

**Testimony to the Committee on Small Business
On
Oil and Gas Development on Public Lands: Impact on Hunters, Anglers,
Ranchers, and Small Business**

**Testimony by Chris Velasquez
Rancher from Blanco, New Mexico
April 17, 2008**

Chairwoman Velazquez, Ranking Member Chabot and members of the Committee, thank you for inviting me to address this committee and for the opportunity to tell you about my experiences with the oil and gas industry and its impact on my ranching business operations.

My name is Chris Velasquez. I have been a rancher all my life. I have been ranching on this land my whole life. My great-great-grandfather ranched in this same area where I currently ranch. There are still many old family ranchers like me in this area. I have invested all of my adult life in developing my ranch for my family's future. I work day and night, seven days a week to take care of livestock and the land. It is hard work to develop a living on high desert land where water, sun and wind take a toll on everything.

To supplement my ranch income, I worked for San Juan County for twenty-five years in road construction management. I retired in 2000 to expand my ranching operations.

Prior to 2006, I held 32,000 acres of BLM allotment for summer range. In 1995 my wife and I were awarded the Rangeland Management Award for New Mexico, nominated by the Farmington BLM Office.

About 1996, I returned 10,000 acres of our allotment to BLM for mule deer winter habitat. We were concerned for the mule deer since they needed a place to migrate to lower elevations for the winter from the Ute and Apache reservations and the higher elevations in Colorado.

In 2006, because the increased number of wells, pipelines, and roads on the remaining 22,000 acres made it uneconomical to run summer cattle there, I sold the remaining allotment. This allotment was the most impacted of the BLM Farmington Field Office allotments because of the density of drilling and

associated natural grazing surface loss. Roads, pipelines, wellpads, sandstone quarries for roads (made available by BLM to surface the oilfield roads), disposal and transmission sites all resulted in reducing the availability of natural forage for cattle and wildlife. As a result, the mule deer ate the sagebrush and pinion and juniper trees. My cattle, the mule deer, and other wildlife were also poisoned by antifreeze, glycol, methanol, and hydrocarbons, causing death and abortions. The loss of this land has been a financial loss both in cattle and income for us.

In addition, there are yearly losses to my ranching business from irresponsible vehicle driving by industry, causing hit-and-run cattle deaths, contamination from dangerous chemicals made available to livestock, lost cattle due to improper maintenance of cattleguards, and labor and equipment costs needed to search for and round up missing cattle.

The industry is reluctant to follow reasonable business practices to remedy these business losses, not paying a reasonable amount of damage money in a reasonable amount of time. I haven't been paid damages yet for a calf injured by a vehicle in March 2007, or for the cattle that escaped at the same time due to lack of required cattleguard maintenance. Cattleguards are in place for the convenience of the oil and gas industry and as such must be maintained by them to prevent cattle from leaving assigned pastures. This is a very common occurrence about which I have repeatedly notified both the BLM and the companies involved.

I would like to bring some specific information to your attention concerning my experiences with the oil and gas industry.

This location pictured is a compressor station within two miles of my home. It processes and pressurizes gathered gas to send to the refinery in Bloomfield, New Mexico. Inside this building are seven compressors with a 24-inch exhaust system per compressor. The level of noise is so high it reaches inside my home at that distance. The fumes from the exhaust stacks are venting freely to the area.

This map from around 2004 from GoogleEarth shows the area where I conduct my ranching business. Each white dot is a wellpad or an associated oil and gas location. A spiderweb of roads and pipelines fracture the area and make ranching less and less profitable. This is the area where I have my winter allotment.

If I were ranching without oil and gas production on this land, I would have minimal roads and cattleguards and complete control of my cattle. As it is, the addition and practices of oil and gas create hazards and escape routes for the cattle.

Cattleguards and gates are a big problem because of the lack of respect the industry has for me as a businessman-rancher. The industry does not maintain the cattleguards up to BLM standards and my cattle frequently escape their assigned pastures. This leads to lost cattle, injured cattle, contaminated cattle, and dead cattle.

You can see by the number of roads that the incidence of fences and gates and cattleguards in an area like this creates an ongoing and significant problem.

The impact of wellpads, roads, and pipelines results in a lot of natural forage for cattle and wildlife being removed from natural production. The pipelines and wellpads are routinely not reclaimed to BLM standards.

Unproductive forage (noxious weeds) is the first claimant to disturbed land. This plant life is not suitable for wildlife and cattle forage. In fact, some noxious weeds are poisonous to animals.

The extraordinary amount of surface that is disturbed for roads, wellpads, and pipelines constitutes a long term injury to the land. Generations will be required to repair this kind of damage.

On this location there are two (Burlington) Conoco-Phillips coalbed methane (CBM) wells. As is common with CBM wells, natural gas extraction results in bringing "produced water" to the surface. This by-product water must be disposed of.

There are times when this water is injected back into different geologic formations than those from which it was extracted. To my knowledge there have been no studies to determine the effects of injecting produced water and its contamination into groundwater aquifers. There is much worry concerning this.

These large extracted volumes of produced water also decrease the groundwater and deplete the aquifers.

This produced water is a problem in many areas when it stays on the surface or is released on the surface to be absorbed by the soil. It kills forage and juniper and pinon trees. It creates salt deposits that can re-leach to the surface. It decreases groundwater inventory. In addition, these large installations for injection and

evaporation of produced water further deplete the use of the surface for the rancher.

In 2005, this British Petroleum (BP) unlined pit was full of oil by-products and oilfield trash. The fencing around this pit did not meet BLM standards. As a direct result, my cattle, as well as wildlife, would have had easy access to this contamination.

Access to contamination is a frequent occurrence.

I constructed this water holding pond to collect rainwater for my cattle to drink.

Subsequently, British Petroleum constructed a “landfarm” (for remediating contaminated soil from a nearby wellsite) within 100 feet and slightly uphill of my livestock watering pond. This was done on my private property and without my approval or permission.

I found the pond one day with a thick oily film on the water. My cattle were drinking from it. I called the Oil Conservation District (OCD) of New Mexico and British Petroleum personnel to take samples of the water and oil for testing. I also took three independent test samples myself.

The test I took showed 1+ positive (scale of 0-4+) for petroleum content on one sample and traces of petroleum content in the two other samples.

The British Petroleum test results were sent to me reporting a “non-detect for any hydrocarbons”.

I was told by an OCD employee that OCD management instructed the sampling employee not to submit their samples for testing.

Despite the proximity of the BP landfarm to my livestock watering pond, BP made no effort to further respond to this problem.

On March 8, 2008, I observed this cow drinking from this tank. This tank was dry when I found it, but had had 19 inches of liquid in it recently which was evident from an oily fluid level mark on the inside of the tank. My whole herd was in the area and also had access to this tank. The tank was not properly protected from access by livestock or wildlife. Chicken wire is not a sufficient barrier! This tank

should have had either a complete expanded metal cover or an approved BLM fence around it.

This site has been an ongoing problem and I have complained twice to BP and BLM about oil around compressors and holding tank without screening at this well site. This is just another example of the threat to my ranching business I face on a daily basis from the oil and gas industry.

This area is so remote, that I believe the industry routinely counts on the fact that most of these well sites will not be viewed by the public. Many times we see pollution just covered up by new paint and gravel.

This is the same cow that was drinking from the last of the fluids in this tank on March 8. Notice the hair loss around the muzzle, back of the ears, and neck. From experience I know that these contamination exposures result in hair loss and death. My pregnant cows have also aborted their calves after drinking contaminated liquids at wellsites.

I had a licensed veterinarian take blood samples of this specific cow and three more from this herd on April 4, 2008. By phone on Thursday, April 10, he reported to me verbally that three of the four cows tested positive for toxic damage to the livers and kidneys. The written report will be made available.

This means that I will have at least three cows out of this herd, and probably more, that will either die or be infertile. Will the industry pay these damages? Their track record says that it will take my time and effort to extract any damages from BP for this breach of BLM regulations and industry best practice standards. This has been an ongoing problem with industry. It is industry's responsibility "as a good neighbor" to protect my operation from damages by at least complying with BLM regulations.

Below is another example of toxic damage to my cattle. In this picture this calf was losing body hair. On April 1, 2005, hair samples were sent to a laboratory and the results showed the calf had petroleum products in its hair. The sample tested the highest possible positive 4+ (on a scale of 0 - 4+).

On June 16, 2005, and August 7, 2005, two calves died that subsequently tested positive for petroleum products in hair analysis. All three were contaminated at a

Williams Field well site. I was paid a minimum amount by Williams Field for the two dead calfs.

Willams Field then agreed to test the 56 additional cows that had been exposed to that well site. The samples were submitted for testing on July 11, 2005. The tests were completed for petroleum products contamination on July 26, 2005 and showed six tested "1", one tested "3", 45 tested positive for "trace", and two tested negative (on a scale of 0 - 4+).

Road conditions are a major problem in the area and on my allotment. BLM is not enforcing their own regulations. Roads are badly deteriorated.

The picture above shows the results of flat-blading. Flat-blading creates a road surface that does not allow water to drain to the side of the road properly. The ruts in this road are over two feet deep (note pitchfork with yellow flag), forcing traffic to go off the main traveled road, destroying additional natural surface area. These ruts were caused by oil field heavy equipment.

Problems like this are common, but could be avoided by following BLM Gold Book road standards. The roads I personally maintain on my own private property have bar ditches and water bars (to properly direct water to the side of the road and then divert it onto natural vegetation). I install culverts under roads at low spots. I do this roadwork when moisture is in the soil to prevent dust and the pulverizing of the road base. I do not flat-blade my roads.

This example of road deterioration is a result of flat-blading on roads on BLM land. Note the 12-inch high-pressure gas transmission line that has been excavated by erosive runoff from this improperly constructed road. Also note the pitting and rust on its outer surface. If heavy equipment or an accidental vehicle contact would hit this pipeline, it would rupture, causing a fiery explosion and death or injury to anyone close by. No safety barriers were in place here to notify travelers of the hazard. This type of situation is dangerous to the public on our public land.

In addition to the problems with the road itself, improper road and well site construction that does not meet BLM standards also contributes to erosion and runoff that carries solids (selenium, well field contamination, salts, silt, etc.) into arroyos and streams and eventually pollutes the rivers. This is just one example of the larger picture of the impacts of the oil and gas industry.

As illustrated by the satellite map of the area, runoff from the proliferation of roads, pipelines, and well sites is not a small problem since the contours of this high desert land are steep and arroyos abound, providing extraordinary opportunity for the damaging effects of runoff pollution.

Our public land is a national treasure for all to enjoy. As a rancher I am committed to its protection. Many various groups enjoy its use.

Oil and gas production has destroyed many parts of our public land. These damages will persist for lifetimes.

It is time to enforce and require proper land stewardship from oil and gas. As a rancher, I want my business protected from these impacts of the oil and gas industry.

Thank you again for this opportunity to tell you about my business and my experience of dealing with oil and gas production on public land.