

Oil exploration in Elko County

Recent efforts by the USFS and BLM to market leases for oil and gas exploration in Elko County have brought to question the efficacy of oil exploration in this part of Nevada. The locations of past permitted oil and gas exploration wells in Elko County are displayed in Figure 1.

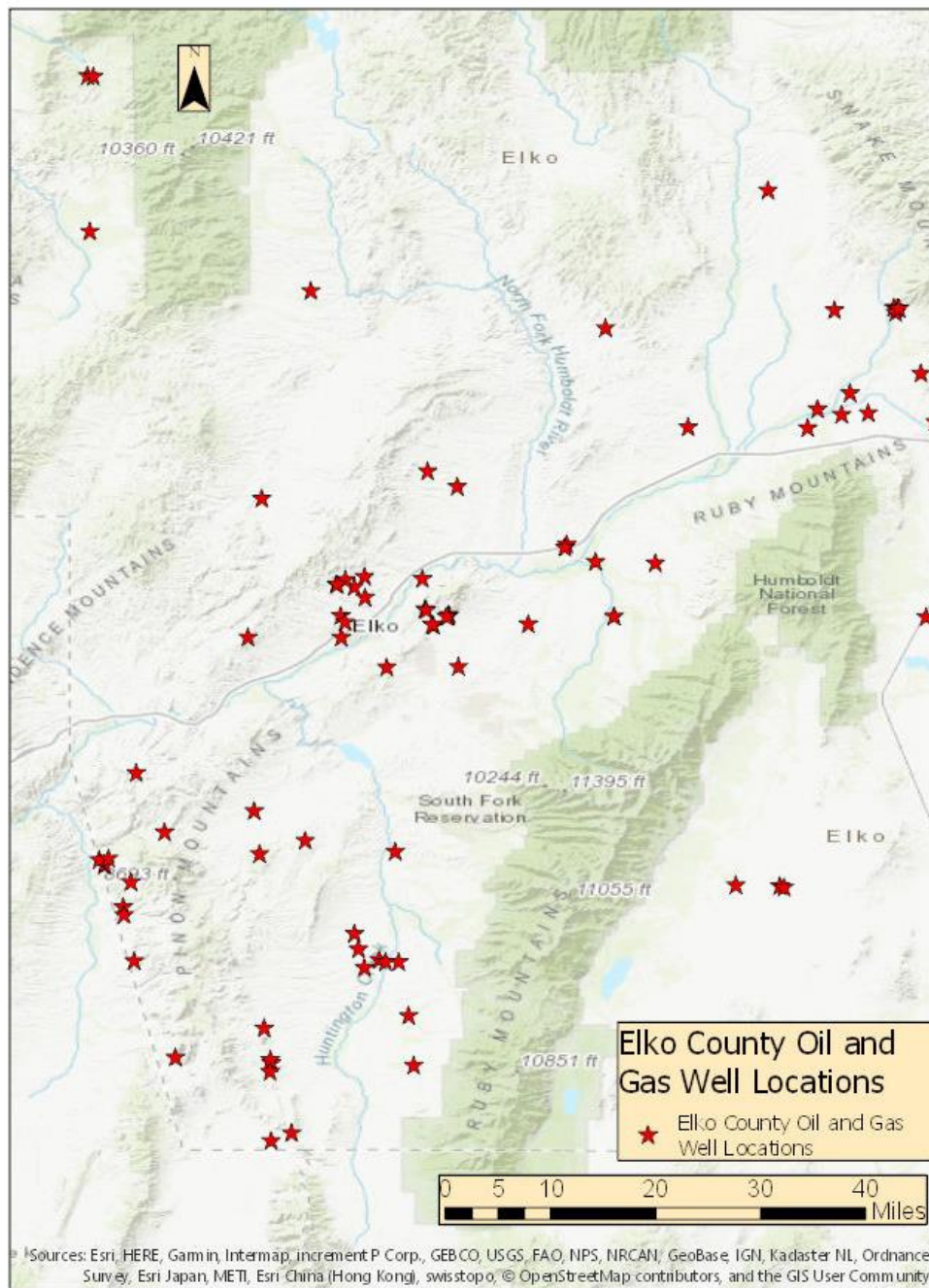


Figure 1. Oil and Gas Well locations in Elko County through 2013.

The Nevada Division of Minerals documents 100 oil and gas wells in their oil well permits database. These data are incomplete when it comes to status of all of the wells. Seventy have been drilled, plugged and abandoned meaning the company was unable to remove the hydrocarbon resource in an economic manner. Twenty eight of the permitted wells were never drilled. One would assume that companies decided not to waste their resources to drill these wells. One of the exploration wells was allowed to remain intact and is being used as a water well by the land owners. One well has its status listed as unknown and there are no data to describe what that represents. There are no producing oil wells in Elko County at the present time.

In Elko County, exploration drilling began in 1954 and has continued through the present. In that over half of a century of exploration activity, no well has produced product at an economic level. As noted above most of the wells that have been drilled have been plugged and abandoned.

Much of the proposed lands for identified in the recent UAFAs and BLM lease sale proposals have been subject to prior exploration drilling with little economic success. In discussions with the permitting agency experts, much of the oil that has been intercepted is difficult to extract because of the nature of the oil. It is a very viscous liquid at higher temperatures and is challenging to pump and transport without heating it up to keep it fluid enough to pump.

This activity is occurring in a natural resource rich area of Nevada. The wildlife resources are vast and varied. There are at least 120 bird, 50 mammal, 4 reptile, 3 amphibian, 7 fish and 33 mollusk and crustacean species that have been observed in the vicinity of these proposed lease sale sites. Sage grouse, pygmy rabbit, burrowing owl, mule deer, elk and antelope are known to inhabit these areas.

It would seem that with the lack of success to date by other oil and gas exploration and the rich diversity of natural resources in the vicinity of the proposed drilling activity that this area would be one that is not subject to continued failed efforts to extract oil. The economics are simply not there and the value from intact wildlife habitat is certainly worth the offset to not allow drilling in this area.