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the Independent Petroleum Association of America*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF WYOMING**

STATE OF WYOMING, et al.,	)	
	)	
Petitioners,	)	
	)	Civil Case No. 2:16-cv-00285-SWS [Lead]
and	)	
	)	Consolidated with:
STATE OF NORTH DAKOTA, et al.,	)	
	)	Case No. 2:16-cv-00280-SWS
Intervenor-Petitioners,	)	
	)	Assigned: Hon. Scott W. Skavdahl
v.	)	
	)	
UNITED STATES DEPARTMENT OF THE	)	
INTERIOR, et al.	)	
	)	
Respondents,	)	
	)	
and	)	
	)	
WYOMING OUTDOOR COUNCIL, et al.,	)	
	)	
Intervenor-Respondents.	)	
	)	

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**Declaration of Kathleen M. Sgamma**

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I, Kathleen M. Sgamma, do certify under penalty of perjury as follows:

1. I am the President of the Western Energy Alliance (“Alliance”). The Alliance’s offices are located at 1775 Sherman Street, Suite 2700, Denver, Colorado 80203. My phone number is 303.623.0987, and my email address is ksgamma@westernenergyalliance.org.

2. I am over the age of twenty one, and I have personal knowledge of the facts stated herein. If called upon to testify as to the matters set forth herein, I would be competent to do so.

3. The Alliance’s membership is comprised of over 300 companies involved in all aspects of environmentally responsible exploration and production of oil and natural gas in the West. Our members have extensive leases and operations on federal and Indian lands . The majority of the Alliance’s members are small businesses with an average of 15 employees.

4. I am familiar with and knowledgeable about the compliance requirements under the Waste Prevention, Production Subject to Royalties, and Resource Conservation Rule, published at 81 Fed. Reg. 83,008 on November 18, 2016 (the “Rule”) as well as the types of activities and costs necessary for operators to comply with these requirements.

5. The Rule imposes compliance requirements on Alliance members with operations subject to the Rule, including those with onshore federal and Indian oil and gas leases, units, and communitized areas, and such leases on committed state or private tracts in a federally approved unit or communitization agreement defined by or established under 43 CFR subpart 3105 or 43 CFR part 3180.

6. The Rule became effective on January 17, 2017. *See* 81 Fed. Reg. at

83,008. Notwithstanding this effective date, certain of the Rule's provisions began imposing compliance obligations on operators beginning January 17, 2017, while other provisions were "phased-in," requiring compliance no later than January 17, 2018.

7. Alliance members have incurred and are incurring ongoing costs to comply with the Rule's provisions that became effective January 17, 2017.

8. Alliance members have incurred and are immediately incurring costs to ensure compliance with the Rule's provisions that were "phased-in." These include costs associated with:

- a) Section 3179.201, which requires operators to replace pneumatic controllers "no later than 1 year after the effective date of this section" with only a limited exception;
- b) Section 3179.202, which requires operators to replace the pneumatic diaphragm pump(s) or route the exhaust gas to capture or to a flare combustion device "no later than 1 year after the effective date of this section" with only a limited exception;
- c) Section 3179.203, which requires operators to comply with control requirements for applicable storage tanks "no later than one year after the effective date of this section" with only a limited exception; and
- d) Section 3179.301, which requires operators to conduct initial Leak Detection and Repair inspections "within one year of January 17, 2017 for sites that have begun production prior to January 17, 2017" (i.e., "existing sites").

9. Compliance with the sections noted in Paragraphs 8(a)-(d) of this Declaration have imposed and will continue to impose significant, immediate, and

irreparable harms to Alliance members.

10. Given the planning and lead time necessary to ensure full compliance with the sections noted in Paragraphs 8(a)-(d) of this Declaration by January 17, 2018, and the fact such compliance dates were stayed for approximately three and a half months and then reinstated on October 4, 2017, it is no longer possible in all circumstances for operators to fully comply by the January 2018 deadline. For example, it can take multiple months for larger operators to assemble crews and travel to sites to perform initial LDAR inspections, and it can take significant time to order and install equipment required to comply with the storage tank, pneumatic controller, and pneumatic pump requirements. The BLM's stay of these provisions, which began on June 15, 2017, was invalidated by the Federal District Court for the Northern District of California on October 4, 2017. This three and a half month period caused operators to delay planning and preparing for the January 17, 2018 compliance deadlines. It has now become impossible, especially given the imminent winter weather, for some operators to ensure full compliance with the requirements noted in Paragraphs 8(a)-(d) by January 17, 2018.

11. BLM has also started the process of substantially rewriting the Rule, beginning with the suspension rule proposed on October 5, 2017. 82 Fed. Reg. 46,458 (Oct. 5, 2017). It does not make sense for companies to incur substantial costs, which are conservatively estimated to be over \$115 million just between now and January 17, 2018, to comply with a rule that is being substantially changed.

12. If the relief being sought in this request for preliminary injunction is granted, the Alliance's members would not be subject to some or all of the harms detailed in this Declaration.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct and was executed in Denver, Colorado, on this 26th day of October 2017.

A handwritten signature in black ink, appearing to read 'K. Sgamma', written over a horizontal line.

Kathleen M. Sgamma

**CERTIFICATE OF SERVICE**

I hereby certify that on this 27th day of October, 2017, the foregoing Declaration of Kathleen Sgamma was filed electronically with the Court, using the CM/ECF system, which sent a notice of electronic filing to all counsel of record.

*s/ Samuel R. Yemington*  
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