



ASSOCIATED GOVERNMENTS
OF NORTHWEST COLORADO

March 2, 2018

The Honorable Bob Rankin
200 E. Colfax, Room 307
Denver, CO 80203

RE: HB18-1249 Anvil Points Federal Mineral Lease Distribution

Dear Representative Rankin:

Members of the Associated Governments of Northwest Colorado (AGNC) representing seven (7) counties in NW Colorado and several municipalities therein support HB18-1249 and the proposed distribution of federal mineral lease funds related to the Anvil Points special fund held at the U.S. Treasury.

The National Oil Shale Reserves (NOSR) tracts #1 and #3 are located in Garfield, Mesa, Moffat and Rio Blanco counties. The federal mineral lease funds withheld from these parcels from 1997 through 2008 for expenses related to the Anvil Points Oil Shale research facility put these counties in the position of funding a significant period of natural gas development from county funds with no assistance from federal mineral lease revenues. Federal mineral lease payments are shared with the state for the purpose of addressing impacts to communities from the development of federal mineral assets. When the funds for the Anvil Points cleanup were certified as "adequate" by the Department of Interior (DOI) in 2008, the withheld revenues exceeded the amount required for expenses outlined in the 1997 Transfer Act. AGNC and the impacted counties have been diligently working to get the excess funds released since 2009.

The counties impacted by the Anvil Points withholding have been impacted extraordinarily hard by the 2008 recession and the subsequent reduction in energy development and production. These circumstances exacerbate the impact to the counties impacted by further reducing revenues from mineral leasing sources as well as reductions to the local tax base through the loss of jobs, workforce and declines in private property values. Lands that generate federal mineral lease revenues do not produce property tax revenue for the counties.

The federal lease withholding related to the Anvil Points cleanup resulted in significant financial challenges to the counties impacted and the subsequent recession continues to linger adding to those difficulties. The counties have found ways to meet the obligations they face in supporting the energy development on these tracts for the last 21 years but at a significant cost to communities and constituents. Some of the counties have cut budgets, local programs and services for constituents; Mesa County had to place a ballot measure before voters for the most basic of government services, law enforcement.

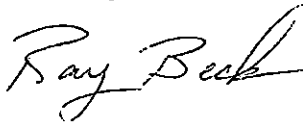
P.O. Box 593, Grand Junction, CO 81502

Phone: 970-665-1095

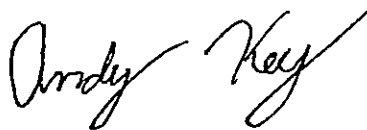
Colorado's federal delegation from Senators Allard and Udall to Senators Bennet and Gardner as well as Congressmen Salazar and Tipton have all supported the release of the excess funds specifically to the four counties impacted. Due to Congressional rules, a legislative solution has been out of reach thus far. It is hoped that an administrative solution recently proposed by DOI will result in the release of excess funds. In 2010, the Colorado General Assembly passed HJR10-1019 in support of the efforts by Colorado's federal delegation.

The funds that may be returned to the counties will not cover the expense burden the counties in NW Colorado have had to bear over the years, but they may provide a brief moderate level of relief in addressing the continuing energy impacts from that time. We urge the Colorado General Assembly to support HB18-1249 and provide long needed assistance to the counties impacted by the Anvil Points Transfer Act withholding should the revenues in the special fund be released by the federal government. Please contact our Executive Director, Bonnie Petersen, at 970-665-1095 if you have any questions.

Sincerely,



Ray Beck
AGNC Chairman
Moffat County Commissioner



Andy Key
AGNC Vice-Chairman
Rangely Town Councilman



COLORADO

BOARD OF COUNTY COMMISSIONERS

District 1 - John Justman 970-244-1605
District 2 - Scott McInnis 970-244-1604
District 3 - Rose Pugliese 970-244-1606

P.O. Box 20,000 544 Rood Avenue Grand Junction, Colorado 81502-5010 mcbocc@mesacounty.us Fax (970) 244-1639

February 28, 2018

The Honorable Dan Pabon, Chair
House Finance Committee
200 E Colfax Avenue
Denver, CO 80203

Re: Letter of Support for House Bill 18-1249

Dear Chairman Pabon and Committee Members:

The Board of Mesa County Commissioners submits this Letter in strong support of HB18-1249, Anvil Points Federal Mineral Lease District, concerning the requirement that the state treasurer distributes any federal funds related to the Naval Oil Shale Reserve land to Garfield, Mesa, Moffat and Rio Blanco counties.

The Anvil Points site was a federal oil shale research facility, which began decades ago to determine the viability of oil shale development by the Department of Energy (DOE). When oil shale reserves were transferred from the DOE to the Department of the Interior (DOI), a "trust fund" was established to pay for the cleanup of the site. The federal government withheld all mineral lease funds, royalties and bonus payments from 1997 to 2008, from Garfield, Mesa, Moffat and Rio Blanco counties. Additionally, the withholding created a surplus in the trust fund, and the site cleanup was completed in 2011. To date, the affected counties have not received reimbursement of their funds.

Furthermore, it is crucial to note that the funds were withheld at a time before the establishment of Federal Mineral Lease Districts and the current state-federal mineral lease distribution formula. However, DOI has stated that these funds must be distributed through the federal mineral lease formula, which requires us to have this legislation.

The four affected counties strongly urge you to support HB18-1249, which returns oil and gas lease revenues rightfully owned to rural Western Slope communities from which these funds were taken. Please take the necessary steps to ensure that the funds are distributed as soon as possible for the benefit of our distressed economies.

Sincerely,

John Justman, Chair
Board of County Commissioners

Scott McInnis
Commissioner

Rose Pugliese
Commissioner



BOARD OF COUNTY COMMISSIONERS
OF RIO BLANCO COUNTY, COLORADO
555 MAIN STREET | P.O. BOX 1 | MEEKER, COLORADO 81641
(970) 878-9430

February 28, 2018

The Honorable Representative Bob Rankin
200 E. Colfax, Room 307
Denver, CO 80203

Subject: HB18-1249 Anvil Points Federal Mineral Lease Distribution

Dear Representative Rankin,

On behalf of the Rio Blanco County constituents, we would like to extend our gratitude for your willingness to support legislation aimed at distributing Anvil Points Federal Mineral Lease funds to local governments of impact rather than to the state. We appreciate the work you do to fight for funding sources that impact rural counties.

The funds to be disbursed to Rio Blanco County, as well as Mesa, Garfield and Moffat Counties, are long overdue to these communities, and these funds are desperately needed to help offset expenditures and impacts already experienced due to the Anvil Points site and the mineral extraction activity that occurred without federal reimbursement.

This legislative process has been years in the making, and we acknowledge the incredible amount of time, energy and persistence at the local, state and federal level that has gone into moving this reimbursement process to where we stand today. Now it is time for State of Colorado legislators to approve the disbursement process and allocations, and return the remaining funds directly to the community of impact which fulfills the original intent of the collected funds.

We hope you will share this letter of support, and express Rio Blanco County's deep desire to pass this legislation, during the upcoming House Finance hearing on March 5, 2018. We regret that we will not be able to express our position in person, but know that this funding disbursement consideration is one of the top priorities for the impacted counties.

We thank you for supporting rural counties in Colorado, and if there is anything we can do to help ensure the proposed legislation is passed, please contact us. This is a matter of utmost urgency for Rio Blanco County and Northwest Colorado.

Sincerely,
The Board of County Commissioners of Rio Blanco County, Colorado

Shawn Bolton, Chairman

Jeff Rector

Si Woodruff



HOUSE JOINT RESOLUTION 10-1019

BY REPRESENTATIVE(S) Baumgardner, Acree, Balmer, Bradford, Curry, DelGrosso, Fischer, Gardner B., Gardner C., Gerou, Kerr J., King S., Labuda, Lambert, Liston, Looper, Massey, May, McKinley, McNulty, Murray, Priola, Roberts, Scanlan, Sonnenberg, Soper, Stephens, Summers, Swalm, Tipton, Tyler, Vaad, Vigil, Waller, Apuan, Benefield, Casso, Court, Ferrandino, Frangas, Gagliardi, Hullinghorst, Judd, Kagan, Kefalas, Kerr A., Levy, McFadyen, Merrifield, Middleton, Miklosi, Nikkel, Pace, Peniston, Pommer, Primavera, Rice, Riesberg, Ryden, Schafer S., Todd, Weissmann, Carroll T.;
also SENATOR(S) Penry, White, Whitehead.

**CONCERNING THE DISTRIBUTION OF FEDERAL
MINERAL LEASING REVENUES TO COUNTIES IN
COLORADO.**

WHEREAS, Colorado is the location of 2 federal Naval Oil Shale Reserves (NOSR), numbers 1 and 3; and

WHEREAS, In 1997, Congress passed the Transfer Act, codified at 10 U.S.C. sec. 7439, which transfers administrative jurisdiction over NOSR 1 and 3 from the Secretary of Energy to the Secretary of the

Interior and requires the Secretary of the Interior to manage the transferred lands through the Bureau of Land Management; and

WHEREAS, The Transfer Act further specifies that royalties collected from NOSR 1 and 3 would be placed in the United States Treasury and not distributed to the affected states until there was enough money in the Treasury to reimburse the United States for previous costs incurred relating to the transferred lands and to provide for cleanup of the Anvil Points site at NOSR 3; and

WHEREAS, Revenue from oil and gas leases on NOSR 3 generated money quickly, and when an accounting of the amount of moneys in the fund occurred in August 2008, the Anvil Points Fund contained \$112.2 million; and

WHEREAS, Of the \$112.2 million in the Anvil Points Fund in August 2008, \$39.4 million was obligated to the federal government to pay for previous costs incurred at the site, \$24 million was obligated to pay for the actual cleanup of the site, and the \$48.8 million remaining in the fund should go to the state of Colorado for disbursement to the counties affected by NOSR 1 and 3 pursuant to section 35 of the federal "Mineral Leasing Act"; and

WHEREAS, Since the August 2008 accounting, the amount of moneys in the Anvil Points Fund has continued to increase far beyond what was needed to reimburse the federal government and to pay for the cleanup at the Anvil Points site; and

WHEREAS, It was understood that once there was enough money to reimburse the federal government and to pay for the cleanup of the Anvil Points site, the remaining moneys in the fund would be distributed to the affected counties of Garfield, Rio Blanco, Mesa, and Moffat; and

WHEREAS, Due to an oversight in the Transfer Act, the remaining moneys will remain in the United States Treasury instead of being disbursed to the state of Colorado pursuant to the federal "Mineral Leasing Act" unless there is federal legislation directing such disbursement; and

WHEREAS, In 2009, United States Senators Mark Udall and Michael

Bennet introduced a bill to require the remaining moneys in the Anvil Points Fund to be transferred from the United States Treasury to the affected counties of the state of Colorado; now, therefore,

Be It Resolved by the House of Representatives of the Sixty-seventh General Assembly of the State of Colorado, the Senate concurring herein:

That we, the members of the Colorado General Assembly, request a current accounting of the amount of moneys in the Anvil Points Fund, including the amount of moneys that will be eligible for disbursement to the state of Colorado upon passage of federal legislation; and

That we encourage the United States Congress to pass legislation to require the disbursement of moneys from the Anvil Points Fund directly to the affected counties of the state of Colorado, which are Garfield, Rio Blanco, Mesa, and Moffat.

Be It Further Resolved, That copies of this Joint Resolution be sent to Governor Bill Ritter, Jr., Colorado Department of Local Affairs Executive Director Susan Kirkpatrick, Colorado Department of Natural Resources Executive Director Jim Martin, Colorado State Office of the Bureau of Land Management Director Helen Hankins, Colorado Attorney General John Suthers, Colorado State Treasurer Cary Kennedy, United States Bureau of Land Management Director Bob Abbey, United States Secretary of the Treasury Timothy F. Geithner, United States Secretary of the Interior Ken Salazar, United States Secretary of Energy Dr. Steven Chu, Speaker of the United States House of Representatives Nancy

Pelosi, United States House of Representatives Republican Leader John
Boehner, United States Senate Majority Leader Harry Reid, United States
Senate Minority Leader Mitch McConnell, and Colorado's congressional
delegation.

Terrance D. Carroll
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Brandon C. Shaffer
PRESIDENT OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Karen Goldman
SECRETARY OF
THE SENATE