

Roan could net state up to \$1 billion from leases



By MIKE SACCONI The Daily Sentinel

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Leasing activities atop the Roan Plateau could net Colorado anywhere from \$500 million to \$1 billion in federal mineral lease revenues, state lawmakers and industry officials said last week.

Rep. Al White, R-Winter Park, said bonus payments energy companies would pay to lease the roughly 50,000 available acres on the plateau could lead to a “windfall” in mineral revenues for the state.

White said if companies bid up the Roan parcels at \$40,000 — a per-acre price similar parcels near the plateau have gone for — it would be a fiscal coup for the state.

“If that gets dropped in our lap, it could solve a lot of problems,” White said of the revenues, which are not subject to the Taxpayer’s Bill of Rights’ revenue caps.

White said such a massive influx of money could allow Garfield County, Mesa County and other affected areas to fix all their current energy impacts before the Roan drilling actually starts.

In addition to the leasing royalties that energy companies pay for ongoing mineral extraction on federal lands, companies pay a “bonus” during the lease-bidding process. Those funds, just like other federal mineral lease payments, are divvied up 50-50 between the state where the lands reside and the federal government.

White said if the restrictions included in the Roan plan unveiled in early June devalue the parcels, he could see the total bonuses dropping at most by half. Under that scenario, he said, the state would net \$500 million.

Greg Schnacke, executive vice president of the Colorado Oil and Gas Association, said he thought the \$500 million figure was more accurate. Either way, he said, Colorado will benefit from the leasing.

Schnacke said the land’s value will probably devalue because of the environmental restrictions in the leasing decisions and the development time frame, which limits energy development to 1 percent of the Roan’s acreage, and directional drilling requirements.

“This project isn’t going to be for everybody,” Schnacke said.

The windfall, Schnacke and White said, largely depends on whether the leasing is allowed to go forward.

Democratic Congressmen John Salazar and Mark Udall announced this month they hope to place a moratorium on Roan Plateau leasing in an upcoming appropriations bill.

“It strikes you that if the state’s looking for additional revenue, it’s clearly there,” Colorado Petroleum Association President Stan Dempsey said. “They’ll have to balance the environmental and socioeconomic issues with their desire to spend more money.”

Rep. Kathleen Curry, D-Gunnison, disputed the revenue estimates as a sure thing.

“The dollar numbers are coming from the industry and are based on a fairly high number per acre,” Curry said, “so the dollar amounts aren’t really known.”

Curry added that even if the dollar amounts were as high as \$1 billion, it probably would not change her views on Roan leasing.

“I think there are other places they can drill, and the state will make money on the royalties in those other areas,” Curry said.

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