for the nesting birds on the island from boats or airplanes. However, it does not take into account permanent structures, such as oil rig platforms that may increase the likelihood of disrupting nesting colonial species.

The proximity of the proposed temporary oil barge structure to Gunnison Island may disrupt nesting American white pelicans, California gulls, and peregrine falcons. We recommend that the structure not be lighted at night to ensure the juvenile birds will not fly towards the barge and get trapped in any equipment and/or cables.

Due to the value of these habitats for wildlife, UDWR is concerned about the potential for accidents that may result in the discharge of petroleum products and other chemicals directly into wetland habitats and subsequently into the GSL. The potential for discharge events and potential impacts to wetlands and wildlife should be evaluated. Spill containment, hazardous material, and wildlife clean-up plans should also be identified. The north arm and the south arm of the Great Salt Lake are connected, so any chemical pollution received in the north arm could be circulated throughout the lake.

Brine flies are the predominant food item for most migratory shorebirds that visit the lake. During their life cycle, they must anchor to bioherms or stromatolites that form on the lake floor. These calcium carbonate structures appear to be essential to the reproductive life cycle of brine flies. These

structures are essential to what is possibly the largest inland U.S. concentration of wintering common goldeneye, and are also important to the brine shrimp population. We recommend the proponent identify strategies to minimize impacts to bioherms and brine flies during the construction and operation of the barge.

Solid and Hazardous Waste:

Under state law, materials from the exploration and production of oil and gas are excluded from the definition of solid waste and are therefore not a hazardous waste in Utah. However, please address the following questions/requests for clarification:

The term “discharge” is used in reference to deposition of the drilling fluid following completion of the wells. Please clarify where the fluid will be discharged.

Decisions on disposal of several materials are to be made by the Utah Division of Oil, Gas & Mining or the Department of Environmental Quality at some future date. What is the lead time allowed for these decisions and please clarify how the public will be involved.

The documents refer to trucking as the method of supply and material removal. Please identify the approval authority for use of the cause way to access the site.

The spill response plan does appear to identify pre-project meetings of all the involved agencies to coordinate the plan. It assumed that the DOGM sponsored site meeting scheduled will address the foregoing issues. Meetings prior to the commencement of drilling activity will be crucial to a well designed spill response plan.

If possible please clarify the number of wells proposed. The APDs appear to propose two exploratory wells, but the Waste Management Plan discusses six.

The Waste Management Plan discusses the possibility of a natural gas discovery and the potential for new natural gas pipelines linking wells in the Great Salt Lake to onshore facilities. Please clarify scope of the APD approval.

Please clarify the location and substance of Appendix A. It appears that it is either missing or is mislabeled.

This Office looks forward to working with you to resolve these issues. Please call myself or Jonathan Jemming (538-9023) with any questions.

Sincerely,



John Harja
Director