

Date November 14, 2013

Mr. Jim Cagney  
Northwest Colorado Director  
Bureau of Land Management  
2815 H Road  
Grand Junction, CO 81506

RE: Northwest Colorado Greater Sage-Grouse Draft Land Use Plan Amendment and Environmental Impact Statement

Dear Mr. Cagney,

The Town of Parachute was incorporated in 1908, and is a political subdivision of the State of Colorado. We are a Home Rule Municipality, effective May 18, 2007, and as such, enact and provide for the enforcement of all town ordinances necessary to protect the life, health, safety and property of our citizens.

It has come to our attention that the Bureau of Land Management (BLM) has been preparing a Draft Environmental Impact Statement (DEIS) for the Greater Sage-Grouse to amend and update your Land Use Plan and Land Management Plan since December, 2011. As a political subdivision of the State of Colorado, we hereby notice the BLM of your failure to coordinate the DEIS with our Town and our seven-member Board of Trustees.

Our charge is to protect the health, safety and welfare of the citizens of our Town. In order to carry out this charge, we have policies and ordinances that require human life and economic well-being of our citizens to be prioritized above all other concerns.

None of the proposed conservation measures for the Greater Sage-Grouse carried forward in the DEIS were coordinated with our Town. As a result, the harm that will come to our Town as a result of these policies have not been addressed in the document and brought to the public light for further consideration by the public and decision makers. The impacts of these alternatives to human life are devastating, but they have not been considered and, therefore, could not be properly weighed in the analysis as to which of the alternatives would be preferable.

Because of this failing, the Town of Parachute formally requests that a supplemental statement be prepared to ensure that the environmental consequences of the four alternatives are properly analyzed by including the direct, indirect and cumulative impacts on our Town and the health and safety of the people we protect.

**A. The BLM Failed to Coordinate its Planning Efforts and this DEIS with Parachute:**

Although the Town of Parachute is not within the jurisdictional boundaries of your planning area, we are dependent upon and impacted by the use of federal lands managed by your agency. Therefore every policy you implement has a direct impact on all the services our Town provides.

Your agency is specifically directed through your planning rules to take the impacts to our town into account in your analysis presented in the DEIS.

*“The development, approval, maintenance, amendment and revision of resource management plans will provide for public involvement and shall be consistent with the principles described in section 202 of the Federal Land Policy and Management Act of 1976. Additionally, the impact on local economies and uses of adjacent or nearby non-Federal lands and on non-public land surface over the federally-owned mineral interests shall be considered.” (43 CFR 1601.0-8)*

Section 202 of the Federal Land Policy and Management Act includes the statutory direction for your agency to coordinate “planning” with local governments (43 USC 1712(c)(9)). As a political subdivision of the State of Colorado, the Town of Parachute is entitled to coordination with your agency in your planning efforts.

The National Environmental Policy Act (NEPA) (42 USC 4321) and corresponding regulations requires coordination with local governments to “improve and coordinate Federal plans, functions, programs and resources.” The Town of Parachute is entitled to have its policies and economic effects considered and resolved by you prior to the release of the now public DEIS.

Even though the laws and policies that direct your agency to prepare this DEIS require you to do so in coordination with Parachute, for the purpose of resolving conflicts with Parachute, to ensure consistency with our policies, and ultimately to ensure that the health, safety and welfare of the public is fully considered in this process, your agency has failed to do so.

As a result, the direct, indirect and cumulative impacts the proposed action will have on our Town have not been considered, analyzed so that these impacts can be weighed with the benefits and negative effects of this action. For this reason a supplemental statement should be prepared taking into account the impact of these proposed conservation measures on the health, safety and welfare of the people and in coordination with our Town.

This analysis is not something that should be done at a later date when you prepare site specific environmental statements. The policies that will impact our town are being considered now, and will be put into place through this environmental statement. Therefore, the harm that will come to our Town should be considered in this analysis.

## **B. Economic Facts and Impacts You Failed to Consider**

### **1. Direct Effects you Failed to Consider**

In 2012, the Town of Parachute received \$111,829 in tax revenues directly attributable to oil and gas production in Garfield County. Land in the Town of Parachute had a total assessed value of \$29,567,220, of which \$8,231,070 was directly attributable to oil and gas resulting in the percentage of 27.84% or \$111,829 of our total Town revenues. The Town of Parachute would not be able to continue to function without these tax revenues.

In 2013, the Town of Parachute received \$117,600 from Federal Mineral Lease and \$144,696 in Severance Tax Direct Distribution for a total of \$322,296.

Under the Federal Mineral Leasing Act, approximately 49 percent of those rentals and royalties from mineral production on federal lands are returned back to the state of origin for planning, construction and maintenance of public facilities in areas socially and economically impacted by the mineral leasing development that occurs on federal lands.

The General Assembly of Colorado has determined that a portion of the state's share of these federal royalty payments are to be directly distributed back to those counties, municipalities and school districts impacted by mineral production on federal lands.

Two factors determine the allocation of federal mineral lease revenue to each county pool for further distribution, of which our Town is a recipient. Those two factors include: 1) the proportion of residents in the county employed in mineral extraction, and 2) the proportion of the moneys credited to the mineral leasing fund generated in the county to the total generated statewide.

From those county "pools," further allocation is determined and our Town receives a proportional share based on: 1) the proportion of residents in the unincorporated areas or municipalities employed in mineral extraction to the total employed in the county; 2) the proportion of population of unincorporated areas or municipalities to the total county population; and 3) the proportion of road miles in unincorporated areas or municipalities to the total road miles in the county.

Severance tax funds are distributed to counties and municipalities based on factors of mining and well permits, mineral production, population and road miles to determine how direct distribution funds are allocated to municipalities and counties.

Fifty percent of the State's receipts from the severance tax on minerals and mineral fuels are credited to the Local Government Severance Tax Fund. The State allocates 70 percent of these funds to local governments through discretionary grants and loans. The remaining 30 percent is placed in a county pool and distributed directly to municipalities and counties economically and socially impacted by mineral production based on similar factors under the Federal Mineral Leasing Act above.

The Town of Parachute receives almost one-third of our annual revenue directly from oil and gas production on the lands within your planning jurisdiction. The conservation measures proposed in the DEIS will either diminish or eliminate this production and correspondingly our revenue and ability to provide sufficient services. While the DEIS attempts to consider this impact at the county level, it fails to even address this impact at the most basic and local level where the people will be directly impact; our town.

## 2. Indirect Effects You Failed to Consider

Another major portion of our revenue is from the sales tax generated by those who reside and conduct business in our town as a function of servicing the oil and gas industry.

We have hundreds of citizens employed in the energy industry that live and work in Parachute. This not only impacts our tax revenues, but the multiplier effect of their families and spouses who work and shop in our Town bring much more in sales tax revenues that would be lost to our Town if your proposed action were to be approved.

While the DEIS attempts to quantify this impact at the County level, it fails to consider the impact at the local level, specifically as it will harm our Town. However, even at the County level there is no discussion as to “how” the loss of jobs and revenue will impact the community.

For instance, the discussion of the “Impact on Tax Revenues and Payments to States and Counties,” is less than one page in the 1,000 page document. The most robust part of this discussion is the following paragraph:

*“Other than fiscal revenues from federal royalties and state severance taxes, other revenue sources such as real property taxes, municipal sales and use taxes, revenues from leases and fees, whether through mining, recreation or grazing activities, would all tend to decrease with the lesser economic activity expected in the study area under Alternatives B, C, and D when compared to Alternative A, with the lease revenues expected under Alternative C.”*

We are struggling to see how this discussion conveys the true impact that a 27% reduction in our revenue will have on our police services, utility services, health care services, and many other critical and essential services to our community. This is the pertinent and real impact of the potential action that NEPA calls to be brought forward. The NEPA analysis was not meant to be a useless stack of statistics and data. However, that is what this analysis has become.

### 3. Cumulative Effects You Failed to Consider

In addition, the Town of Parachute is home to the second largest field office in the U.S. for Encana Oil and Gas (USA) Corporation. Encana is investing billions of dollars into the local economies of Garfield and Rio Blanco Counties, as well as, the Town of Parachute. These investments directly affect our community and our city budget.

Encana figures it will double the number of wells it has on Colorado’s Western Slope during the next several years due to a \$3.64 billion joint venture the company signed in late 2012, with Nucor Energy Holdings, one of the largest steel manufacturers in the nation.

Through this agreement, Encana expects to invest approximately \$542 million over the next three years in new wells in Colorado’s Piceance Basin near Rifle, and about \$3.64 billion over the life of the agreement, estimated to last between 13 and 22 years.

This means more drilling rigs and crews operating in the Piceance Basin, which means more business and families locating in our Town. Currently, Encana has nearly 1,000 employees and contractors working in Colorado, with nearly 25 percent of those living and working in the Town of Parachute.

If the proposed action is approved, the future production Encana is now planning for will be stopped. Not only will we miss the opportunity to improve the quality of our services with a more robust budget, but we will also risk the immediate loss of a potential 250 residents, people who will be forced to leave our town because their job has been killed through your efforts to protect the greater sage-grouse. This is precisely the analysis you should be forthrightly presenting in the DEIS. The true harm that will come to our people should be compared and

weighed with the benefits of saving the grouse. NEPA requires this analysis to be made and specifically directs agencies not to bury or avoid discussing these truths.

No consideration of this impact was discussed in the DEIS. No discussion was made with us as to how you will resolve this conflict. None of this harm has been brought to the attention of the public or decision makers making the DEIS incomplete and fatally flawed.

A supplemental statement should be prepared to fully analyze the impact of the action alternatives on the financial resources of our Town and how this will jeopardize the health and safety of our citizens.

### **C. Failure to Consider Reasonable Alternative:**

Earlier this year, Garfield County adopted the Garfield County Greater Sage-Grouse Conservation Plan. This plan was developed to ensure the conservation measures implemented were appropriate for the unique landscape and culture of the county, which is unlike any other habitat in the eleven state ranges of the grouse. The county also developed this plan so that there would be coordination among all of the agencies and governments with jurisdictional responsibilities for the habitat and the species. This includes coordination with our Town.

NEPA regulations require your agency to “study, develop and describe alternatives to recommended courses of action in any proposal which involves unresolved conflicts concerning alternative uses of available resources.” (40 CFR 1507.2) It is concerning to us that after reviewing the Garfield County Plan, it was not carried forward as a reasonable alternative for the lands within the jurisdictional boundaries of Garfield County.

The plan, properly compared with the other alternatives, provides the most protection to the greater sage-grouse, while also ensuring the productive use of the land will continue. Under the Garfield County plan, our Town could continue to operate from current funds derived from oil and gas exploration and production well into the future and continue to ensure the protection of our citizens, their property and the greater sage-grouse. This plan demonstrates that the grouse and the people can be fully protected without sacrificing human protection. It should have been fully considered and not summarily dismissed.

Rigorous analysis and comparison of the Garfield County plan would have helped to sharply define the issues, “providing a clear basis of choice among options by the decision makers and the public,” (40 CFR 1502.14) as required under the NEPA rules. This currently does not exist in the comparison of alternatives carried forward. The action alternatives (B-D) vary only slightly from each other.

They are all a variation of the NTT approach mandated to be included by the Secretary of Interior as the policies preferred. Alternative B is the NTT alternative where these conservation measures are specifically carried forward. Alternative C is a more restrictive version of these same NTT policies. Alternative D is a slightly less restrictive alternative based on the same NTT principles.

There are no sharply defining issues that show clear distinctions between the three action alternatives. They all carry forward the NTT approach in some fashion. Only the Garfield

County Plan offers any distinction in how to develop and implement conservation measures for the protection of the grouse.

However, you failed to analyze or consider this reasonable and preferable alternative.

### **Summary**

For this reason, as well as, the others stated above, a supplemental statement should be prepared to properly consider the local impact of the proposed action on the human and natural environment. This supplemental statement should be prepared in coordination with our Town for the purpose of resolving the conflicts with our policies and to ensure all reasonable alternatives are considered which would include a rigorous analysis of the Garfield County Greater Sage-Grouse Conservation plan.

If implemented, the proposed action would represent a violation of BLM's multiple use mandate and a violation of the public trust in that agency to protect human life and property as its first priority.

In addition, the exclusion of coordinating with the Town of Parachute and not even considering the restrictions your actions will place on our ability to protect our citizens is inconceivable and inexcusable.

Just as it is the BLM's mission to "sustain the health, diversity, and productivity of America's public lands for the use and enjoyment of present and future generations," it is our mission to protect the health, safety and welfare of our citizens.

Your failure to coordinate your DEIS with our Town has placed us in a very difficult and dangerous situation should you not consider our needs. We implore the BLM to delay approval of the proposed action and instead prepare a supplemental statement which takes these concerns into account.

These comments are only a summary of our concerns and not a complete analysis of the conflicts we find in the DEIS. Also, please include as a part of our comments those submitted by the Garfield County Board of Commissioners.

Sincerely,

Judith Beasley, Mayor  
Town of Parachute

A handwritten signature in cursive script that reads "Judith Beasley, Mayor".