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**Before the
House Energy & Commerce Committee, Subcommittee on Energy & Power**

***The American Energy Initiative: A Focus on Growing Differences for Energy
Development on Federal vs. Non-Federal Lands***

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Summary

- WillSource is a small exploration and production company committed to environmentally responsible oil and natural gas development in its projects on public lands.
- WillSource's project in public lands on Colorado's Western Slope, which could generate \$3 billion worth of natural gas production providing millions of dollars of government revenue to the American taxpayer while creating jobs and economic growth, has been delayed sixteen years, mostly from additional regulatory requirements imposed by the federal government.
- For example, the Forest Service has required WillSource to conduct multiple rounds of environmental analysis. WillSource also agreed to several measures to further reduce environmental impacts such as moving well pads and implementing new road maintenance procedures.
- Despite the fact that actions of the federal government have caused the project to be delayed so extensively, the Bureau of Land Management is attempting to revoke WillSource leases for failure to produce. This action appears to result from pressure from unaccountable environmental groups.
- In this case, new rules adopted by one governmental entity are making it impossible for a private company to fulfill another governmental entity's set of rules. This threatens the \$10 million WillSource and its participants have invested in the project preventing WillSource from providing millions of dollars of revenue to the American government.
- A case like this exemplifies why oil and gas activity on Federal Lands is decreasing.

Chairman Whitfield, Ranking Member Rush and Members of the Committee, thank you for the opportunity to appear before you today. I am the President and Cofounder of WillSource Enterprise, a small three person oil and natural gas exploration and production company with operations on Colorado's Western Slope.

I've been producing oil and natural gas for twenty-five years; operating on public lands for more than sixteen years. Until recently, I've not experienced the delays and the obstructions I've started experiencing in my public lands project called Divide Creek Offset in Mesa County, Colorado. While public lands projects almost always take longer than comparable private and state projects, the delays I've seen in the last few years make me question for the first time whether I want to undertake new oil and gas business with the federal government. That's a strange thing to say since WillSource now believes the project could produce \$3 billion worth of natural gas; generating significant job and economic growth. Especially since - almost every person working with WillSource in the Bureau of Land Management (BLM) and the Forest Service Colorado Offices has recognized WillSource's success as an environmental steward.

It all started in 1996 when associates acquired seven leases from the BLM on the surface of the White River National Forest. At the time, the forest was operated as a multi-use forest with many existing producing wells, several pipe lines servicing those wells, and a natural gas storage field offsetting my leases. It seemed a good operating environment for producing domestic energy while providing a significant return to the American taxpayer for energy owned by all Americans.

Over the years, WillSource and its private investors have invested approximately \$10 million in the project which includes leasing fees (both bonuses and rental), geologic and geophysical interpretations, permitting fees, improvements to existing forest service roads, well pad construction, drilling of two wells, and construction of nearly 6 miles of stacked natural gas gathering lines installed in the existing road beds. WillSource has undertaken each step with the goal of meeting and surpassing every regulatory requirement.

An exploratory project on public lands can take many years to nurture until the first natural gas is produced and sold. WillSource committed to investing in these federal assets and understood the stringent regulatory requirements it was contracting to fulfill. But we could not begin to imagine the magnitude of new rules, changed regulations, and ad hoc requirements imposed on the project in the years since some of which significantly alter the terms of the original contract. WillSource has worked closely with the BLM, the Forest Service, the State of Colorado, the associated Counties, and many other stake holders. When WillSource acquired the acreage, an Environmental Impact Statement existed that should have enabled development to proceed. But, the Forest Service required us to complete a redundant Environmental Assessment (EA) and WillSource did it. That EA took almost two years to complete. Two wells were subsequently drilled. At that point, WillSource and the Forest Service agreed it would be in the best interest of the forest if WillSource could wait to hook up the two wells until a third party's planned pipeline was constructed rather than build a duplicate line. After waiting five years that line and processing facility are built and WillSource can finally hook into it and start selling gas. Except, the Forest Service is now requiring another EA be performed by WillSource.

The Forest Service asked WillSource to move an already approved well pad location to a new site to avoid steep drainage issues the Forest Service preferred be avoided. WillSource agreed and worked closely with both the Forest Rangers and BLM staff to pick a replacement site. Upon selection of a new site, WillSource was informed of new EA requirements including new forest road design and maintenance rules. Unbelievably, the Forest Service then informed WillSource its permit to use the road accessing our project was withdrawn until the new EA is completed totally denying WillSource's ability to fulfill the BLM's development requirements. We have been working with the Forest Service and BLM on the new EA for a year and a half at this point. We anticipate it will take another six months to complete costing over \$100,000 of additional expense.

Recently, media made WillSource aware that a couple environmental groups are trying to pressure the BLM into taking away several WillSource leases because development time lines have been extended or need to be extended. The BLM has in fact informed WillSource that it is considering revoking three of WillSource's leases.

WillSource has sixteen years and \$10 million dollars invested trying to develop the reserves below while doing the right thing on the surface. Now WillSource sits ready to start producing valuable American assets. If federal procedures actually make it impossible for WillSource to fulfill the various requirements of the different federal entities and WillSource loses its investment in this public lands project because of it, this case exemplifies why oil and gas activity on Federal Lands is decreasing.

Thank you for the opportunity to appear before you today. I look forward to answering questions.