AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Visitor; SG Interests I, Ltd. Operations and Land Manager Eric Sanford; Thompson Divide Oil and Gas; Request for Letter of Support for Federal Oil and Gas Lease Exchange

Action Requested: Discussion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
Please see the attached draft letter that was provided by Eric Sanford.

Fiscal Impact:

Submitted by: Katherine Haase **Submitter's Email Address:** khaase@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ◉ Required ○ Not Required

Comments:

See below

Reviewed by: GUNCOUNTY1\dBaumgarten Discharge Date: 4/2/2015 Certificate of Insurance Required Yes ○ No ◉

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\mbirnie Discharge Date: 4/3/2015

○ Consent Agenda ○ Regular Agenda ◉ Worksession Time Allotted: 30 minutes

Agenda Date: 4/14/2015 Follow Up Agenda Date:

Revised April 2013

Katherine Haase

From: Matthew Birnie
Sent: Tuesday, March 31, 2015 3:38 PM
To: Katherine Haase
Subject: FW: Proposed Legislative Exchange
Attachments: Gunnison County Board of County Commissioners (00343875).docx

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From: Eric Sanford [mailto:esanford@sginterests.com]
Sent: Tuesday, March 31, 2015 3:26 PM
To: Matthew Birnie
Subject: FW: Proposed Legislative Exchange

Matt,

I'm not sure if you have received the attached letter I previously sent to all County Commissioners.

The exchange is very simple in concept. SG would allow approximately 30,000 acres of leases to expire or be re-assigned to the BLM. In return, Congress would direct the BLM to grant SG different leases totaling approximately 30,000 acres. BLM would "value" the leases for Congress in order to ensure SG received equal, but not greater, value in the exchange. Thus, it may not be an acre for acre exchange in the end.

The federal legislators have asked that SG seek local County Commissioner support before moving forward with introducing the legislation. At this point Bennet, Gardner, and Tipton (or their staff) have all been consulted and are on board.

It is important to understand that the acreage we are seeking to acquire through this proposed legislative exchange is both (1) available for leasing in the current BLM and USFS RMP's and (2) has been nominated for lease. SG did not nominate the acreage.

Thanks,

Eric

From: Eric Sanford
Sent: Wednesday, March 11, 2015 1:51 PM
To: 'pswenson@gunnisoncounty.org'
Subject: Proposed Legislative Exchange

Commissioner Swenson,

Please find attached a draft letter with proposed language for Gunnison County's consideration.

This proposed legislation needs the support of local government. Congressman Tipton and Senators Bennet and Gardner (and their staffs) have been briefed on this issue and are supportive.

I would be happy to meet with each County Commissioner individually to answer questions. Also, I would plan to attend any meeting where the BOCC would vote to adopt a letter of support.

Eric Sanford

Operations and Land Manager
SG Interests I, Ltd.

922 East 2nd Avenue
Durango, CO 81301

(970) 385-0696 office
(970) 259-2759 cell

(This suggested correspondence was provided by SG Interests for Gunnison County's consideration.)

GUNNISON COUNTY BOARD OF COUNTY COMMISSIONERS

March 5, 2015

The Honorable Michael Bennet
458 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Cory Gardner
Senate Dirksen Office Building, SD-B 40B
Washington, D.C. 20510

The Honorable Scott Tipton
218 Cannon HOB
Washington, D.C. 20515

Re: Legislative Exchange Proposal for Thompson Divide Leases

Dear Senator Bennet, Senator Gardner and Mr. Tipton:

We are writing to express the support of the Gunnison County Board of County Commissioners to a federal oil and gas lease exchange as a way to resolve the division over oil and gas development in the Thompson Divide area located in Mesa, Pitkin and Garfield counties. Gunnison County believes the proposed exchange legislation would resolve the key disagreement over oil and gas development in the Thompson Divide while allowing development to proceed in an area of Gunnison County that already has on-going oil and gas development.

Gunnison County values a balanced approach to oil and gas development. The County believes that balance is fostered through a robust regulatory framework that is protective of human health, safety and welfare, as well the environment and wildlife, while at the same time is predictable and consistent for industry. The County has put in place comprehensive oil and gas regulations and a Memorandum of Understanding with the Colorado Oil and Gas Conservation Commission to achieve those goals. Gunnison County believes that responsible oil and gas development can and should play a role in the County's economy.

As presented to the County, the proposed federal legislation would allow SG Interests VII, Ltd. ("SG Interests"), the lessee of 18 federal oil and gas leases in the Thompson Divide area and, in addition, the lessee of the adjacent Wolf Creek deep rights held indefinitely by production, together totaling approximately 30, 000 acres of White River National Forest ("WRNF") surface, to exchange those leases for approximately 30,000 acres of federal leases on Grand Mesa, Uncompahgre and Gunnison National Forest ("GMUG") federal minerals. The GMUG mineral acres proposed for exchange are in an area that

the Forest Service has designated as available for potential oil and gas leasing in the 1993 GMUG Oil and Gas Leasing Plan Amendment under "controlled surface use" and standard stipulations that protect other resources. Although the proposed exchange lands include lands designated as "Roadless" in the Colorado Roadless Rule, 77 *Federal Register* 39,576 (July 3, 2012), the federal minerals underlying that surface would be developed using horizontal or directional drilling to avoid surface disturbance, pursuant to the Roadless Rule lease stipulations. A small portion (approximately 600 acres) of the proposed exchange lands is in Gunnison County. The proposed exchange lands are adjacent to or in close proximity to fee and federal oil and gas development, including SG Interests' oil and gas development, and several federally designated oil and gas units, including federal units operated by SG Interests.

Gunnison County therefore supports a legislated exchange as a solution that would address the dispute over federal leases in the Thompson Divide, but allow federal minerals located in another area of Gunnison County to be responsibly developed. We applaud the Colorado delegation for working together to find a balanced solution to this divisive issue.

Sincerely,

Gunnison County Board of County Commissioners