

April 23, 2015 -- Property Transaction Proposal
Colorado Parks and Wildlife
Colowyo Coal Company Fee Title Acquisition

Moffat County

4,540 acres

20 miles southwest of Craig

Section 33-1-105 (3)(a), C.R.S. states:

In the event that the [Parks and Wildlife] Commission plans to acquire the fee title to any real property or to acquire an easement for a period to exceed 25 years or at a cost to exceed \$100,000 or to enter into any lease agreement for the use of real property for a period to exceed 25 years or at a cost to exceed \$100,000, or to sell or otherwise dispose of the fee title to any real property which has a market value in excess of \$100,000, the Commission shall first submit a report to the Capital Development Committee [CDC] which outlines the anticipated use of the real property, the maintenance costs related to the property, the current value of the property, any conditions or limitations which may restrict the use of the property, and, in the event real property is acquired, the potential liability to the state which will result from such acquisition. The CDC shall review the reports submitted by the Commission and make recommendations to the Commission concerning the proposed land transaction within 30 days from the day on which the report is received. The Commission shall not complete such transactions without considering the recommendations of the CDC, if such recommendations are timely made.

The required report is attached. CDC staff questions about the report are listed below.

Action Required

Recommend support for the fee title acquisition of the Colowyo Coal Company property (\$0 for 4,540 acres).

CDC Staff Questions

1 Since the federal government owns the mineral estate on 1,635 acres and the oil and gas estate on 1,715 acres, is there potential for mineral or oil and gas development on the property if it's acquired by CPW? If so, how might this affect the sage grouse habitat on the property?

Yes, there is a chance for oil and gas development in most of NW Colorado and this area is no different. There has been a little exploration work within 10 miles of Axial Basin, but none of the test wells have proven substantial to a point where more exploration was needed. Any drilling could have a negative impact on the local grouse population. Owning the surface would give the CPW some advantage to timing stipulations, well pad location and more if drilling were to occur. The BLM would invoke their stipulations (No Surface Occupancy – NSO) for any drilling for Federal minerals on this parcel due to the 0.6 mile distance for a known lek.

2 How many acres of sage grouse habitat are anticipated to be lost by the expanded coal mining operations?

Approximately 2,027 acres of mapped priority sage grouse habitat would be directly impacted by the expansion pit. There will also be some indirect impact.

3 Please briefly explain the typical mitigation process for projects such as the expanded coal mining operation.

This is a Federal Coal Lease and is being administered under NEPA by the BLM. The permit for the coal lease was actually issued about 10 years ago by the BLM. Now, Colowyo is in the process of gaining the permits from the other entities required by NEPA. This includes the OSMRE (Office of Surface Mining, Reclamation and Enforcement – federal) and the State through DNR and DRMS (Division of Reclamation, Mining and Safety) and CPW. This includes Colowyo being approved for the mine and reclamation plans and the mitigation measures OSMRE requires.

4 Is there any known sage grouse activity on the land to be acquired by CPW?

Yes. There are currently 2 leks sites on this parcel of land. There are generally over 300+ males strutting on these two leks and one nearby lek (less than 100 yards away from this parcel). There are also other sage grouse activities associated with nesting and brood rearing that occurs on and immediately around this parcel. This entire parcel (4543 acres) is good sage grouse habitat.

5 If acquired, how will the land be managed by CPW? Will public access be restricted? Will management be

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coordinated with the nearby State Trust Lands?

This parcel is currently a small part of a larger Coordinated Resource Management Plan (CRMP). The CPW in conjunction with the BLM, Colowyo Coal Company, SLB, and a private landowner have been managing the Axial Basin area as a whole under a CRMP for the past 20 plus years. This management plan includes planning and coordination of grazing, public access for hunting, wildlife management, weed control and more. There is public hunting allowed and it will continue if the property is conveyed to CPW.

6. Were easement(s) considered as an alternative to the fee-title acquisition? Please explain why CPW opted to pursue a fee-title acquisition.

The fee title decision was not made by CPW. This was a collaborative effort from all entities involved including: Office of Surface Mining, Reclamation and Enforcement (OSMRE), Bureau of Land Management (BLM), Colorado Parks and Wildlife (CPW) and Colowyo Coal Company with consultation from the US Fish and Wildlife Service (USFWS). Whether a land conveyance has ever been a part of a mitigation package is unknown at this time. However, this was the recommendation from Colowyo and their preferred alternative for mitigation. There were several options discussed including a conservation easement. The recommendation from all entities was that the conveyance of the property to CPW would be the best fit for Colowyo's needs and the management of the land for the protection of the Greater Sage Grouse present in the immediate area. If this conveyance is approved, the mining permit should be able to be issued more timely with an Environmental Assessment (EA) instead of a full blown Environmental Impact Statement (EIS) required by the BLM which could take several more years to accomplish.

7. The concurrence letter from Moffat County states that the transaction violates the county's "no-net-loss of private land" policy and requests that CPW explore possibilities for contributing an annual amount to the county equivalent to the tax revenue that will be lost as a result of the transaction. Has CPW considered this violation and possible contribution?

Yes. When CPW acquires fee title, it typically makes an Impact Assistance Grant payment in lieu of taxes (IAG) to the county in which the Property is located. Payment is based on the agricultural tax assessment rate for private property which increases periodically over time. Based on CPW's 2014 IAG to Moffat County, the payment for this land would be approximately \$1,725.00 annually.

Capital Development Committee

April 2015—Property Transaction Proposal

Department of Natural Resources
Division of Parks and Wildlife

Action Required	Pursuant to C.R.S. 33-1-105(3)(a) and C.R.S. 33-10-107(2) recommend to the Colorado Parks and Wildlife Commission support for the Division of Parks and Wildlife’s proposal to acquire fee title to real property as mitigation for the loss of sage grouse habitat.
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General Information	
Name	Colowyo Coal Company
Number of acres	4,540
Location	Approximately 20 miles southwest of Craig
County	Moffat

Costs / Source of Funding			
Purchase Price	CPW will expend no funds to acquire the property	Funding Source	N/A
<i>Spending authority has already been approved for this project in the Long Bill.</i>			
	Fiscal Year		
	Line Item		
	Appropriation		
	Remaining Unexpended Balance		
Annual Monitoring and Operation Costs	\$2,270.00	<i>This cost includes an annual estimated Impact Assistance Grant payment for this property of \$1770.</i>	
Development Costs	\$2,500.00 (signs)		

Summary of Proposal:

Colowyo is in the process of expanding its coal mining operations. As part of the permitting/approval process, it has agreed to convey the property to Colorado Parks and Wildlife (CPW) as mitigation for the loss of sage grouse habitat.

Current use of the property is for private livestock grazing and public hunting. These uses will continue in the future.

Tri-State Energy, which operates on this property through Colowyo, purchased the property in 1997.

In order to facilitate the timing on this transaction, and because the PWC is not meeting next until May, with the consent of the CDC, this project is being presented for approval first to the CDC and subsequently to the PWC at its May, 2015 meeting.

According to a review of the first map referenced below, the Property lies outside the scope of regions of known or potential geothermal resources. Also, according to a review of the second map referenced below, the Property lies outside the Central Solar Power and the Wind Resource Generation Development areas.

Geothermal: November, 2003 US Department of Energy, Office of Energy Efficiency and Renewable Energy, Geothermal Technologies Program.

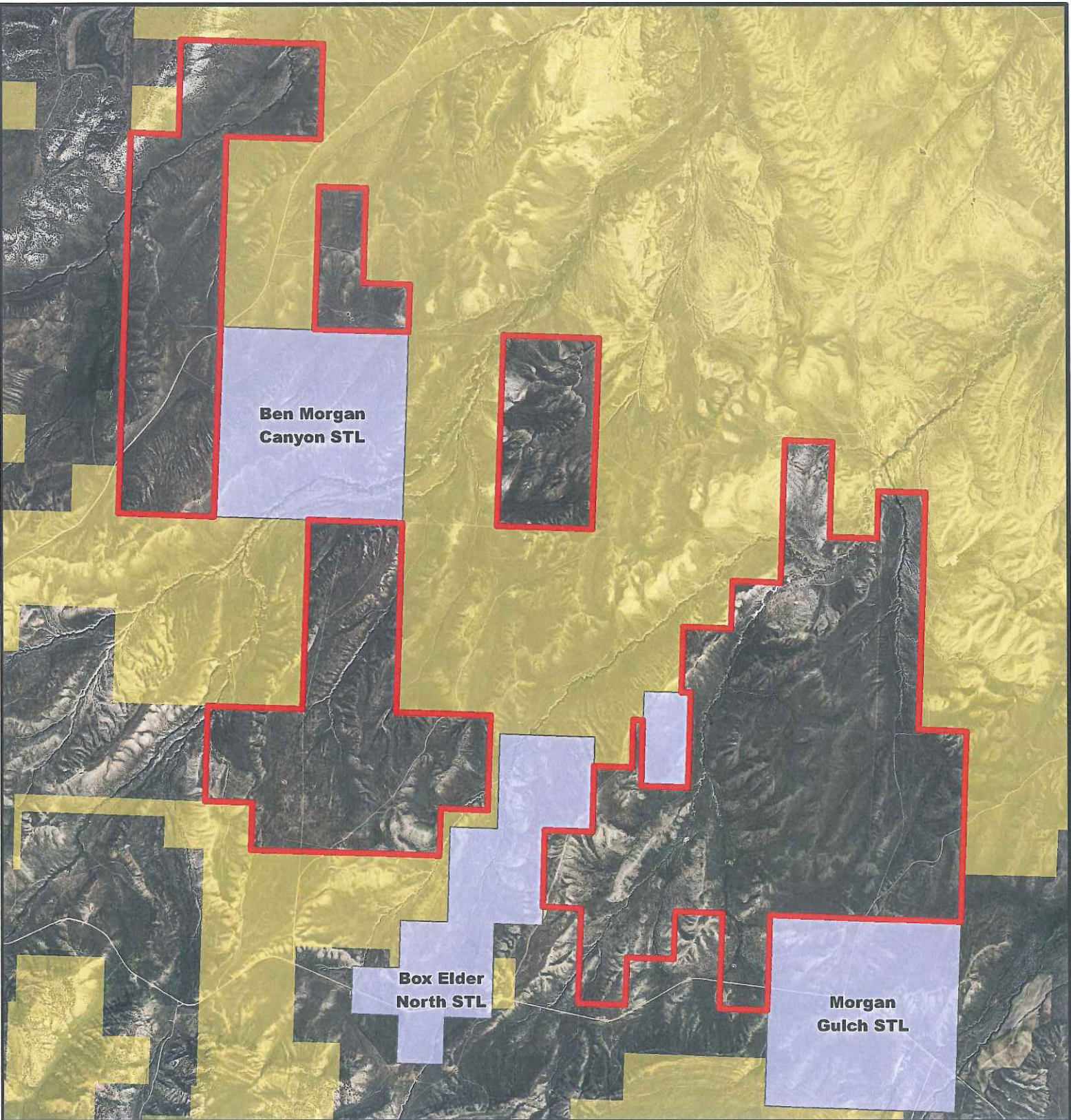
Wind and Solar: A map entitled "SB07-91 Renewable Resource Generation Development Areas" from "Renewable Energy Development Structure," a report of the Colorado Governor's Energy Office dated December 2009.

Mineral Interest Ownership:

Tri-State Energy owns the entire mineral estate on approximately 1,190 acres (36%). This will be included that interest in the deed to CPW. The United States of America owns the entire mineral estate on approximately 1,635 acres (26%). The United States of America also owns the oil and gas estate on approximately 1,715 acres (38%), while the coal, hard rock and gravel estate is in private ownership.

Attachments:

- Map
- Concurrence letters



GIS Unit

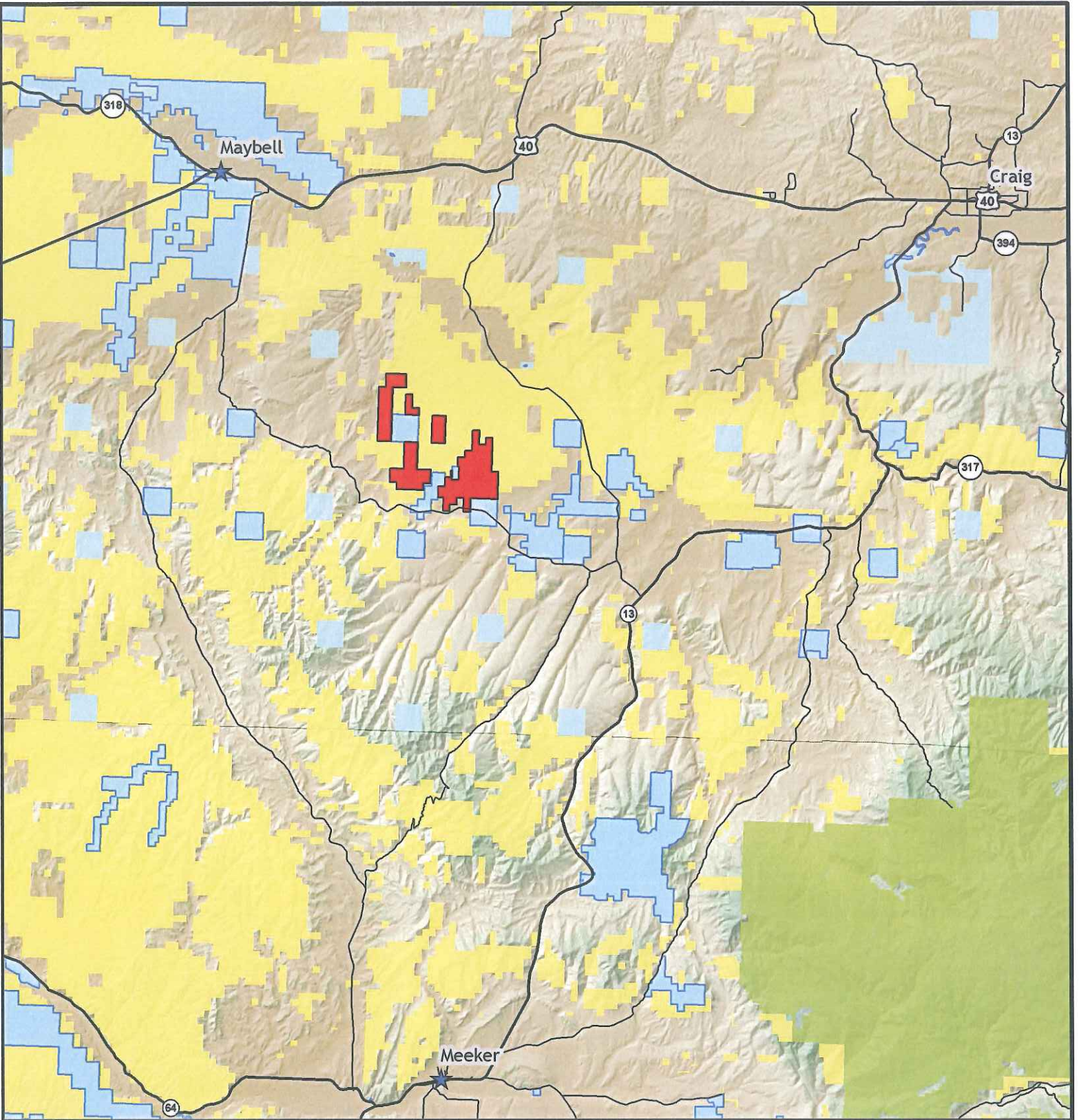
Tri State Energy - Fee Title Acquisition Project No. 14-068 - Site Map

Moffat County, Colorado



- Tri State Energy - Fee Title to CPW 4543 acres (more or less)
- CPW State Trust Lands
- BLM





Tri State Energy - Fee Title Acquisition
Project No. 14-068 - Vicinity Map
 Moffat County, Colorado



- Tri State Energy - Fee Title to CPW
- State
- USFS
- CPW Property and Easements
- BLM



State Senator
Randy Baumgardner
200 E. Colfax Ave, rm 266
Denver CO 80203
303-866-5292
randybaumgardner@gmail.com



Majority Whip
Chair: Transportation Committee
Vice Chair: Capital Development
Committee
Member: Agriculture, Natural
Resources & Energy
Business, Labor & Technology

**COLORADO
SENATE**
State Capitol
Denver
80203

Bill de Vergie
Colorado Parks and Wildlife
Meeker Service Center
PO Box 1181
Meeker CO 81641
bill.devegie@state.co.us

February 26, 2015

RE: Colowyo Coal Mine Conveyence of Property to CPW

Dear Bill,

The Colorado Parks and Wildlife, Colowyo Coal Company and other agencies are currently in negotiations concerning a conveyance of land in Moffat County as part of a Phase II coal mine permitting process. With this acquisition, the CPW would agree to protect some critical wildlife habitat in Moffat County, Colorado.

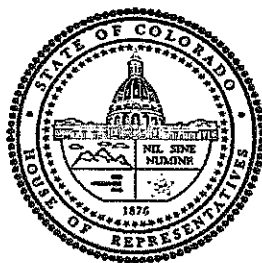
I concur with the land conveyance between Colorado Parks and Wildlife and Colowyo Coal Mine.

Best Regards,

A handwritten signature in cursive script that reads "Randy L. Baumgardner".

Senator Randy Baumgardner
District 8

State Representative
BOB RANKIN
Colorado State Capitol
200 East Colfax Avenue, Room 307
Denver, Colorado 80203
Office: 303-866-2949
Email: bob.rankin.house@state.co.us



Member:
Appropriations Committee
Joint Budget Committee

COLORADO
HOUSE OF REPRESENTATIVES
State Capitol
Denver
80203

Bill de Vergie
Colorado Parks and Wildlife
Meeker Service Center
PO Box 1181
Meeker, CO 81641
Bill.devergie@state.co.us

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I concur/do not object with the land conveyance between the Colorado Parks and Wildlife and Colowyo Coal Mine.

A handwritten signature in black ink, appearing to read "Bob Rankin", is written over a horizontal line.

Bob Rankin, Representative



COMMISSIONERS

February 20, 2015

Bill de Vergie
Area Wildlife Manager
PO Box 1181
Meeker, CO. 81641

Bill de Vergie,

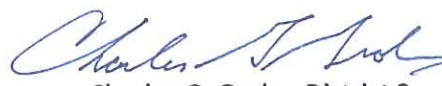

The Moffat County Commissioners thank you for presenting details of the Colowyo land conveyance project during our February 17, 2015 commissioner meeting. We support the conveyance of approximately 4500 acres of Colowyo land to Colorado Parks and Wildlife despite some concerns that arise. We support the exchange because it was a negotiated solution to sage grouse mitigation for opening new mining options for Colowyo, which our community and economy greatly depend upon.

Despite the fact that this land conveyance project provides operational surety for Colowyo, and a continued tax revenue to the County, the exchange does violate Moffat County's "no-net-loss of private land" policy. We ask that CPW explore possibilities for contributing an annual amount to Moffat County equivalent to the taxes being taken from the tax role by this conveyance project.

Once again, Moffat County supports the land conveyance project and appreciates the opportunity to comment on this issue.

Sincerely,


John S. Kinkaid, Chairman
Moffat County Commissioner

 
Charles G. Grobe, District 2
Moffat County Commissioner

Franklin A. Moe, District 3
Moffat County Commissioner