Rigged – Why Oil & Gas Development is Already the Dominant Use of Colorado's Public Lands

Colorado's public lands are supposed to be managed for multiple uses, including outdoor recreation, which generates $28 billion in consumer spending every year and supports 229,000 jobs. Yet, the oil and gas industry has the system rigged in its favor, and under the Trump Administration, development is being prioritized above every other use of our public lands, including outdoor recreation. This Administration's efforts to eliminate common-sense protections for hiking trails, big game herds, and drinking water – in the misguided pursuit of "energy dominance" – is a grave threat to Colorado's public lands, economy, and our natural heritage.

Nearly All of Colorado's Public Lands are Open to Oil and Gas Leasing

- 91% of Colorado's public lands are open to leasing, including lands bordering treasured national parks like Rocky Mountain and Mesa Verde.
- Since January 2017, oil and gas companies have tried to lease several places with important competing values, including lands near Rocky Mountain National Park, adjacent to Canyons of the Ancients National Monument and within working ranch lands.

Oil & Gas Companies are Not Using Thousands of Drilling Permits and Leases in Colorado

- On Colorado's public lands, oil and gas companies are sitting-on over 1.5 million acres of non-producing leases – half of all public lands leased for development in the state.
- Oil and gas companies hold in excess of 650 unused federal drilling permits in Colorado – a three-year supply, based on historic drilling rates.

Oil & Gas Companies and CEOs are Making Billions from Public Lands Drilling

- Encana, Exxon Mobil and EOG Resources are among the largest federal leaseholders in Colorado, together controlling 1,300 leases covering 671,000 acres of public lands, more than 20% of all federal acreage under lease.
- Between 2007 and 2016, those companies made over $315.4 billion in profits and, in 2016 alone, paid their CEOs $48.3 million.
- Meanwhile, the State of Colorado is preparing for a $260 million budget deficit this year, in part because of low energy prices, putting spending levels for K-12 education at risk.

Western Values Project

Energy Prices – Not Common-Sense Protections for Our Public Lands – Drive Oil & Gas Activity

- From 2008 to 2015, oil and gas prices declined significantly, with oil prices decreasing by 51% and gas prices by 70%.
- Over the same period and in response to prices, oil and gas activity declined in Colorado. On state lands, leasing fell from roughly 163,500 acres in 2008 to 60,000 acres in 2015, a decrease of 63%. The number of working drill rigs in Colorado also fell by 67%.
- Industry itself has cited prices as the primary factor behind the recent declines. EOG Resources, one of the top federal leaseholders in Colorado, said that "substantial declines in crude oil, natural gas and NGL prices that began in 2014 and continued in 2015 and 2016 materially and adversely affected the amount of cash flows we had available for our capital expenditures," which are typically used to bankroll new leases and drilling projects.

Taxpayers are Missing Out on Billions in Revenue Because of Unnecessary Industry Subsidies

- Taxpayers heavily subsidize the oil and gas industry with fiscal terms – royalty and rental rates, minimum lease bids and reclamation bonds – that are woefully outdated. Royalty rates were established in the 1920s, reclamation bonds in the 1950s and 60s and rental rates and minimum bids in the 1980s.
- Most western states have taken steps to modernize their oil and gas fiscal terms. Colorado uses a royalty rate of 20% for state lands (compared to 12.5% on federal lands), and sets bonds at $25,000/lease and $100,000/state-wide (compared to $10,000/lease or $25,000/state-wide on federal lands).
- According to the Congressional Budget Office and GAO, modernizing the fiscal structure for public lands drilling could generate upwards of $1 billion in new revenue for federal and state taxpayers over the next decade, with "negligible" impacts on production.

Oil & Gas Companies are Abusing Loopholes to Skip-Out on Payments to Taxpayers

- Since 2007, BLM has "suspended" 500 oil and gas leases on Colorado's public lands, encompassing 600,000 acres. Lease suspensions allow oil and gas companies to avoid making royalty and rental payments, which are split evenly between the U.S. Treasury and states.

[1] https://outdoorindustry.org/state/colorado/
[2]
https://wilderness.org/sites/default/files/TWS%20DataMapInsert%20Updated%20June%202016.pdf
[3] https://eplanning.blm.gov/epl-front-office/eplanning/planAndProjectSite.do?methodName=dispatchToPatternPage&currentPageId=103359
[4] https://www.blm.gov/press-release/blm-seeks-input-parcels-proposed-march-2018-oil-and-gas-lease-sale
[5] https://eplanning.blm.gov/epl-front-office/eplanning/planAndProjectSite.do?methodName=dispatchToPatternPage&currentPageId=103359
[6] https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics
[7] https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics
[8] https://www.blm.gov/lr2000/
[9] https://www.encana.com/investors/financial/sedar-sec-filings/; http://www.reuters.com/article/brief-encana-ceo-doug-suttless-2016-comp-idUSFWN1H00QA; http://ir.exxonmobil.com/phoenix.zhtml?c=115024&p=irol-SEC; http://www1.salary.com/EXXON-MOBIL-CORP-Executive-Salaries.html ; http://investors.eogresources.com/SEC-Filings; http://www1.salary.com/EOG-RESOURCES-INC-Executive-Salaries.html
[10] http://www.denverpost.com/2017/03/17/colorado-budget-2017-march-revenue-forecast/
[11] https://www.eia.gov/dnav/ng/hist/rngwhhdA.htm; https://www.eia.gov/dnav/ng/hist/rngwhhdA.htm
[12] https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics
[13] http://westernvaluesproject.org/wp-content/uploads/2016/09/Final-WVP-State-Lands-Report.pdf
[14] http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-reportsother
[15] http://investors.eogresources.com/SEC-Filings?o=50
[16] http://westernpriorities.org/wp-content/uploads/2013/06/royalties-report.pdf; http://www.gao.gov/new.items/d11292.pdf; https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51421-oil_and_gas_options-OneCol-3.pdf
[17] https://www.colorado.gov/pacific/statelandboard/oil-gas
[18] https://www.colorado.gov/pacific/statelandboard/bond-requirements
[19] https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51421-oil_and_gas_options.pdf; http://www.gao.gov/assets/690/685335.pdf.
[20] https://www.blm.gov/lr2000/