



Socioeconomic Tools For Oil Shale

Then & Now

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What did we learn from the last oil shale cycle?

Is Colorado prepared for oil shale development now?



The Evolution of



*The Colorado Local Government
Energy Impact Program*

A Northwest Colorado Perspective

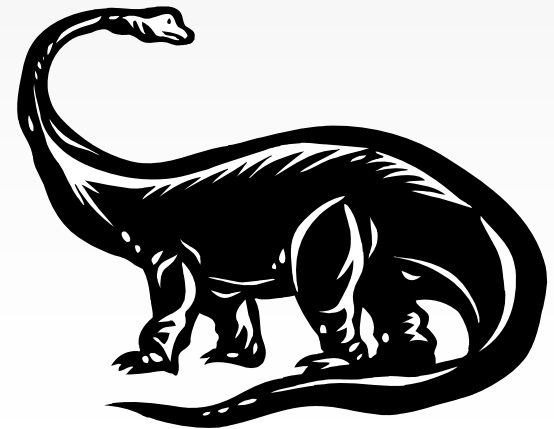
Pre-Energy Impact Program

Mineral Leasing Act of 1920

Provided 37 ½ % of Federal Mineral Leasing to States

Colorado Placed its Share of Funds into the School Finance Program

1920





Framework for an Energy Impact Program

Oil Shale Regional Planning Commission

Formed in 1972 in response to proposals to develop oil shale


Federally recognized by DOI and Congressional Committee

Coordinated local views for oil shale development in Northwest Colorado

1920

1972





The First Flow of Energy Impact Funds

Oil Shale Trust Fund

Created in 1974 by the Colorado Legislature (CRS 34-63-104)

First Step of the Colorado Local Government Energy Impact Program

Placed Colorado's Share of FML Oil Shale revenue with Local Governments

Administered by the State Legislature and Joint Budget Committee

1920

1972

1974



Arab Oil Embargo



“The Moral Equivalent of War” – President Carter

The U.S. Senate proposed and “Energy Mobilization Board” to develop oil shale and other synfuels. The Board would have had authority to override federal, state, and local land use and environmental laws.

In 1976 Congress Instead, at the urging of President Carter, enacted the U.S. Synfuels Corporation to provide price guarantees and incentives for Synfuel development.

Meanwhile, the Department of Interior offers 6 commercial scale lease tracts on public lands – two in Colorado, two in Utah, and two in Wyoming.

TOSCO, EXXON, UNOCAL, Chevron, and others initiate oil shale permitting and development on private land in northwest Colorado.

1920

1972

1974

1975

The Boom is On...



Congress Acts...

Congress enacts additional programs to assist local governments impacted by energy development on public lands:

Federal Land Planning Management Act (FLPMA)

Establishes policy that federal land actions must be consistent with state and local plans

Payment in Lieu of Taxes (PILT)

Payment to counties to offset tax immunity of Federal Land

Federal Mineral Lease (FML) Amendments

Changes State Share of revenues to 50% with a priority for energy impact assistance to local governments





The Colorado Legislature Responds...

Grants & Direct Distributions

The Colorado Legislature establishes a DOLA administered Local Government Energy Impact Program consisting of grants and direct distributions to local governments:

- CRS 39-29-191**

Creates a State Severance Tax on Oil and Gas, Coal, Metallic Minerals, and Oil Shale

- CRS 34-63-101**

Provides for a FML distribution and grant program to cities, counties, and school districts

- 1981-82 FML Amendments**

1920

1972

1974

1975

1976

1977

1981

Description and Operation

Colorado Local Government Energy Impact Program

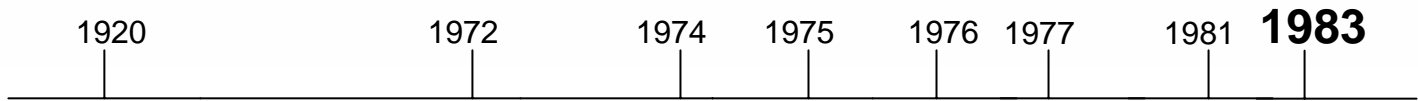
- Severance Tax Distribution Formula
- FML Distribution
- Grant Guidelines
- Oil Shale Trust Fund
- PILT Program





Local Governments Respond...

- County “1041” Powers Established
- Rio Blanco County adopts Major Development Permit Ordinance
- Garfield County adopts Fiscal Impact Mitigation Program





A Different Approach for Oil Shale Development This Time Around...

- Energy Policy Act of 2005**

Establishes the Strategic Fuels Task Force with State and local governments involved

- DOI Oil Shale RD&D Leasing Program**

Chevron, EGL Resources, Shell apply in Colorado

- DOI Commercial Scale Leasing Program**

Programmatic EIS underway

1920

1972

1974

1975

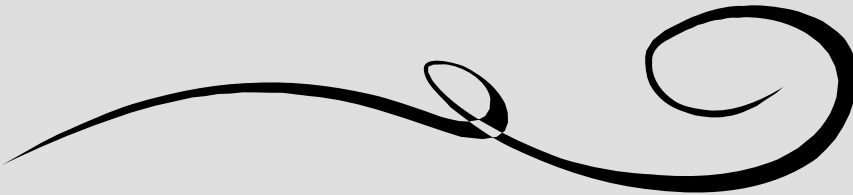
1976

1977

1981

1983

2006

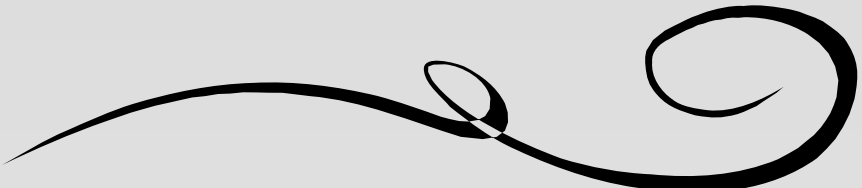


Improvements Needed...

Federal Royalty Credits for
socioeconomic/environmental mitigations proposed

PILT Amendment to eliminate FML Deduction

Colorado Prepayment of Severance Tax improvements



Answers to Basic Questions...

Did we learn anything?

YES! Different Federal Approach This Time

YES! State and Local Governments are involved this time

Are State and Local Governments Ready?

YES! State Energy Impact Program is in Place

YES! Local Impact Ordinances are in Place