

PETROLEUM ASSOCIATION OF WYOMING

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December 1, 2006

Mr. Horst Greczmiel
Associate Director for NEPA Oversight
Council on Environmental Quality (CEQ)
722 Jackson Place, NW
Washington, DC 20503

Re: Guidance on Categorical Exclusions

Dear Mr. Greczmiel:

On behalf of the Petroleum Association of Wyoming (PAW) below are comments on the proposed *CEQ Guidance on Categorical Exclusions (CX)* published in the *Federal Register* September 19, 2006. PAW is Wyoming's oldest and largest trade organization, whose members account for over ninety percent of the natural gas and eighty percent of crude oil produced in the state. PAW is recognized as Wyoming's leading authority on petroleum industry issues and on behalf of our members, I would like to thank you for your leadership on energy issues.

Wyoming, like many states in the west, contains a large percentage of public owned lands that are managed by the Bureau of Land Management (BLM) and U.S. Forest Service (USFS). Public lands hold a wealth of natural gas and crude oil, and are providing a large portion of our domestic energy needs. One of the largest hurdles to timely and responsible development on public lands are permitting delays by BLM, the USFS and other regulatory agencies. When writing the National Environmental Policy Act (NEPA), Congress recognized not every single action warranted an extensive review, each at a significant cost to taxpayers, which has typically been shifted to the oil and gas industry. Therefore, NEPA provided categorical exclusions (CX's), which allow a streamlined process for activities generally recognized as having no significant environmental impact.

In many instances, the application and determination of when to apply CX's is not clear to the regulatory agencies. Also, various legal challenges and the fear of additional litigation have lead to decreased applications of CX's. PAW is very supportive of CEQ's efforts to provide guidance and a more standardized roadmap to the federal agencies of when it is and is not appropriate to use a CX determination.

PAW has the following specific comments on the proposed guidance:

1. The Energy Policy Act of 2005 (EPAAct) included five CX's in Sec. 390. These CX's have been very successful and industry has utilized them over 1400 times

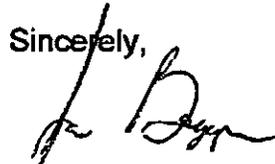
during the first nine months of 2006. Due to the fact these CX's are legislatively mandated, federal permitting agencies must utilize them when industry activities meet the mandatory criteria. With no specific mention of these CX's, PAW feels regulatory agencies may treat them similarly to regulatory CX's and therefore lose the effectiveness. PAW would like to see the final guidance include a simple section specifically clarifying that the guidance does not supercede any statutory CX's.

2. The philosophy behind CX's is very clear. They are intended to provide a mechanism to forgo expensive, lengthy and bureaucratic reviews for actions that have been determined to have no significant impact. However, Secs. III. A – C outline a substantial process for reviewing CX's. PAW recognizes that all applications need to meet the criteria of that particular CX and agencies need to ensure these criteria are met. However, a new bureaucratic process, the exact type of processes the original intent of CX's aimed to end, will effectively eliminate the use of CX's.

Permitting delays hinder our members' abilities to effectively and efficiently develop natural resources on public lands. These delays are only amplified when considering the overall impacts to economic growth, job stability, regional tax receipts and energy security. PAW appreciates CEQ's efforts to streamline and provide guidance to expedite the permitting process. We look forward to the final guidance.

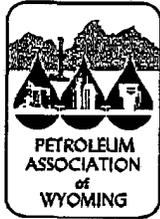
Thank you for your time and attention to this important matter.

Sincerely,



Jason Begger
Vice President

cc: Bruce Hinchey
Dave Brown



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DATE: 12-1-06

TO: Categorical Exclusion Guidance Comments

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NOTES: