



## THE JICARILLA APACHE NATION

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### PRESENTATION BY PRESIDENT PESATA JICARILLA APACHE NATION

#### DOE/DOI Conference, March 7 & 8 Energy Rights-of-Way Study

The Jicarilla Apache Nation has been part of the energy-producing industry for over 50 years.

There are over 2000 active natural gas wells on our Reservation. They produce about 22 million MCF of natural gas every year. That natural gas goes to consumers all over the West.

That gas is collected from the wells and sent to processing plants located off of our Reservation through a network of pipelines – referred to as the “gas gathering system.” The gas gathering system on the Jicarilla Apache Reservation totals about 3000 miles of pipe.

Every one of those sections of pipe was placed under our land with the written consent of the Jicarilla Apache Nation. That consent has been provided in agreements the Jicarilla Apache Nation negotiated and entered into with different pipeline companies. Based on those agreements, the BIA granted rights-of-way to the pipeline companies.

Back in the 1950's, the 1960's and the 1970's those rights of way were for a fixed term of 20 years. When the rights-of-way were about to expire, we negotiated with the pipeline companies for extensions for another 20 year term. We always have reached agreements with these companies. We have never shut down a pipeline or interrupted the flow of natural gas.

In 1995 most of the pipeline rights-of-way were about to expire. Our Tribal Council decided that we would never be able to manage our natural gas resources in the best way if we did not have more control over the gas gathering systems on our Reservation, and



more control over how they operate. Therefore, we told the pipeline companies that we would consent to a renewal of their rights-of-way – but only for 10 years, not for 20 years. We also told them that we were NOT committing to any additional renewals after the 10-year term expired. The pipeline companies agreed to those terms.

The 10-year term of those rights-of-way will expire at the end of this year. We are in active negotiations with the pipeline companies about what will happen next. We have entered into written confidentiality agreements for these negotiations, so I cannot disclose what we are discussing in those negotiations.

However, what I can tell the DOE and the DOI, is that we are trying to agree on terms for operating those gas gathering systems so that more gas is produced from our land and sent to consumers all over the West. Natural gas production is our bread and butter. It provides almost all of the operating funds for tribal government.

It is possible that renewing the rights-of-way may be a good solution, but it is also possible that other arrangements will work better to increase gas production. That question will be answered by negotiations between the Jicarilla Apache Nation and the pipeline companies.

So – that is a short description of the “energy rights-of-way” on the Jicarilla Apache Reservation.

I have two questions for DOE and DOI:

- (1) Will the study you are preparing include the natural gas gathering system on the Jicarilla Apache Reservation?
- (2) If you are going to study this gathering system – Why?

What information do you have that shows that there is some kind of “problem” with how we have worked with the pipeline companies for 50 years?

What information do you have that shows that the Jicarilla Apache Nation is restricting the supply of natural gas to consumers?

If you do not have any proof that we are interfering with natural gas supplies or natural

gas deliveries, then what exactly is the purpose of this study?

We know that some pipeline companies want to eliminate the requirement of tribal consent for rights-of-way on tribal land. Press reports say that El Paso Natural Gas wants to pay \$200 million for a 20 year right of way over Navajo land, but the Navajo Nation wants \$400 million. They are \$200 million apart. That comes to just \$10 million per year for the 20-year right of way.

Where is the proof that this \$10 million a year is going to stop El Paso Natural Gas from delivering natural gas to consumers? Where is the proof that this \$10 million a year will have a significant impact on consumers' gas bills? How significant is this \$10 million a year?

The AFL-CIO website on executive compensation reports that the President and CEO of El Paso Corporation (the parent of El Paso Natural Gas) was paid over \$5 million in just one year (2004). The Chairman and CEO of Exxon-Mobil was paid over \$38 million in 2004. What is the impact of those salaries on consumers' gas bills?

If the DOE and DOI want to investigate excessive costs that may hurt consumers of natural gas, you should be investigating the level of compensation paid to the executives of the energy companies – not the amounts paid to tribes for the use of our land.

I know that Congress did not direct you to study the level of compensation to energy company executives. But your report to Congress on the cost of rights-of-way over tribal land will be misleading and worthless if you do not put that information in context. The proper context is all the costs of the pipeline companies – including items like executive compensation. It would be completely unfair and misleading to look only at the cost of rights-of-way over tribal land, and conclude that one cost item is a major problem for consumers.

If your report does not document these other costs – and you only look at the cost of rights-of-way on tribal land – then your report will be a sham. It will be an attack on tribal sovereignty and tribal self-determination – disguised as a report to protect consumers. DOI and DOE were not created to be the servants of the big energy companies and big pipeline companies. You have a duty to tell Congress that the right of tribes to control their own land is not a problem. The real problem is the greed of the big pipeline companies.