

# Judge tosses drilling policy expanding environmental review

By Ben Geman - 08/13/11 02:33 PM ET

A federal judge in Wyoming on Friday threw out a 2010 Obama administration policy that rolled back exemptions from environmental review for certain oil-and-gas activities on federal lands.

Judge Nancy Freudenthal [ruled](#) that the Interior Department and U.S. Forest Service policies that scaled-back the exemptions were issued without proper public notice and comment.

Freudenthal did not address the substance of the [challenge brought last year](#) by the Western Energy Alliance, an industry group that represents oil-and-gas drillers active in western states.

The industry group alleged the policy ran afoul of a 2005 energy law that required the exemptions – called "categorical exclusions" – for certain drilling activities in an effort to expedite drilling.

The energy companies allege the policy, which applied new constraints on the exemptions, stymies development by adding costs and delays.

While the judge issued the ruling on procedural rather than substantive grounds, it's nonetheless a setback for the Obama administration, which has sought to expand scrutiny of the environmental impact of oil-and-gas drilling.

Freudenthal, of the U.S. District Court for the District of Wyoming, also rejected Obama administration claims that the lawsuit should be tossed.

The administration argued that the energy companies couldn't show that the policy adds new costs and delays to the drilling permit process.

But the judge disagreed with the administration lawyers, writing that "the court concludes that the expected injuries, while general and debatable, are not speculative and are cognizable."

A spokesman for Interior Secretary Ken Salazar said the agency is reviewing the ruling.