



*Sponsored by the Energy & Natural Resources Section*

**"2019 Energy and Natural Resources Section Summit"**

<b>Date/Time:</b>	<b>June 13-14, 2019</b>
<b>Location: (2 Options)</b>	<ol style="list-style-type: none"><li>1. Hilton Garden Inn, 1150 North Poplar Street, Magnolia/Dahlia Room, Casper, WY 82601</li><li>2. From the comfort of your own home or office via live stream.</li></ol>
<b>Price:</b>	<ul style="list-style-type: none"><li>➤ Full Registration (Includes CLE, Dinner, Fly Fishing): \$350.00</li><li>➤ CLE &amp; Dinner: \$110.00</li><li>➤ CLE Only OR Live Streaming: \$75.00</li></ul>
<b>Credit Approval:</b>	<b>4.50 CLE Credits</b>
<b>Registration Information:</b>	Click <a href="#">Here</a> to register.

**Course Highlights**

The Energy & Natural Resources (ENR) Section is pleased to host its fourth annual ENR Section Summit in Casper, Wyoming, on June 13-14, 2019. The event will include a half day of CLE programming on Thursday afternoon with a social hour and dinner to follow. Friday will consist of a full-day guided fly fishing float trip on the North Platte River (fishing space is limited). There is also a registration option for those who only wish to attend the CLE.

CLE and dinner will be hosted at the Hilton Garden Inn, 1150 North Poplar Street, Casper, Wyoming, 82601. The CLE will begin at 12:30 p.m. on Thursday, June 13<sup>th</sup>, and will end at 5:15 p.m. Social hour will begin at 5:30 p.m. followed by dinner at 6:00 p.m.

**Programs**

**The Wind Beneath Wyoming's Wings? Evaluating the Benefits and Burdens of Wyoming Wind Tax Policy**

**Speaker(s):** Cale Case, Kara Choquette, Robert Godby

A three-part discussion of differing perspectives on Wyoming wind tax policy, featuring a University of Wyoming economist who recently co-authored a study assessing the impacts of wind taxation, a state legislator who favors increasing the current wind tax from \$1/MWh to

\$5/MWh, and a representative from the developer of a major Wyoming wind generation and transmission project.

### **Keeping it Local: How County Commissioners Shape Energy Development to Ensure the Social and Economic Welfare of Their Communities**

**Speaker(s):** Forrest Chadwick, Mark Christensen, John Espy

**Moderator:** Temple Stoellinger

County commissioners are on the frontlines when it comes to energy development in their jurisdictions, often finding themselves both relying on energy development for jobs, revenue and the economic well-being of their counties, while also addressing the potential impacts of this same development to county roads, infrastructure and institutions, as well as natural resources, housing stock and custom and culture.

Federal statutes, including the National Environmental Policy Act (NEPA), the National Forest Management Act (NFMA) and the Federal Policy and Land Management Act (FPLMA), provide opportunities for counties to play a role in planning for energy development. Under NEPA, counties serve as cooperating agencies often privy to pre-decisional documents and meetings. Under NEPA, FPLMA and the NFMA, a federal agency must stay apprised of local land use plans and explain inconsistencies between these plans and federal ones. State statutes in Wyoming also contemplate county involvement in energy development. Counties may also exercise their authority to regulate the use of wind and solar development on private lands through their zoning powers.

During this panel discussion, commissioners from Campbell, Natrona and Carbon Counties—home to extensive oil and gas development, the largest proposed wind development in the country and the world’s largest coal mine—we will discuss how, pursuant to these and other authorities, county commissioners help shape energy development.

### **The Oil and Gas Well Permitting Race and Unintended Consequences**

**Speaker(s):** Pete Obermueller, Kelsey Wasylenky

This program will feature the background of Wyoming oil and gas well permitting, how the “first to file” is somewhat unique to Wyoming as compared to other western states, and the permitting race and other issues it has created in the current horizontal well boom. The program will conclude with a discussion of possible solutions currently being discussed by the industry, the Wyoming Oil and Gas Conservation Commission, and the Legislature.

### **The Gordon Administration/Effects on Energy Development in Wyoming**

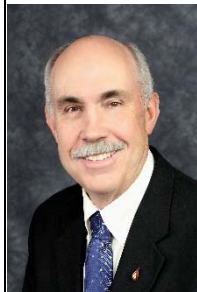
**Speaker(s):** Jenifer Scoggin

The new director of the Office of State Lands and Investments will discuss the likely direction of energy policy and development in Wyoming following the election of Governor Mark Gordon.

## Faculty



Senator Cale Case is an economist and businessman from Lander, Wyoming, who has served in the Wyoming State Senate since 1998, and who also served in the Wyoming House of Representatives from 1994 to 1998. Senator Case holds a Ph.D. in economics from the University of Wyoming and is considered a principal advocate of individual freedom and limited government. Senator Case has been an outspoken proponent of increased taxes on wind production in Wyoming, sponsoring legislation in 2017 and 2019 to increase the existing wind tax from \$1/MWh to \$5/MWh.



Commissioner Forrest Chadwick is a Natrona and Johnson County native raised in the agricultural community. Stepping away from agriculture, he spent his 40-year career in the oil industry of the Rocky Mountains, the first 12 years with Oil Well Perforators and the last 28 managing Pesco Inc., a wireline supply company, retiring in 2010. After a brief stint with 400 head of cows, he and his wife of soon-to-be 50 years decided to take a new direction. He was elected to his first term as a County Commissioner in 2012. Now in his second term, he serves as the committee chairman for the Wyoming County Commissioners Association Agriculture, Water and Public Lands. He is also one of two WCCA Board of Directors to the Western Interstate Region of the National Association of

Counties.



Kara Choquette is the director of communications and government relations for two independent renewable energy development companies: Power Company of Wyoming LLC, which is developing the 3000 MW Chokecherry and Sierra Madre Wind Energy Project on a cattle ranch in Carbon County, and TransWest Express LLC, which is developing the 730-mile TransWest Express Transmission Project. Both are affiliates of The Anschutz Corporation. She joined the companies in 2009, after previously leading communications programs at an engineering firm, CH2M HILL, and at high-tech firm, Xerox Corporation.



Commissioner Mark Christensen is a fourth-generation Campbell County native, businessman and father. Mr. Christensen has served on the Campbell County Board of Commissioners since 2013 with two terms as board chairman. Mr. Christensen earned an M.S. in Real Estate and Construction Management from the Daniels College of Business at the University of Denver. He also has a B.S. in Finance and B.S. in Management Information Systems from the University of Wyoming. Mr. Christensen owns and manages MC Aegis, LLC, a holding company for his real estate development, construction and creative services companies. Mr. Christensen's real estate development work focuses on entitlement, subdivision and infrastructure construction, which is complemented by his wife's residential construction business.

Mr. and Mrs. Christensen jointly publish two community magazines and two community news streams. Mr. Christensen assists with his family's ranching operations, which includes eight locations in three states, helping with human resource issues and negotiating surface use agreements and other mineral related contracts. Mr. Christensen and his wife, Erika, live in Gillette with their two boys, Pierce and Parker.



Commissioner John Espy has served as a Carbon County Commissioner for the past six years, two of those as chairman. He is the current co-chair of the Wyoming County Commissioners Association Agriculture and Public Lands Committee. Prior to becoming a commissioner, he served on various state and local boards, including the Animal Management Damage Board, Sage Grouse Implementation Team and Sage Grouse Local Working Group.



Robert Godby serves as the Director of the University of Wyoming's Center for Energy Economics and Public Policy and is also a member of the Economics Department at UW. His research areas include natural resource, energy and environmental economics, industrial organization and macroeconomic policy where he has authored books and journal articles. He has also prepared studies for the Wyoming government on energy, economic development, labor market and education policy. These include the recent study *Wind Development, Tax Policy and Economic Development Tradeoffs*, on which he was a co-author.



Pete Obermueller is President of the Petroleum Association of Wyoming, a post he has held since January of 2019. As President, Pete represents Wyoming's oil and gas industry at the local, state and federal level. A graduate of Natrona County High School in Casper, Wyoming, Obermueller holds a master's degree in public policy from the University of Minnesota. Following several years of serving Wyoming in Washington D.C. as an aide to former United States Representatives Barbara Cubin and Cynthia Lummis, Pete moved back to Wyoming in 2013 to head up the Wyoming County Commissioners Association before taking the helm at the Petroleum Association. Pete enjoys a good cup of coffee, a nice bourbon, running, backpacking and spending time with his wife and two daughters.



Jenifer Scoggin was appointed as Director of the Wyoming Office of State Lands and Investments in 2019. Prior to her appointment, Ms. Scoggin was a partner with Holland & Hart LLP, a Rocky Mountain regionally based law firm with approximately 470 attorneys across eight states and Washington, DC. Based in the firm's Cheyenne office, Ms. Scoggin advised clients in Wyoming on energy development projects, assisted companies with the complicated process of industrial siting, water rights, environmental permitting and compliance, agriculture and real estate issues. She routinely represented mining, oil and gas, renewable energy, construction and other companies on compliance and permitting with Wyoming state agencies, including the Wyoming Department of Environmental Quality, Wyoming State Engineer's Office, and the Wyoming Office of State Lands and Investments. Ms. Scoggin also counseled lenders and developers on environmental aspects of financing commercial and industrial projects and assisted in matters involving land use and construction litigation.



Temple Stoellinger is an assistant professor at the University of Wyoming and Co-Director of the Center for Law and Energy Resources in the Rockies. She has a dual appointment with the Haub School of Environment and Natural Resources and the College of Law. Professor Stoellinger is the faculty supervisor of the Energy, Environment and Natural Resources Law Clinic and coordinates the Haub School's JD/MA program in Environment and Natural Resources. She also teaches environmental and natural resources law and policy, wildlife law, and approaches to environmental problem solving. Before joining the University of Wyoming, Professor Stoellinger worked for the



Wyoming County Commissioners Association, Shell International B.V. and served as a natural resource advisor to Wyoming Governor Dave Freudenthal.



Kelsey Wasylenky is a Shareholder at Jost Energy Law, P.C. Kelsey has been representing oil and gas operators in Colorado since 2006 on all aspects of regulatory and transactional legal work involving natural resource development. Kelsey began her legal career in energy as In-House Counsel for an exploration and production company where she developed an expertise in oil and gas transactional law, including acquisition and divestiture, regulatory and environmental compliance and contract negotiation. Kelsey joined Jost Energy Law in 2016 where she continues her transactional representation of numerous clients in Colorado and Wyoming, in addition to practicing in all aspects of oil and gas regulatory work before the Colorado Oil and Gas Conservation Commission, from the planning and preparation of an application to the COGCC through the hearing and approval stage. Kelsey is actively involved in both state and local government regulation of oil and gas, including drafting and presenting legal comments to proposed oil and gas local regulation and legislation, and representing operators in legislative and state rulemaking hearings. Kelsey received her M.B.A. in Environmental Policy and Management from the University of Denver Daniels College of Business in 2011, her J.D. from the University of San Diego School of Law in 2006, and her B.A. from Brown University in 2002.

**YOU MUST PRE-REGISTER**

# 2019 ENR Summit

June 13 (12:30 pm – 5:15 pm) – Hilton Garden Inn – Casper, Wyoming

June 14 (7:00 am) – Crazy Rainbow Fishing

June 14 (12:00 pm – 5:30 pm)

**12:30-2:00**     The Wind Beneath Wyoming's Wings? Evaluating the Benefits and Burdens of Wyoming Wind Tax Policy

**2:00-3:00**     Keeping It Local: How County Commissioners Shape Energy Development to Ensure the Social and Economic Welfare of their Communities

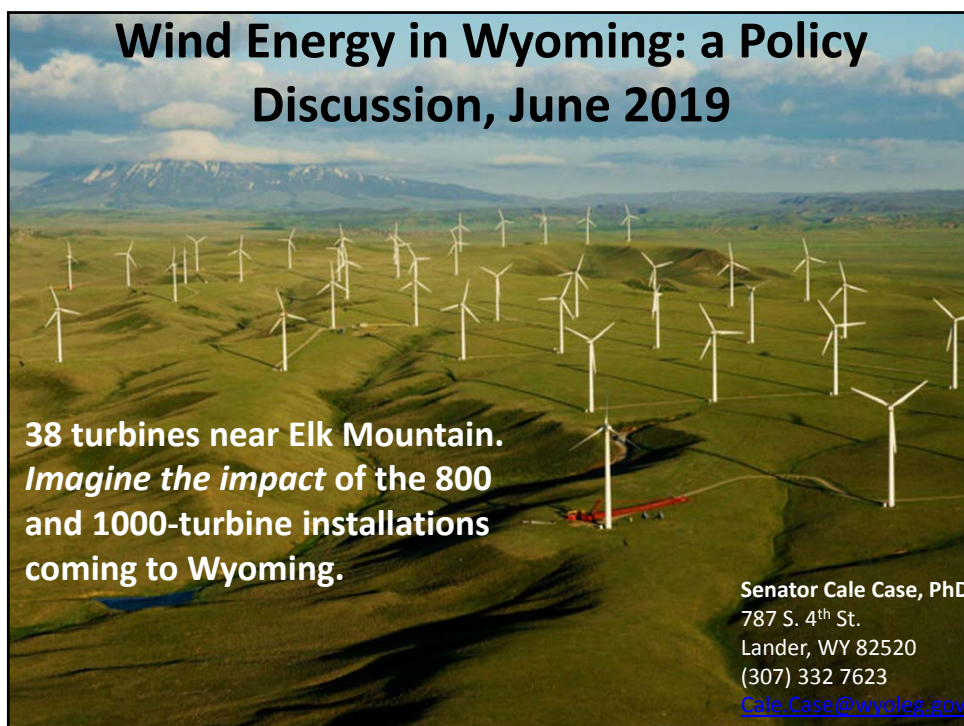
**3:00-3:15**     **Break**

**3:15-4:15**     The Oil and Gas Well Permitting Race and Unintended Consequences

**4:15 – 5:15**     The Gordon Administration/Effects on Energy Development in Wyoming

**5:30**             **Cocktails**

**6:00**             **Dinner**



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**Wyoming  
has been  
a leader in  
energy  
exports**

- Coal, oil, gas and electricity drive our State's revenues.
- Electricity is one of our top exports. In Rocky Mountain Power Territory, 85% of generation is exported. Most of this is now generated using Wyoming coal.
- The largest wind farm in North America will be located here and export 100% of its production.
- Generation methods are changing but electricity production will continue to be a big part of the Wyoming economy.

2

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## Backdrop: mineral revenues are declining, driving down the State of Wyoming's total revenues

- Total biennium revenue fell by 1/5<sup>th</sup> or \$1.2 BILLION from the 2013-2014 biennium to the 2017-2018 biennium. \$6.4B to \$5.2B.
- Direct mineral tax revenues fell from \$3.22B to \$2.20B.
- Mineral related sales taxes dropped from \$210 Million to \$130M.
- During this period the State of Wyoming cut \$70M and deficit spent by \$330M. Further cuts have occurred since, but revenues have slid by another \$200+M.

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## Wyoming's carbon-based revenues have declined. More are at risk

- Coal production has declined and according to every account, will continue to do so.
  - Tied to life and phaseout of powerplants. No new uses. Sequestration unproven at scale and too late. Exports represent only a small fraction.
- Oil will also come under increased environmental pressure. How likely is it that by 2030:
  - Half of all new passenger cars will be electric?
  - Both Houses of Congress will have memberships reflective of increased global warming consciousness?
  - The US President will be a global leader on climate change?
  - New oil production in Wyoming will be restricted, either through leasing restrictions or constraints from the Federal Government, owner of most of the mineral rights?



POLITICS | SUSTAINABILITY

### Warren vows to stop new oil & gas leasing on public lands

By Hugh Downs June 11, 2019



Elizabeth Warren says if elected president, she has three days to either veto or sign an executive order prohibiting new leases for oil & gas drilling on public lands.

### O'Rourke might halt new drilling

Democrat hopeful

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## Serious consideration now given to tax increases

- Corporate and/or personal income taxes. Raises \$50 to \$200 million/year.
- Property tax to fund education. \$68 million/yr.
- Sales tax. Another 1 cent yields \$160 million/yr. (state and local split).
- Other proposals: lodging tax, real estate transfer tax, fuel tax, alcohol tax.
- A wind generation tax or electricity tax could provide future revenue streams and be more equitable to cost causers and less disruptive than the above major taxes.

HOUSE BILL NO. HB0220

National Retail Fairness Act.

Sponsored by: Representative(s) Obermueller, Barlow, Blackburn, Burkhardt, Connolly, Harshman, Lindholm, Nicholas, Schwartz, Somers, Walters and Dwolitzer and Senator(s) Bebout, Case, Cox, Driskill, Kosi, Melcherhoff, Pappas, Perkins, Rothfuss and Von Flatern

A BILL  
for

AN ACT relating to taxation; creating the National Retail Fairness Act; imposing an income tax on businesses as

HOUSE BILL NO. HB0233

Income tax.

Sponsored by: Representative(s) Connolly and Senator(s) Rothfuss

A BILL  
for

AN ACT relating to income tax; imposing a tax on income as specified; providing for administration of the tax; providing applicability; and providing for an effective date.

HOUSE BILL NO. HB0068

School funding revenue.

Sponsored by: Joint Revenue Interim Committee

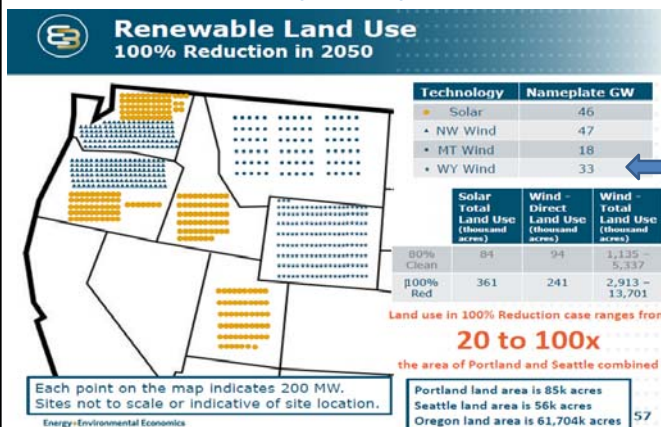
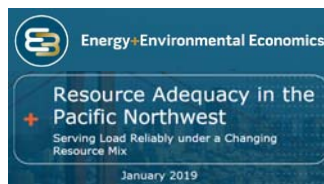
A BILL  
for

AN ACT relating to school finance; providing additional bills for school funding as specified; and providing for an effective date.

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## Astounding amounts of Wyoming wind generation will be exported to the Northwest to reduce Green House Gases (GHG)



33GW of wind from Wyo. More than any other state. **Nearly 5 times the capacity of all the coal units in Wyoming (6.1GW).**

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## Wind Industrial Siting activity has picked up significantly

- Projects approved for construction in 2018 and 2019
  - Boswell springs 170 turbines (400 MW)
  - High Plains and McFadden Ridge – Phase III up to 110 MW via 2.3 and 2.5 MW turbines
  - Power Company of Wyoming 1000 turbines
  - Ekola Flats Wind project 250 MW
  - TB Flats Wind Energy Project (I and 2) 500 MW
  - Gateway West Transmission Project
  - TransWest Express Transmission Line
- Projects anticipated in 2019
  - Cedar Springs 160 turbines (400 MW)
  - Roundhouse 120 turbines
  - Cedar Springs III 120 MW
  - Two Rivers and Lucky Star Wind
- Projects anticipated after 2019
  - Medicine Bow Pilot Project 13 turbine pilot
  - Viridis Large Main Project
  - AVANGRID Renewables 630 MW
  - ConnectGen Rail Tie Wind Project 500 MWs in two phases

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## Political support for a wind tax has increased. It is now a matter of “when?” and “how much?”.

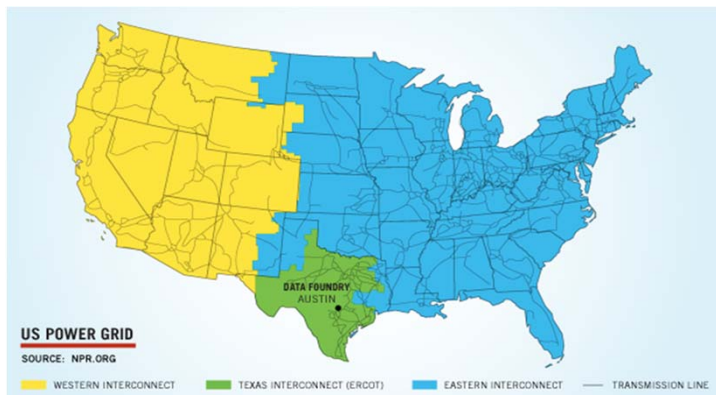
- Legislative leadership has warmed up to a tax, but says “wait until transmission lines are in.”
- County Commissioners softening their opposition, by
  - Continuing to discuss a “moderate” tax increase.
  - Supporting removal of the **3-year tax moratorium**.
- Governor’s “Energy Transitions” efforts.
- Mind set is changing among others:
  - People in West Coast states are beginning to realize the magnitude of their energy choices and that their energy consumption decisions have consequences for Wyoming and the West.
  - RMP has begun to acknowledge that some tax is likely and even possibly appropriate.
  - The conservation community is increasingly willing to discuss the downside of wind energy development.
  - Wind Wyoming’s Way: Ballot Tax Initiative.

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## Why is there a real opportunity to increase wind taxes in Wyoming?

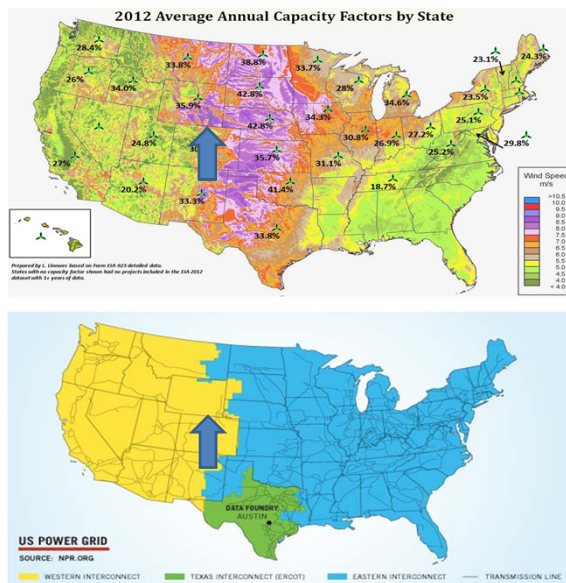
- The US has three major and separate power interconnections. Wyoming is in the western interconnect (grid).
- It is impractical to move power from one grid to another.
- This is critical when we look at where “good wind” is in the west.



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## Of the western-grid area, Wyoming has the absolute best wind resources

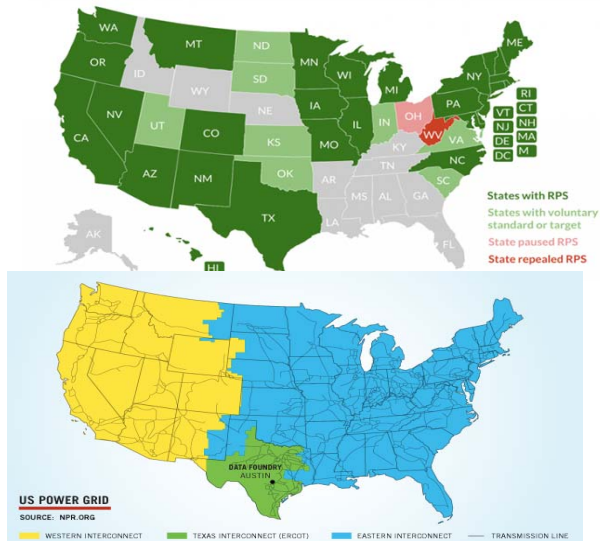


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Of western-grid states, only Wyoming and Idaho do not have Renewable Portfolio Standards (RPSs) that specify more renewables in the generation mix.

State Renewable Portfolio Standards (RPS)



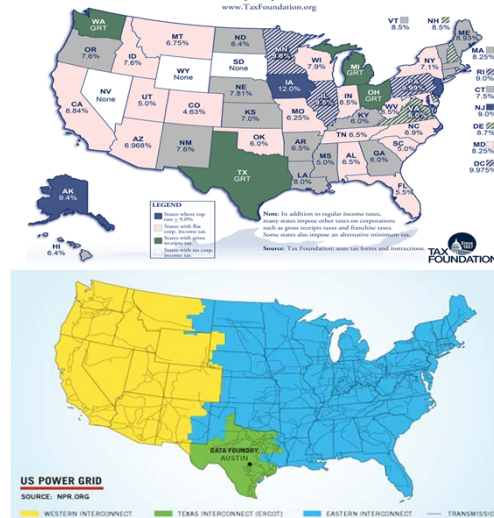
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Of western-grid states, only Wyoming and Nevada do not have a corporate income or gross receipts tax.

Top State Corporate Income Tax Rates

As of January 1st, 2011  
www.TaxFoundation.org

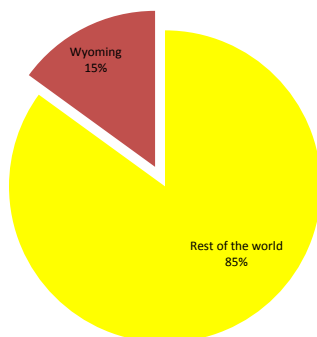


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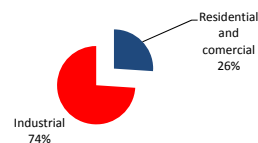
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In RMP territory, 85% of power produced is exported outside the state. Wyoming residential and commercial customers will use and pay less than 4% of the total tax.

Only 15% of wind generation is consumed in Wyoming



Residential and Commercial customers make up ¼ of the Wyoming consumption or only 4% of total production



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## Transmission availability issue has been mitigated

- Our largest coal-fired plant, Jim Bridger, is at the apex of Wyoming's best wind resources and is **already** interconnected to the western states.
- Jim Bridger is now used for "load (wind) following," freeing transmission capacity for wind power to west-coast states.
- Permitting done for major new transmission projects.



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## Summary and facts

- Wyoming has the best wind and best tax structure for wind development in the Western Grid.
- New turbines are bigger, more efficient, more numerous and much more imposing on the landscape.
- A 1000-turbine project near Rawlins will more than triple total capacity in Wyoming and export **100%** of produced power via a new transmission line to Las Vegas.
- **We have a unique chance to export taxes out of Wyoming.** **85%** of the **cost** of RMP turbines and **85%** of any tax is **currently allocated to other states**. This allocation is being renegotiated to reflect renewable portfolio standards of other states. **This will increase the wind export percentage to considerably more than 85%, potentially as high as 90%.**

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## Summary and facts (Continued)




- There is a need for legislation to deal with wind rush.
- Landowners are worried about their property rights as a web of feeder lines are needed to connect non-utility wind projects.
- The Industrial Siting Process and federal law allows developers to game the system by breaking their projects into stages or having separate ownership for various pieces.
- Unless Wyoming increases the wind production tax, future Wyoming citizens will have all the costs of wind development and few ongoing benefits.
- **Do something.** Volunteer and contribute to *Wind Wyoming's Way*. Contact your legislator. Write a letter to the newspaper.

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# Overview of State Tax Policy Impacts On A Wyoming Wind Project

Wyoming State Bar  
2019 ENR Section Summit  
Casper, Wyoming  
June 13, 2019



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## The Anschutz Corporation

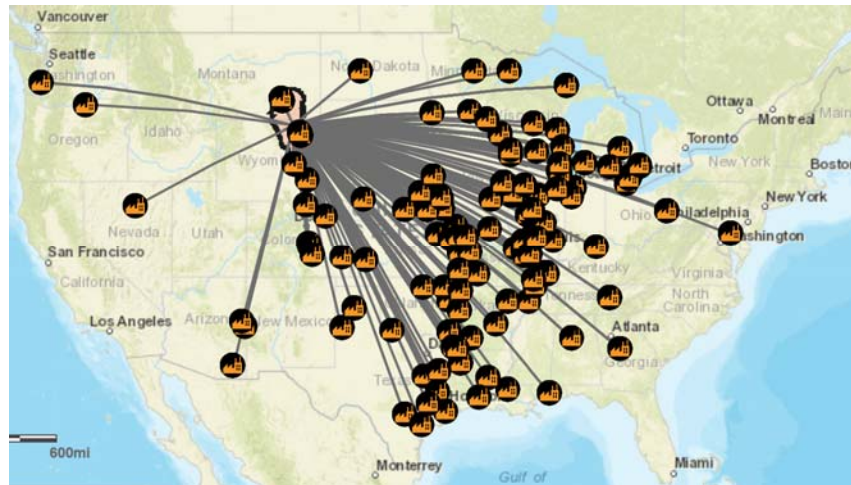




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## Wyoming Powder River Basin Coal Primarily Delivered Eastward



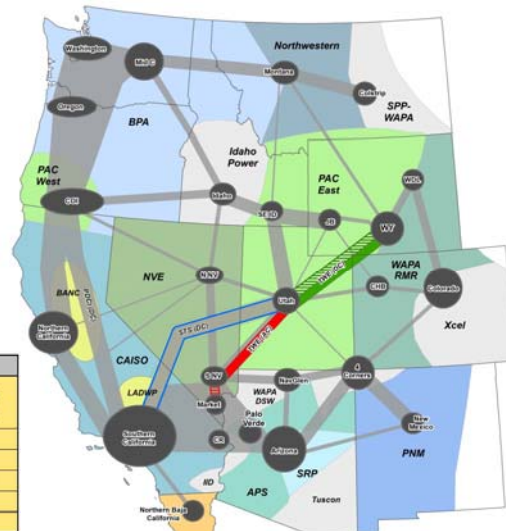
Source: Presentation to the Wyoming Infrastructure Authority by Kara Fornstrom, Wyoming Public Service Commission, March 2019, as sourced to: <https://wilderthguardians.org/climate-energy/maps/powder-river-basin-coal-plants/>

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## TransWest Express LLC: TransWest Express Transmission Project

- Wyoming Terminal to Utah Terminal
  - 3,000 MW HVDC system
- Utah Terminal to Nevada
  - 1,500 MW HVAC system

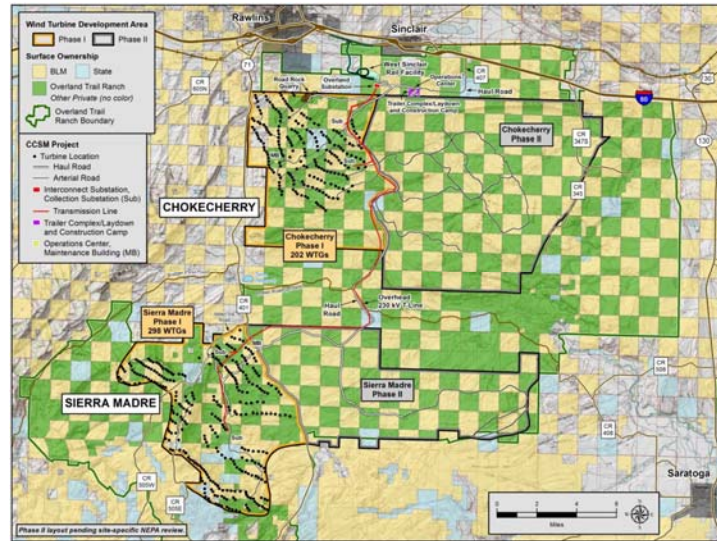
State	Total (miles)	Private (miles)	State, County, or City (miles)	Federal (miles)
Wyoming	92	27.6	6.1	58.6
Colorado	91	14.5	13.4	62.7
Utah	391	149.4	31.3	210.0
Nevada	157	2.7	0.9	152.9
<b>Total</b>	<b>730</b>	<b>194</b>	<b>52</b>	<b>484</b>



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## Power Company of Wyoming LLC: Chokecherry and Sierra Madre Wind Energy Project



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## Estimated CCSM Project Bonds Posted for Decommissioning and Reclamation

	BLM Land	Non-Federal Land	Total
Phase I	\$65,329,000	\$86,025,000	\$151,354,000
Phase II	\$53,164,000	\$60,893,000	\$114,057,000
<b>TOTAL</b>	<b>\$118,493,000</b>	<b>\$146,918,000</b>	<b>\$265,411,000</b>

Notes: Decommissioning and reclamation costs assume no scrap value. Decommissioning and reclamation costs are always bonded for in advance of the associated construction, following a schedule approved by the Wyoming Industrial Siting Division and the BLM. The ISD and BLM will review PCW's estimated costs every five years; if those costs have increased, PCW is required to increase the bonds it has posted. Comprehensive interim and final reclamation and decommissioning plans are also required by BLM and by ISD, in advance of construction. See ISC Rules Ch. 1 §9(a)-(e) for complete details.

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## Estimated CCSM Project and TWE Project Taxes To Be Paid in Wyoming

CCSM Project Tax Stream	
WY property taxes	\$406,288,723
WY sales/use taxes	\$232,417,348
WY wind electricity generation taxes	\$207,765,000
<b>TOTAL</b>	<b>\$846.5 million</b>
TWE Project Tax Stream	
WY property taxes	\$260,000,000
WY sales/use taxes	\$53,508,000
<b>TOTAL</b>	<b>\$313.5 million</b>
<b>Grand Total</b>	<b>\$1.160 BILLION</b>

Notes: All CCSM Project estimates based on tax rates and data as set forth in PCW's updated tax revenue estimates provided to the Wyoming Department of Revenue in August 2016. The estimates include a 26-year tax projection to capture initial construction and 20 years of operation. Additional taxes will be paid if equipment is replaced or upgraded. Generation taxes apply after a turbine has been in operation for three years. TWE Project estimates based on a 50-year project life.

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## CCSM Project's Estimated State Taxes To Be Paid Have More Than Doubled Since 2008

- 2008 estimated property taxes were **\$377.5 million**
- 2009 Legislature repealed sales/use tax exemption  
+ **\$232.4 million**
- 2010 Legislature imposed new wind electricity tax  
+ **\$170.6 million**
- In 2012, total tax burden estimated to be  
**\$780.5 million**
- By 2016, with increased mill levy and refined estimates,  
total tax burden estimated at **\$846.5 million**  
**- more than doubled**

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## CCSM Project Likely To Be The Top Non-Mineral Taxpayer In Wyoming

Department Assessed Valuations Top 25 Non-Mineral Taxpayers for the  
Year 2018

CCSM Project estimated assessed  
value when complete:

**\$550,518,800**

Company Name	Industry Type	2018 Value
Rocky Mountain Power aka PacifiCorp	Electricity - IOU	262,746,848
Union Pacific Railroad Company	Railroad	236,759,258
Burlington Northern and Santa Fe Railway Company	Railroad	183,845,973
Basin Electric Power Cooperative	Electricity - REA	90,853,030
Cheyenne Light, Fuel and Power Company	Electricity - IOU	42,059,062
Black Hills Power, Inc.	Electricity - IOU	39,284,367
ONEOK Bakken Pipeline	Liquid Pipeline	37,123,351
Dominion Energy Overthrust Pipeline Company	Gas Pipeline	26,124,895
Rockies Express Pipeline, LLC	Gas Pipeline	23,838,790
Top of The World Wind Energy LLC	Electricity - IOU	23,751,111
Belle Fourche Pipeline Company	Liquid Pipeline	23,483,265
Wyoming Interstate Company, LLC	Gas Pipeline	22,022,097
Idaho Power Company	Electricity - IOU	21,008,169
Overland Pass Pipeline Company, LLC	Liquid Pipeline	19,570,728
Express Pipeline LLC	Liquid Pipeline	19,507,718
Tri-State Generation & Transmission Assoc., Inc.	Electricity - REA	17,720,790
Powder River Energy Corporation	Electricity - REA	17,711,859
Three Buttes Wind Farm	Electricity - IOU	15,378,065
Pioneer Wind Park I, LLC	Electricity - IOU	15,148,973
Kern River Gas Transmission Company	Gas Pipeline	13,786,888
Black Hills Gas Distribution Wyoming	Gas Distribution	11,768,100
Colorado Interstate Gas	Gas Pipeline	11,106,277
Black Hills Wyoming, Inc.	Electricity - IOU	10,753,835
QWEST Corporation	Telephones - Major	10,319,515
Mountain Wind Power 2 LLC	Electricity - IOU	10,238,255

Source: May 2014 ISD Permit Application,  
page 10-64; calculation based on FMV x 11.5%

Source: Wyoming Department of Revenue 2018 Annual Report, page 37, at:  
<https://sites.google.com/a/wyo.gov/wy-dor/dor-annual-reports>

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## Wind and Transmission Projects Bring Significant Wyoming Opportunity

- Current economic and employment benefits:
  - Direct jobs created
  - Additional demand created for local businesses offering lodging, meals, products, services
  - Tax revenues paid
  - Community involvement
- Future economic and employment benefits with sourcing of more materials, services, supplies



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**For More  
Information**

[www.powercompanyofwyoming.com](http://www.powercompanyofwyoming.com)  
[www.transwestexpress.net](http://www.transwestexpress.net)



## **Wind Electricity Tax Increase Proposal: Legislative History 2016-2019**

### **2016-2017 History**

The Wyoming Legislature's Interim Joint Revenue Committee and House Revenue Committee collectively voted four times to not sponsor a bill to raise Wyoming's tax on wind-generated electricity. These decisions came after thorough consideration, extensive public comment and extensive discussion:

- September 22, 2016, Buffalo: Defeated 9 to 4
- January 23, 2017, Cheyenne: Defeated 7 to 2
- August 3, 2017, Thermopolis: Defeated 9 to 3
- December 5, 2017, Cheyenne: Defeated 12 to 2

#### **September 22, 2016**

The Interim Joint Revenue Committee considered a proposed bill to increase taxes on wind-generated electricity at their public meeting held in Buffalo. The meeting minutes are here: <https://wyoleg.gov/InterimCommittee/2016/03MIN0922.pdf>. The minutes show that at least 27 members of the public testified, all in opposition to increasing taxes on wind-generated electricity. The bill "failed by roll call vote with four ayes, nine noes and one excused."

Among the testimony presented to the Committee was a study by the University of Wyoming Center for Energy Economics and Public Policy about "Wyoming's competitiveness to attract new wind development." It is available here: [http://www.uwyo.edu/cee/files/docs/201609\\_wyoming-wind-competitiveness.pdf](http://www.uwyo.edu/cee/files/docs/201609_wyoming-wind-competitiveness.pdf). Excerpts include:

"Since 2010 no new wind generation capacity has been added to the state, and Wyoming is the only state in the western interconnection to have not seen any wind development in this period. ... This report concludes that the lack of recent wind development in the state since 2010 has occurred for three reasons: available transmission capacity, Wyoming's policies regarding incentives to attract wind, and technological changes that have increased the benefits of developing wind elsewhere."

"Overall, the state stands to potentially lose significant economic activity and state revenues should the decision to raise generation taxes cause currently planned wind projects not to come to Wyoming. Overall, currently proposed projects could create \$7.1 billion in new state economic activity, 51,178 job-years of new employment and \$3.0 billion in new labor income over their 20-year lifetime. Additional state revenues could total over \$1.9 billion over the same period assuming no new taxes are imposed."

#### **January 23, 2017**

The House Revenue Committee considered a proposed bill to increase taxes on wind-generated electricity at their public meeting held in Cheyenne. The meeting included public testimony and extensive discussion. The meeting notice is here: <https://wyoleg.gov/2017/Calendar/hcom0123.pdf>. According to the bill digest, the bill failed 7-2. (<https://www.wyoleg.gov/Legislation/2017/HB0127>)

### **August 3, 2017**

The Interim Joint Revenue Committee agenda included “wind energy production taxes” along with “committee discussion” and “public testimony” at their public meeting held in Thermopolis. The meeting minutes are here: <https://wyoleg.gov/InterimCommittee/2017/03MIN0802.pdf>. They show 8 of 11 members of the public testified in opposition to increasing taxes on wind-generated electricity. A motion was made “for staff to draft a bill to increase the wind tax. After additional discussion the motion was seconded and failed by voice vote.” Meeting attendees report the vote was 9-3.

### **December 5, 2017**

The Interim Joint Revenue Committee agenda included “reconsideration of wind tax” at their public meeting held in Cheyenne. The meeting minutes are here: <https://wyoleg.gov/InterimCommittee/2017/03MIN1204.pdf>. They show the Committee was asked to “reconsider the motion from... the August meeting to have a wind tax bill drafted,” and that “after additional discussion, the motion failed by voice vote.” Meeting attendees report the vote was 12-2.

## **2018-2019 History**

Individual Wyoming Legislators sponsored four bills to attempt to increase the wind electricity production tax rate. None of these bills were considered for introduction.

### **2018 Budget Session**

- HB0104, Wind energy production tax, sponsored by Representatives Madden and Blackburn and Senator Case: <https://www.wyoleg.gov/Legislation/2018/HB0104>

### **2019 General Session**

- HB0096, Wind energy production tax, sponsored by Representatives Clem, Blackburn, Blake, Edwards and Hallinan and Senator Case: <https://www.wyoleg.gov/Legislation/2019/HB0096>
- HB0239, Wind energy production tax-rate, sponsored by Representatives Loucks and Edwards and Senators Baldwin, Case and Steinmetz: <https://www.wyoleg.gov/Legislation/2019/HB0239>
- HB0260, Wind energy production tax-2, sponsored by Representative Zwonitzer: <https://www.wyoleg.gov/Legislation/2019/HB0260>

### **May 2, 2019**

The Interim Joint Revenue Committee meeting agenda included “Electricity taxation modeling: Renewable generation and other generation sources” at their public meeting held in Lander. The meeting minutes are not yet available as of May 31. According to meeting attendees, the Committee discussed the concept of taxing all electricity generated in Wyoming, with a potential rebate program for Wyoming residents and/or the potential of a tax credit offered back for taxes paid on purchased fuels. The topic of taxing electricity will be continued at the Committee’s next meeting, currently scheduled for July 8-9 in Cheyenne. <https://www.wyoleg.gov/Committees/2019/J03>

## **May 14, 2019**

The Interim Joint Corporations, Elections and Political Subdivisions Committee meeting agenda included “wind farm developments” at their public meeting held in Casper. The meeting minutes are not yet available as of May 31. According to meeting attendees, the Committee first took public comment on a range of topics and information related to the wind energy industry. Public comment was closed, and then a motion was made by Representative Clem and seconded by Representative Edwards to have a bill drafted for the committee’s consideration at the next meeting that would increase the tax on wind-generated electricity. After Committee discussion, the motion failed 9 to 3, with two members absent. <https://www.wyoleg.gov/Committees/2019/J07>.

## **Additional legislative context on wind energy taxation**

The Wyoming Legislature’s Task Force on Wind Energy held public meetings May 20, August 26-27, and October 12, 2009. The final Task Force report with recommendations is here: <https://www.wyoleg.gov/2009/Interim/WindEnergy/Final.pdf>. As described, dozens of issues were studied over hours of testimony relating to wind development, including regulation and taxation.

Here is the 2009 Task Force Recommendation on taxation (emphasis added):

With regard to taxation of the wind energy industry, the Task Force makes no specific recommendations regarding any additional taxes which might be imposed on the wind energy industry or the rate that might be appropriate to apply. The Task Force does recommend that the Joint Revenue Committee comprehensively study the issues surrounding taxation of the wind energy industry. The Task Force recommends that any proposed new tax be imposed in a way so as to encourage the diversification of Wyoming's economy and so as not to force the wind energy industry out of Wyoming. Any tax should be designed to encourage the development of employment opportunities for Wyoming's people and to encourage the development of businesses ancillary to the wind energy industry. To this end, the Task Force recommends that the Legislature conduct a careful examination of all burdens placed on wind energy producers and weigh those burdens against any benefits the producers realize by harnessing Wyoming's high quality wind resources. The Task Force recommends that any tax burden proposed be calculated to maintain some competitive advantage for Wyoming's wind energy producers as they deliver electricity to distance markets where a demand for their product exists.

CCSM Project Permitting and Development Timeline		Wyoming Regulatory and Legislative Changes Timeline	
2006	Rights-of-way applications filed with BLM for wind energy site testing and monitoring in the Chokecherry and Sierra Madre areas, Nov. 16.	2006	<b>Estimated tax burden for CCSM Project: \$377.5 million in property tax.</b>
2007	BLM issued rights-of-way grants, and the initial meteorological towers were erected in mid-June.	2007	
2008	PCW filed rights-of-way application with BLM for wind energy development, Jan. 30. BLM and PCW agreed that analyzing the proposed wind energy project in an Environmental Impact Statement was appropriate.  BLM published a Notice of Intent to prepare the Environmental Impact Statement, on July 25; conducted public scoping in August.	2008	Governor's Executive Order 2008-2, "Greater sage-grouse core area protection," signed Aug. 1, effectively precluded wind energy development from thousands of acres of private and public land.  <b>This action cost PCW millions because it had to revise its 2006 project design to remove facilities from sage-grouse core area. In addition to impacting the design, PCW lost some of the best Class 7 wind resource areas.</b>
2009	BLM conducting studies and surveys; reviewing and developing alternatives; preparing Draft EIS.	2009	<b>HB215</b> repealed the sales/use tax exemption for utility-scale wind energy projects effective Dec. 31, 2011. To qualify for the exemption in 2010-2011, all permits from all agencies had to be obtained and all equipment purchased and delivered in Wyoming.  <b>This repeal of the sales/use tax exemption increased PCW's tax burden by an estimated \$232.4 million, increasing the estimated tax burden on the CCSM Project by 62%. Total tax burden (property and sales/use tax) on the CCSM Project estimated at \$610 million.</b>
2010	BLM conducting studies and surveys; reviewing and developing alternatives; preparing Draft EIS.	2010	<b>HB101</b> added a \$1 per MWh excise tax applicable to electricity generated by wind, effective Jan. 1, 2012.  <b>This new excise tax increased the tax burden on the CCSM Project by an estimated \$170.6 million. Property, sales/use and generation taxes total \$780.5 million. Estimated taxes on the CCSM Project increased 107% since 2006.</b>  <b>HB72</b> established a series of new minimum county regulations and standards for wind energy facilities, effective July 1, 2010.  <b>SF66</b> immediately expanded the Industrial Siting Division's jurisdiction over wind energy facilities and collector systems, and strengthened bonding, reclamation and decommissioning requirements.  <b>This legislation increased PCW costs, causing it to revise the project design to meet new setbacks, collect more data, and meet expanded public notice requirements.</b>



CCSM Project Permitting and Development Timeline (Continued)		Wyoming Regulatory and Legislative Changes Timeline (Continued)	
2011	BLM published a Notice of Availability to announce the Draft EIS, July 22	2011	Interim Joint Revenue Committee examined a new tax regime that would apply to wind energy projects in Wyoming, during May, August and October meetings. Proposed legislation did not pass.  <b>These discussions interfered with PCW's ability to enter into commercial agreements with customers in the Desert Southwest due to the instability of Wyoming's tax policy.</b>
2012	BLM published a Notice of Availability to announce the Final EIS, July 3.  Carbon County Commission unanimously approved a conditional use permit, Oct 2.  U.S. Secretary of the Interior signed the Record of Decision, authorizing the BLM to proceed with site-specific environmental analysis, on Oct. 9. BLM published a Notice of Availability on Oct. 16.  Wyoming State Board of Land Commissioners unanimously approved a wind energy lease with PCW for up to 25 turbines, on Dec. 6.	2012	
2013	U.S. Fish and Wildlife Service published a Notice of Intent to prepare an EIS for the Phase I eagle permit application, Dec. 4.	2013	
2014	State of Wyoming Industrial Siting Council unanimously approved a permit to construct and operate the CCSM Project, on Aug. 6.  BLM completed Site-Specific EA1 and issued a Finding of No New Significant Impacts. U.S. Department of the Interior Assistant Secretary signed the Decision Record approving the infrastructure component plans, Dec. 23.	2014	
2016	BLM issued a right-of-way grant and notice to proceed for infrastructure components, Aug. 25.  PCW commenced construction on road infrastructure that will provide access to wind turbine facilities and will be critical to operating and maintaining the project, Sept. 9.	2016	Interim Joint Revenue Committee considered increasing the wind electricity generation tax, during May and September meetings. Proposed legislation did not pass.  <b>After a period of seeming stability, these renewed discussions again interfered with PCW's ability to enter into commercial agreements with Desert Southwest customers.</b>
2017	BLM completed Site-Specific EA2 and issued a Finding of No New Significant Impacts. U.S. Department of the Interior Assistant Secretary signed the Decision Record approving Phase I Wind Turbine Development, Jan. 18.  U.S. Fish and Wildlife Service published its Record of Decision approving Phase I Eagle Take Permits, Jan. 18, with Notice of Availability published Jan. 23.  USFWS issued PCW a standard permit (construction) for Phase I Wind Development, March 9.	2017	House Revenue Committee considered increasing the wind electricity generation tax, in January. Proposed legislation did not pass.  Interim Joint Revenue Committee to consider "wind energy production taxes" at August meeting.  <b>PCW's ability to enter into commercial agreements continues to be hampered by Wyoming's unstable tax policy.</b>

2019 Wyoming State Bar Association, ENR Section Summit

# Keeping it Local: How County Commissioners Shape Energy Development to Ensure the Social and Economic Welfare of their Communities

Temple Stoellinger, Moderator  
Assistant Professor  
Haub School of ENR/College of Law

>> UWYO.EDU/HAUB

1

## Wyoming County Commissioners

- 23 Counties. Each county has a Board of County Commissioners (3-5 Commissioners). Commissioners are akin to the Executive Branch at the County Level.



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2

## County Authority

County governments are political subdivisions of the state of Wyoming, and are created to serve as an arm of the state at the local level in providing a wide variety of services for its citizens. As an arm of the state, counties have only those powers expressly granted to them by the constitution or statutory law, or statutorily separately executed functions implied from powers granted. Bd. Co. Comm. of Laramie Cty v. Dunnegan, 884 P. 2d 35 (1994).

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3

## A Few County Responsibilities

- General duty to represent the county (W.S. 18-3-504).
- The responsibility for the development of the unincorporated land in the county (W.S. 18-5-102)
- Management and control of county roads (W.S. 24-3-102)
- Permitting of wind facilities (W.S. 18-5-502)
- Coordination of the county land use plan with federal agencies (W.S. 18-5-208)

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4

## Federal Energy Projects: NEPA Cooperation

- NEPA: "... it is the continuing policy of the Federal Government, in cooperation with State and local governments ... to create and maintain conditions under which man and nature can exist in productive harmony..." 42 USC 4331(a)

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5

## CEQ Cooperating Agency Regulations

- State, local, tribal governments may, by agreement with the lead agency become a cooperating agency. (40 CFR 1508.5)
- Eligible CA's
  - Jurisdiction by law: agency authority to approve, veto or finance all or part of the proposal. (40 CFR 1508.15)
  - Special expertise: statutory responsibility, agency mission, or related program expertise. (40 CFR 1508.26)

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6




## CA Eligibility Examples

- Jurisdiction by Law:
  - Example:
    - G&F: To provide an adequate and flexible system of control, propagation, management and protection and regulation of all wildlife in Wyoming.
- Special Expertise:
  - Example:
    - Geological Survey: To promote the beneficial and environmentally sound use of Wyoming's vast geologic, mineral, and energy resources while helping protect the public from geologic hazards.

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7



## Arguably County Jurisdiction by Law/Special Expertise

- General duty to represent the county (W.S. 18-3-504).
- The responsibility for the development of the unincorporated land in the county (W.S. 18-5-102)
- Management and control of county roads (W.S. 24-3-102)
- Permitting of wind facilities (W.S. 18-5-502), coordination of the county land use plan with federal agencies (W.S. 18-5-208)

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8

## SF 85, County Commissioner Special Expertise

18-5-208. Special expertise of board of county commissioners and coordination of planning efforts with federal agencies.

(a) When representing a county as a cooperating agency in matters related to the National Environmental Policy Act and in federal land planning, implementation and management actions, a board of county commissioners shall be deemed to have special expertise on all subject matters for which it has statutory responsibility, including but not limited to, all subject matters directly or indirectly related to the health, safety, welfare, custom, culture and socio-economic viability of a county.

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9

## SF 85 Cont'd

(b) The board of county commissioners of a county which has officially adopted a comprehensive plan pursuant to W.S. 18-5-202(b) may participate in efforts to coordinate the plan with federal agencies as provided in the Federal Land Policy and Management Act of 1976, the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended by the National Forest Management Act of 1976 and any other federal statute which provides for coordination with local governments and federal regulations adopted pursuant to those acts.

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10

## Role of the CA

- Identify issues to be addressed
- Arrange for the collection and/or assembly of necessary resource, environmental, social, economic, and or institutional data.
- Analyze data
- Develop alternatives
- Evaluate alternatives and estimate effects of implementing each alternative
- Carry out other tasks necessary for the development of the environmental analysis and documentation.

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11

## Coordination

- NFMA (as amended): “the Secretary of Agriculture shall develop, maintain, and, as appropriate, revise land and resource management plans for units of the National Forest System, coordinated with the land and resource management planning processes of State and local governments and other Federal agencies.” 16 USC 1604(a)
- FLMPA: “to the extent consistent with the laws governing the administration of the public lands, coordinate the land use inventory, planning, and management activities of or for such lands with the land use planning and management programs of other Federal departments and agencies and of the States and local governments within which the lands are located.” 43 USC 1712(c)(9)

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12



Thank You



## Campbell County: Local Commissioners with Global Influence

*Commissioner*  
Mark A. Christensen



1



## Wyoming State Bar Association – ENR Summit

Thursday, June 13, 2019

Casper, Wyoming

Mark A. Christensen  
Campbell County Commissioner  
(307) 682-7283  
mac01@ccgov.net

2



Thank You

Wenlin Liu  
*Chief Economist, Wyoming  
 Economic Analysis Division*

Troy Clements  
*Campbell County Assessor*

3



4



# Recognition for Past Efforts



## United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20340

JUL 31 2018

Mr. Mark A. Christensen  
Chair, Campbell County Board of Commissioners  
500 S. Gillette Avenue  
Gillette, Wyoming 82716

Dear Mr. Christensen:

Thank you for your letter dated April 9, 2018, to Secretary of the Interior Ryan Zinke regarding the Bureau of Land Management's (BLM) application of National Historic Preservation Act (NHPA) procedures in Wyoming. Secretary Zinke asked that I respond on his behalf, and we appreciate your and the other listed organizations' recommendations on this important matter.

It is a priority for the Department of the Interior and the BLM to be a good neighbor in the communities we serve, and we agree that clear guidance on this matter will achieve a more consistent application of this process. The BLM recently issued Instruction Memorandum (IM) 2018-014, which supersedes IM 2009-078. BLM IM 2018-014 updates national-level guidance addressing the BLM's processing of applications for permit to drill and produce federal minerals from wells located entirely on non-federal locations, and clarifies compliance with Section 106 of the NHPA, other environmental laws, and the BLM's broad responsibilities for government-to-government consultation with Indian Tribes.

We appreciate the suggestions outlined by the Petroleum Association of Wyoming, and look forward to continuing to work with you and the co-signers of your letter to find solutions that meet the BLM's regulatory requirements while not infringing on private property rights or unduly delaying development.

Sincerely,

Joseph R. Palash  
Assistant Secretary  
Land and Minerals Management



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Wyoming High Plains District  
Buffalo Field Office

1425 Fort Street  
Buffalo, WY 82834-2436  
www.blm.gov/wy



MAY 17 2019

8100

Dear Landowner:

The Buffalo Field Office (BFO) sent you correspondence and invited you to several meetings in 2017 and 2018 pertaining to the Pumpkin Buttes Traditional Cultural Property (TCP) and to private surface within three miles of the buttes. During that time, our office heard numerous landowner concerns in relation to the BFO's determination that the setting of the TCP is intact.

Based on these concerns BFO re-assessed the TCP and determined that the setting does not contribute to the sites eligibility for the National Register of Historic Places. The BFO consulted with the Wyoming State Preservation Office, who concurred with BFO's determination that the setting is no longer intact for the TCP.

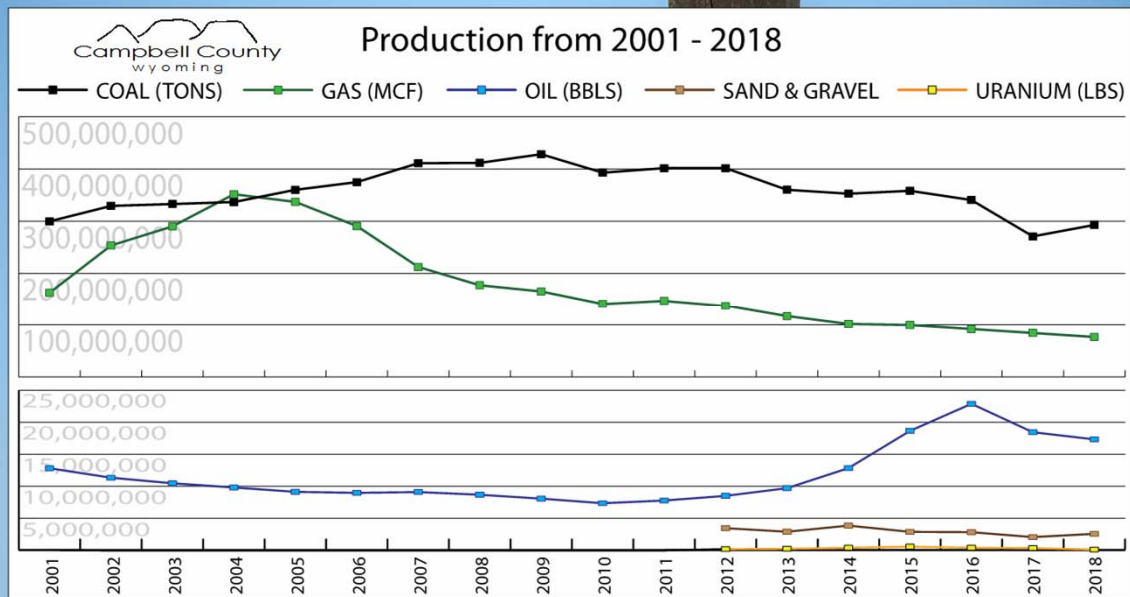
Due to this information, the Buffalo Field Office Resource Management Plan was also modified to reflect this change. The controlled surface use decision pertaining to development on federal mineral leases within three miles of the TCP was removed from the plan. This means BFO will not consider impacts to the setting of the Pumpkin Buttes TCP when permitting federal leases under private surface.

A critical component enabling the facilitation of the discussion was private landowners meeting with and providing access to BLM staff, Tribal Historic Preservation Officers and other tribal members to gain understanding of the existing environmental around the Pumpkin Buttes. Without these key components, complexities would have been introduced making it more difficult resolve the matter. If you have any questions, please feel free to call me at (307) 684 1141.

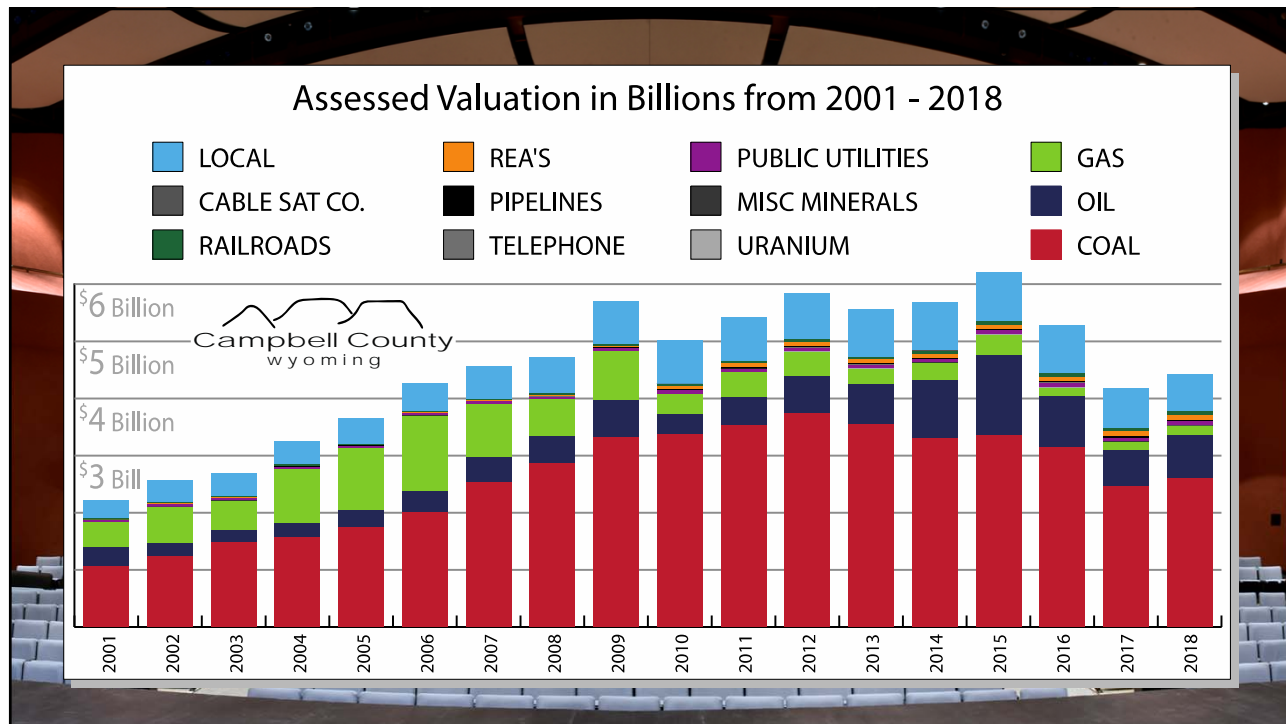
Sincerely,

Todd Yeager  
Field Manager, Buffalo Field Office

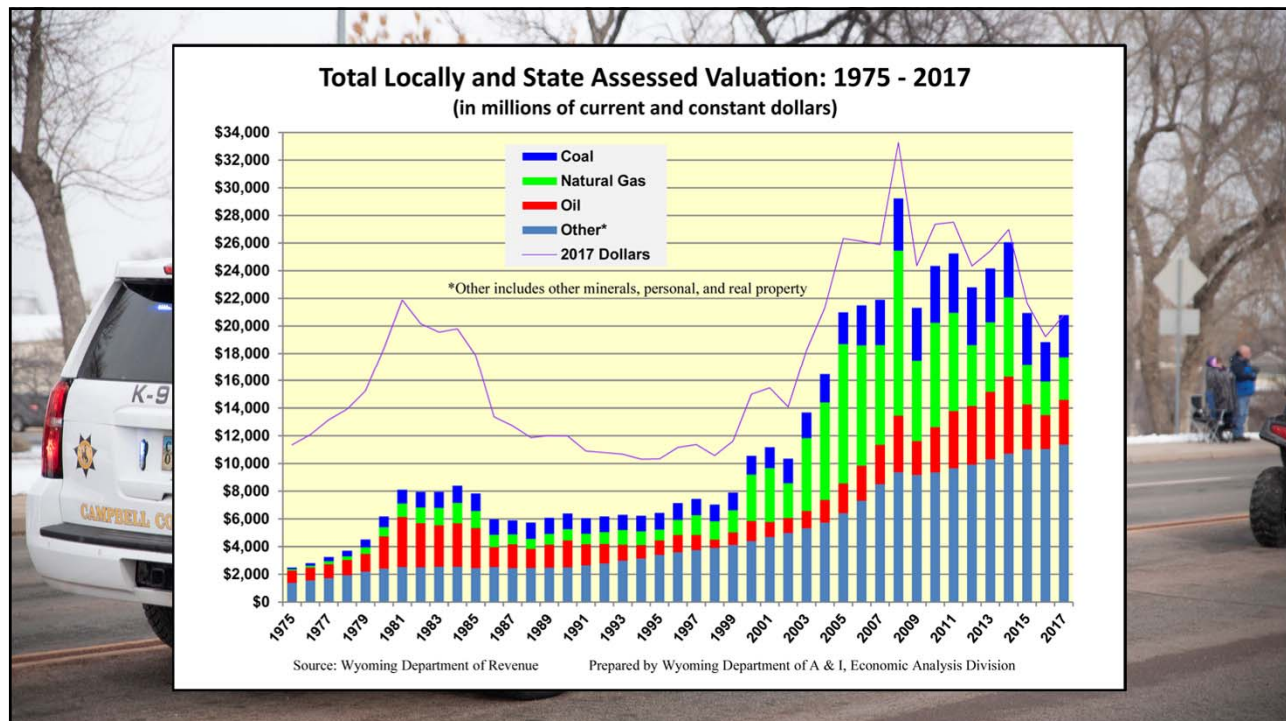
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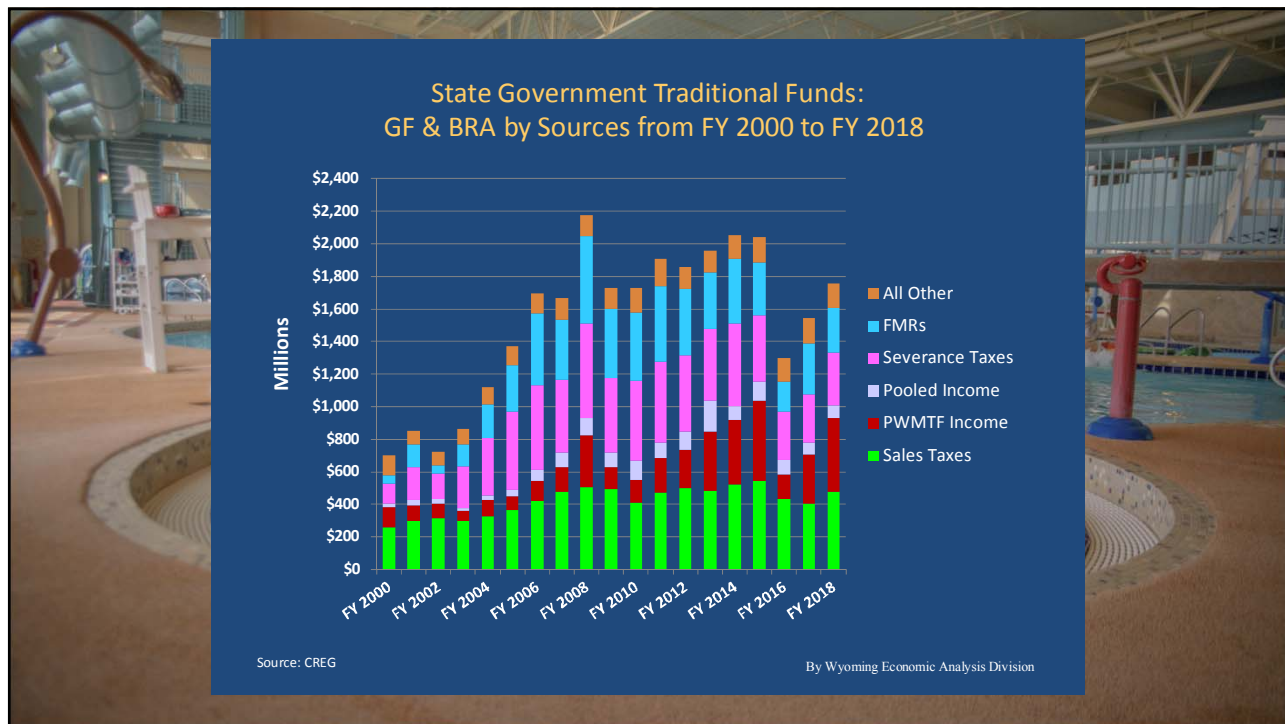
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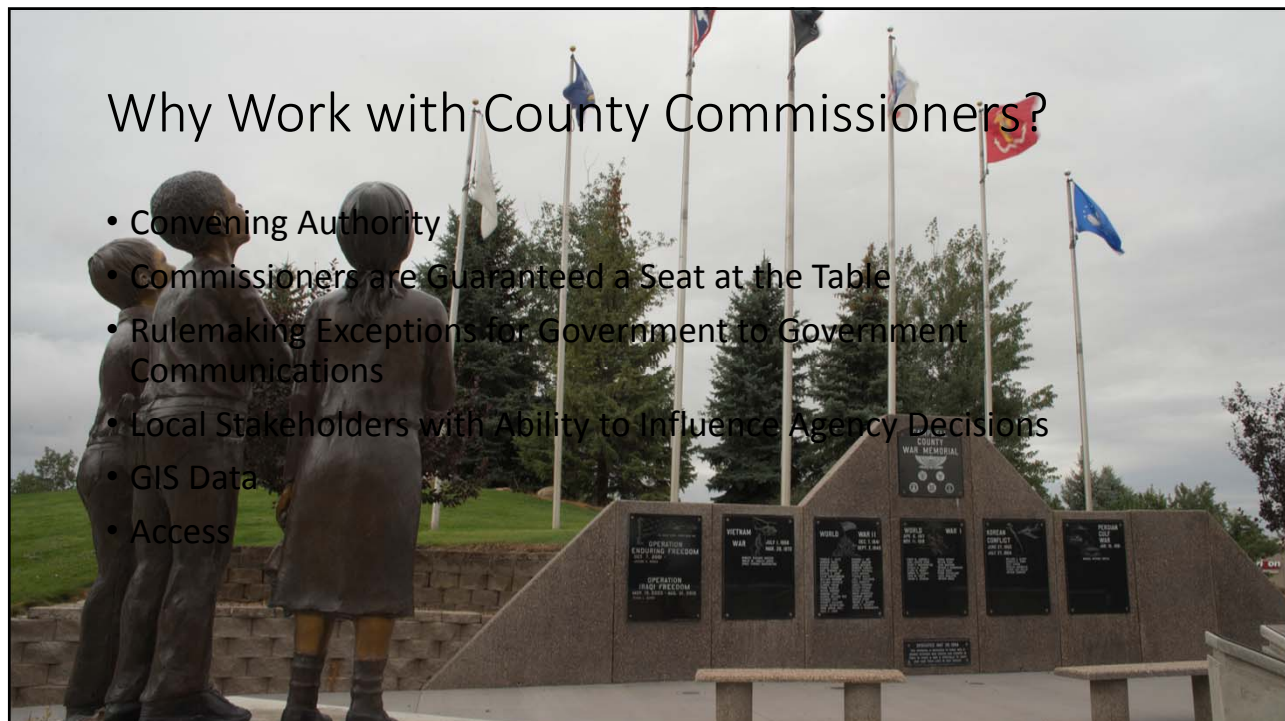
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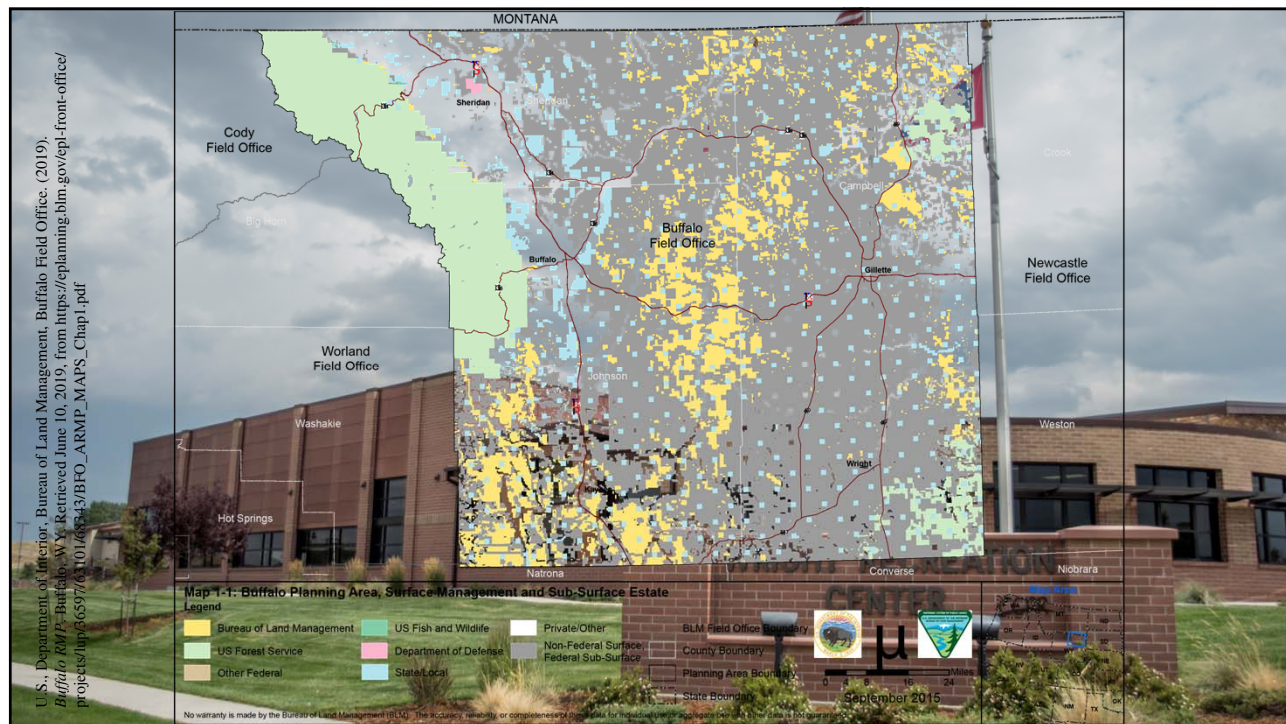


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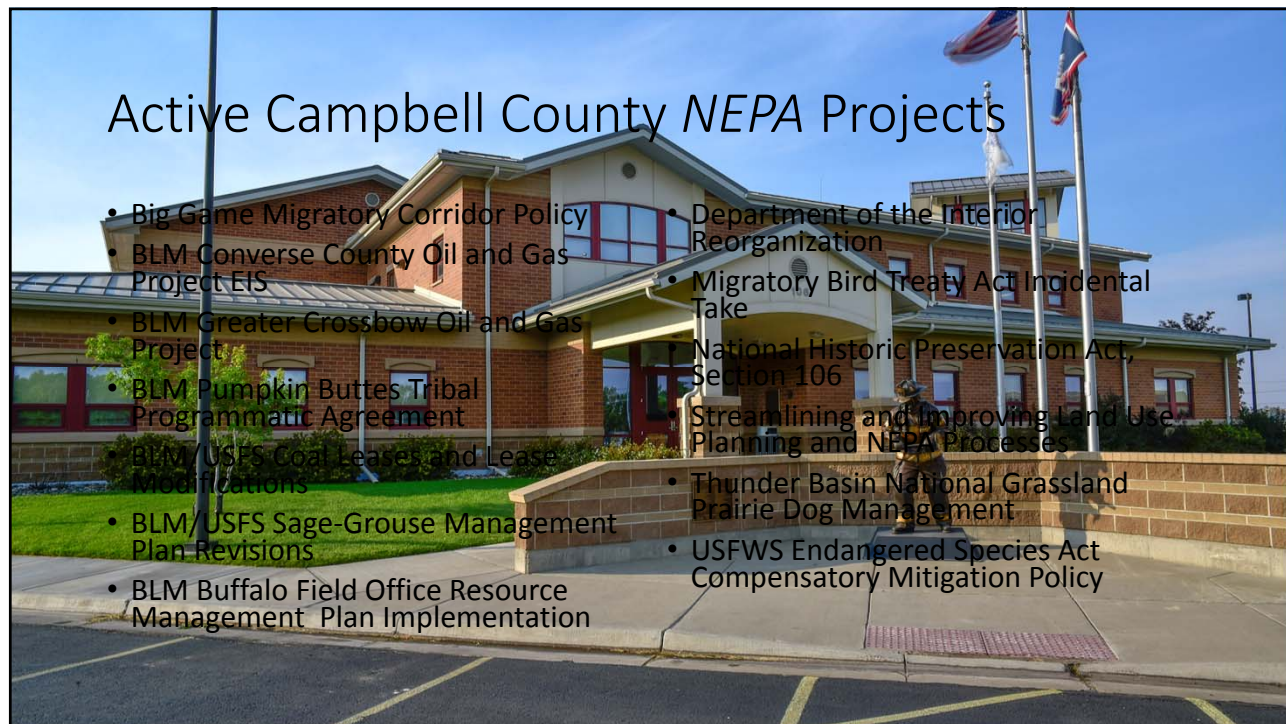
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## County Natural Resource & Land Use Plans

- Campbell County Amended Natural Resource & Land Use Plan
  - Includes Baseline Data on air quality, dust particulates, etc.
  - Detailed Socioeconomic Data
  - Regulatory Framework
  - Available Online at <https://www.ccgov.net/219>
  - Next Update will Add Focus To
    - Split Estate
    - Coal/Oil and Gas Disputes
    - Better Address Issues Specific to Horizontal Drilling
    - Climate Change & Green House Gases
    - Change Document Layout to Separate Policies and Data

12





13



14



15



16




*Example*

## Pumpkin Buttes TCP

- Pumpkin Buttes in Campbell County Designated a Traditional Cultural Property (TCP) for Decades with Three Mile Viewshed (increased under 2015 ROD)
- Area is Rich in Existing Oil & Gas Development
- Under New Guidance During the Obama Administration, BLM was to Place More Focus on Setting
- Position of County and Landowners that Setting is Already Impaired
- BLM BFO Underwent a Review of the TCP and *"determined that the setting does not contribute to the sites eligibility for the National Register of Historic Places [...and...] that the setting is no longer intact for the TCP."*


17



8100

MAY 17 2019

United States Department of the Interior  
BUREAU OF LAND MANAGEMENT  
Wyoming High Plains District  
Buffalo Field Office  
1425 Fort Street  
Buffalo, WY 82834-2436  
www.blm.gov/wy



Dear Landowner:


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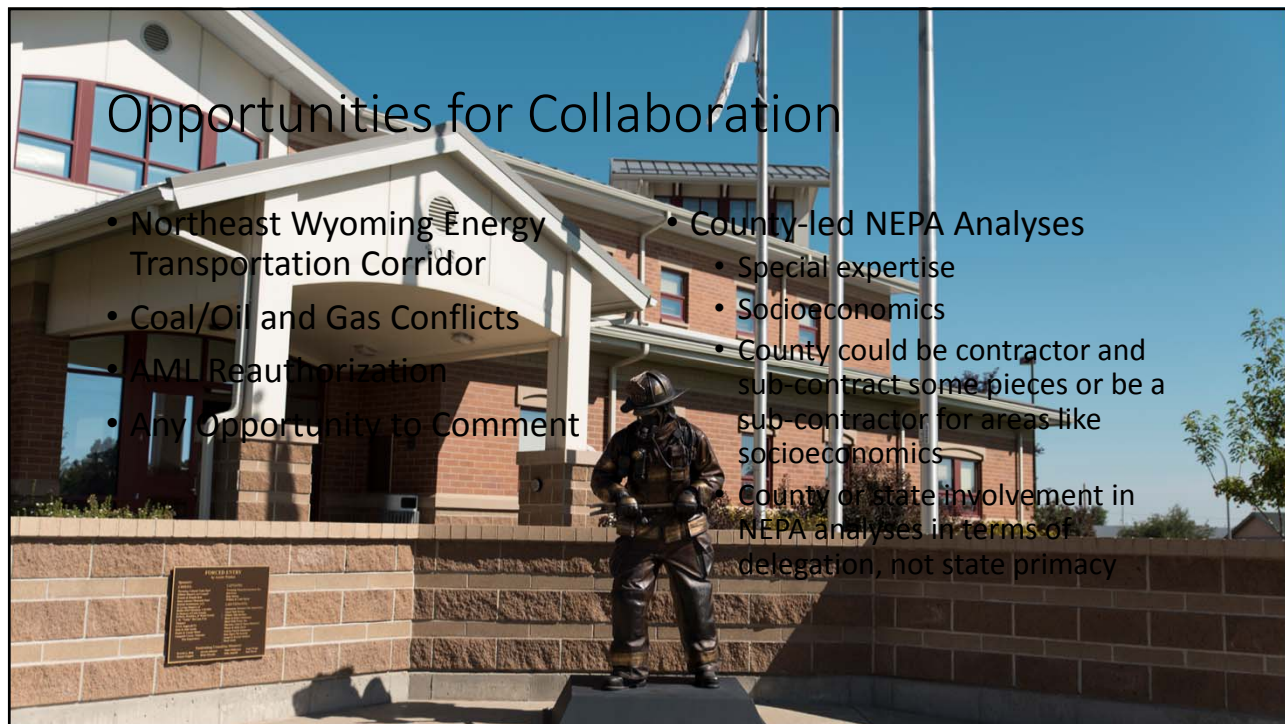
Sincerely,



Todd Yeager  
Field Manager, Buffalo Field Office

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19




20





## Carbon Valley

- Leverage Existing Investments
- Bring World-Class Researchers to Campbell County
- Research Follows Good Researchers
- Business Follows Research to Harvest Technology



21



## Less Quantity, More Value

- **Crude “coal”**
  - New Opportunities for Wyoming Products
- **Carbon Capture Utilization & Sequestration**
  - Drive Technology to Protect Existing Markets
- **Markets Have a Problem with CO<sub>2</sub> and Believe in Climate Change**

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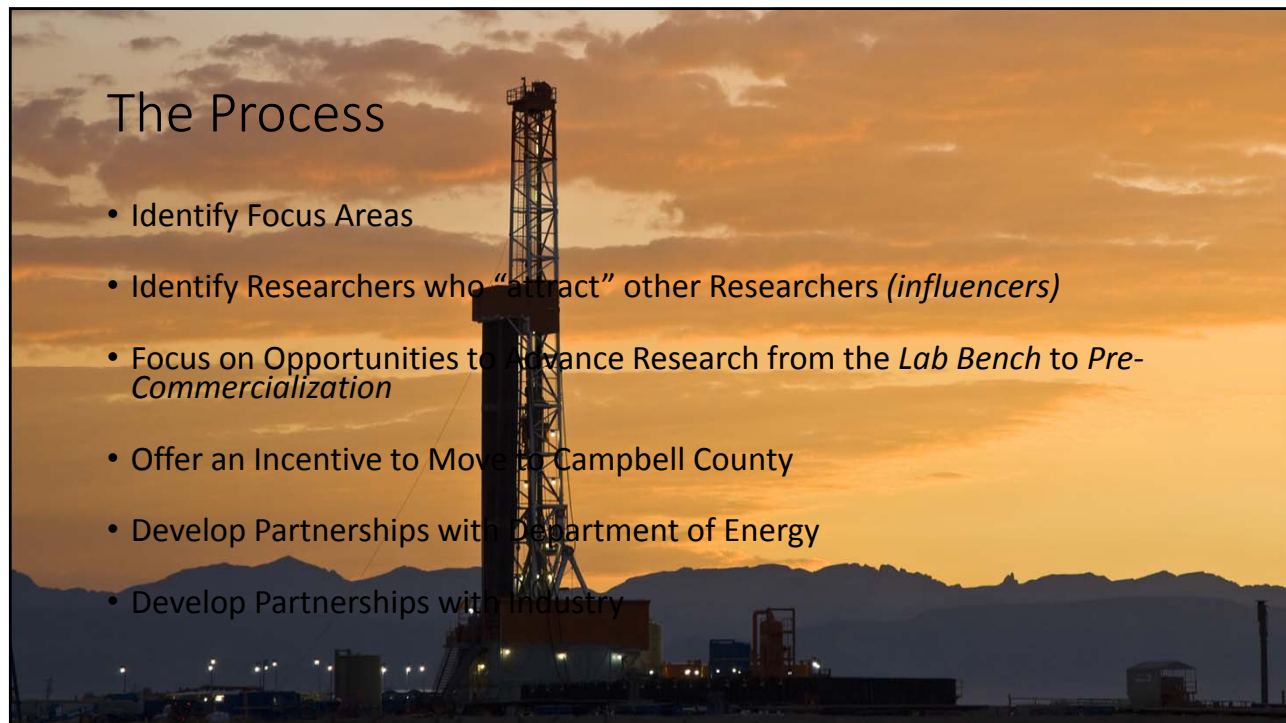
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## Leverage Existing & New Opportunities

- Integrated Test Center (at Dry Fork Station) X-Prize Competition
- Advanced Carbon Products Innovation Center

25



## The Process

- Identify Focus Areas
- Identify Researchers who “attract” other Researchers (*influencers*)
- Focus on Opportunities to Advance Research from the *Lab Bench* to *Pre-Commercialization*
- Offer an Incentive to Move to Campbell County
- Develop Partnerships with Department of Energy
- Develop Partnerships with Industry

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## Establish a Wyoming Energy Research Fund

- Incentive to Conduct Research in Wyoming
- Meet Department of Energy Required Matches
- North Dakota Energy & Environmental Research Center as Model
  - \$90.6 million annual economic impact in the Grand Forks Region
  - Receives nearly \$40 million in grants each year
  - Employs more than 200 people
  - Over 1,300 clients

(Meek, S. (2018, December 17). EERC seeks to find solutions to energy, environmental issues. Retrieved May 6, 2019, from <https://www.grandforksherald.com/news/education/4543586-eerc-seeks-find-solutions-energy-environmental-issues>

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## Want to Work With Us?

- Dru Bower  
Natural Resource Policy Advisor  
[dru@wyoming.com](mailto:dru@wyoming.com)
- Jim Ford  
Energy and Industry Advisor  
[jim.ford@vcn.com](mailto:jim.ford@vcn.com)
- Office of the Commissioners  
(307) 682-7283  
500 S. Gillette Ave., Suite 1100  
Gillette, Wyoming 82716  
[www.ccgov.net](http://www.ccgov.net)

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## Key Takeaways

- Campbell County doesn't want to just participate in the public land process, **we want to drive policy and influence decision making at all levels.**
- Campbell County is an advocate for the energy industry and the protection of private property rights.
- Campbell County strives to promote a balance between economic development and environmental protection.

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30

## Thank You

Mark A. Christensen  
 Campbell County Commissioner  
 (307) 682-7283  
[mac01@ccgov.net](mailto:mac01@ccgov.net)

# Wyoming ENR Summit

## Oil and Gas Permitting Race and Unintended Consequences

June 13, 2019



1

## Outline for Discussion

- ▶ Overview of the Wyoming oil and gas well permitting governing laws and regulations
- ▶ Permitting race and other issues “first to file” has created in the current horizontal well boom in Wyoming and other States
- ▶ Colorado’s recent shift away from first-to-file with passage of SB19-181

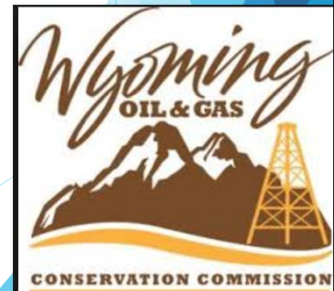


It's Not All Rainbows and Butterflies...

2

## Wyoming Permitting Governance

- ▶ Governed by the Wyoming Oil and Gas Conservation Act
  - ▶ 30-5-101 *et al.*
  - ▶ 30-5-104(d)(ii)
  - ▶ 30-5-115
  
- ▶ Governed by the Wyoming Oil and Gas Conservation Commission Rules
  - ▶ Chapter 3, Section 8
  - ▶ Chapter 5, Section 15
  
- ▶ Guidance provided by non-binding Staff Policies that may change frequently



3

## "First-to-File" Implications/Consequences

- ▶ Operatorship Fights
- ▶ Burden on Commission Staff
- ▶ Delayed or Stymied Development
- ▶ Incomplete Filings
- ▶ Inaccurate Development Plans
- ▶ Lessor Concerns
- ▶ Lease Termination
- ▶ Rig Lay-Downs
- ▶ Capital Leaving the State
- ▶ Lack of Influx of Capital into State
- ▶ Takings Claims



4



## Colorado's "First to File" Policy Vacated by SB19-181

- ▶ SB19-181 Signed Into Law and effective April 16, 2019
  - ▶ Prioritize the protection of public safety, health, welfare, and the environment in the regulation the oil and gas industry by modifying the oil and gas statute and by clarifying, reinforcing, and establishing local governments' regulatory authority over the surface impacts of oil and gas development
  - ▶ Public health, safety, welfare and the environment = PHSWE
- ▶ Applies on or after the effective date of the Act, including determinations of applications pending on the effective date.
- ▶ Grandfathered **ONLY** if approved permits and approved applications

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## SB19-181 - Permit Delays

- ▶ Until the Effective Date of new COGCC Rules resulting from three COGCC Rulemakings (overhaul of COGCC rules for PHSWE impacts; alternative site analysis/cumulative impacts; flowlines):
  - ▶ the Director may **DELAY THE FINAL DETERMINATION REGARDING A PERMIT APPLICATION** if the Director determines, upon review of objective criteria, that:
    - ▶ A permit requires additional analysis to ensure the protection of public health, safety, welfare or the environment, OR
    - ▶ Requires additional local government or other state agency consultation.
- ▶ No required timing for the effective date of the new rules
- ▶ NOTE: Immediately upon passage, all Form 2 APDs MUST include proof that Local Government Permit has been filed and the Local Government's "disposition" of such permit OR applicable Local Government does not regulate siting of location, or has waived disposition

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## Adopted Objective Criteria 5/16/19

1. **Locations within 1500' of a Building Unit (BU) or High Occupancy BU, including UMA and LUMA locations** - measured from edge of disturbed location (more protective)
2. **Locations within a municipality** - allows a "gut check" with the municipality, even if they have already approved the location - a municipality can elect in writing to exempt itself from Criteria #2 and #3
3. **Locations within 1500' of a municipal boundary, platted subdivision, or county boundary** - addresses potential cumulative impacts for additional review
4. **Locations within 2000' of a school property line** - goes beyond the current Rules that require notice within ¼ mile (1,320'); allows greater coordination with the school
5. **Locations within: a) flood plain or flood way; b) identified public drinking water supply; c) sensitive area for water resources**
6. **Locations within a CPW, RSP or SWH or receiving CPW comments**
7. **Locations within 1,000' of a Designated Outdoor Activity Area (DOAA)** - 3 existing within CO; Rules set a 350' setback from a DOAA, and this Criteria elevates the review to 1000'
8. **Locations with storage of hydrocarbons or produced liquid in *more than* 18 tanks or *in excess of* 5,200 barrels** - provides enhanced review for locations with large tanks/storage; looking at cumulative impacts and making sure plans are in place for releases, emergency response, truck routes, etc.

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## Adopted Objective Criteria 5/16/19

9. **Locations where operator is using a bond pursuant to Rule 703 for access to surface** - applies to "bond-on" locations to ensure that productive conversations have occurred with the Surface Owner prior to bond-on
10. **Locations where Relevant Local Government or state agency requests additional consultation**
11. **Locations where Operator requests a 502.b Variance for an associated permit application** - Rule 502.b Variances have always been scrutinized and subject to the Director's approval - these locations will be flagged to ensure a robust process
12. **Locations with an access road (from public road to OGL) within an RSO, SWH or 317B buffer zone, or within 200' of a BU**
13. **Proposed Centralized E&P Waste Management Facility** - subject to higher level of scrutiny
14. **A request to vent/flare (Form 4) from a location within 1,500' of a BU or HOB or within Nonattainment Area** - emissions negatively impact public health, safety, environment; additional notifications or timing stipulations may be implemented
15. **Intent to plug (Form 6) for a well associated with a stray gas investigation** - COGCC acknowledges that plugging should remain a priority and will move through the process quickly without delay
16. **Locations proposed by an Operator subject to additional individual or blanket financial assurance requirements pursuant to Rule 702.a**

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## SB19-181 - New Permit Requirements

### New Application Process - Form 2s and 2As

- ▶ **Form 2 Drilling Permits:** the disposition requirement is applicable to the Form 2 permit to drill, but not the Form 2A (per the language of SB19-181 applying to “drilling permits”); the operator must provide information on disposition on the Form 2; Director Robbins believes that disposition means “final determination” or that the local government has waived the disposition option
- ▶ **Form 2A Location Permits:** there is no disposition requirement per SB19-181; the COGCC released Guidance to address 2As; the COGCC wants to work together and collaboratively on well locations with the local governments, but this is up to local governments – disposition is not a prerequisite to moving forward with a 2A

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## SB19-181 - New Permit Requirements

### New Application Process - Drilling and Spacing Unit Applications

- ▶ Section 34-60-116, C.R.S. now requires that spacing take into account PHSWE; historically this was done at the 2A stage; COGCC will weave in the Form 2A analysis in the spacing process
- ▶ Local government disposition is also a component of DSUs - cannot finalize the DSU until there is a disposition - this is either waiver or final determination
- ▶ Staff can continue to work through DSU applications pending disposition/waiver; when applicants file DSUs, they should file corresponding information relative to Forms 2/2A
- ▶ DSUs must also show evidence of PHSWE protections

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## SB19-181 - New Permit Requirements

### New Application Process - Competing DSUs

- ▶ Often in CO there are protests to DSUs or competing DSUs; Staff analysis on two competing DSUs will run concurrently and will analyze which unit is “better” at protecting PHSWE
- ▶ The 2A Location will be brought into this analysis - for the operator that wants to prove its development is “better”, it is critical to provide the 2A; if an operator doesn’t have a 2A, it is more difficult to analyze PHSWE; the surface location will be part of the DSU analysis
- ▶ This analysis applies to Rule 318A wellbore spacing units (WSU’s) as well
- ▶ **First in time no longer means anything at the COGCC**; overlapping permits for overlapping DSUs will still be accepted, but DSUs will be looked at “holistically” and will analyze which is more protective of PHSWE

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## SB19-181 - New Permit Requirements

### New Application Process

- ▶ **DSUs & 45%/Good Faith Lease Offer**: COGCC *encourages* operators to provide evidence of 45% ownership/consent and good faith lease offer if a DSU will require pooling (NOTE: this is not required under SB19-181); Director Robbins: it doesn’t make sense to go down the DSU process if you can’t satisfy pooling requirements
- ▶ **Pooling**: new criteria have been adopted - 45% ownership/consent and good faith lease offer; Staff will continue to process Pooling under these new requirements
- ▶ **Disposition Requirements**: proof of local government disposition is required for Form 2s and for DSUs; the local government may waive disposition, or it must make a final determination; if disposition is “in process” and a local government is comfortable with the process, the COGCC can continue to process the Form 2 and DSU Application; the COGCC will process a 2A concurrently with local government siting permit, but a disposition is NOT applicable to the 2A so Permitting will process the 2A and wait on disposition for the 2s - the location can be processed at the same time at the State and local level
- ▶ NOTE: a local government may make a different disposition determination on a DSU and a Form 2 - i.e., the local government can waive going first on the DSU but hold off on the 2 - Weld County is waiving disposition for BOTH DSUs and Form 2s
- ▶ **BLM Disposition**: if development is on BLM lands, operators still need federal permits - COGCC is working through the “disposition” for federal lands

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## SB19-181 - New Permit Requirements

Hearings and Permit Applications Guidance (created 4/19/19 and updated 5/29/19):

- ▶ **Form 2 APDs:** operators must certify on all submitted Form 2s that they have applied for a local government siting permit, if applicable, and indicate the local government's disposition of that siting permit application; "disposition" mean final siting determination or waiver of the statutory provision that allows the local government to undertake siting first; if the local government has waived siting, the Form 2 may be filed and processed; if there is no waiver, the Director may process but not make a final determination until final disposition; Form 2s to deepen, sidetrack, or recomplete existing wells are exempt from the disposition requirement; for all Form 2s pending on April 16, 2019, Staff requires operators to provide the local government siting information before the Director and Staff will act upon the Form 2
- ▶ There is no deadline by which this information must be provided, however, Staff cannot proceed to act on a Form 2 without this information.

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## SB19-181 - New Permit Requirements

Hearings and Permit Applications Guidance (created 4/19/19 and updated 5/29/19):

- ▶ **Form 2A Location Assessments:** a Form 2A must be obtained from the COGCC even when a local government elects to regulate the siting and surface impacts of oil and gas operations; operators should include the current status of the applicable local government siting application on all submitted Form 2A applications, and the Director *encourages* operators to coordinate the preparation and filing of a Form 2A with the local government siting permit application, if applicable, to allow for concurrent permit review; the Director may process Form 2As concurrently with the local government or following the local government's determination because SB 19-181's "disposition" requirement applies only to Form 2s, not Form 2As; for all Form 2As pending on April 16, 2019, Staff encourages operators to provide the local government siting information as set forth above so that the Director and Staff can determine when it can act upon the Form 2
- ▶ There is no deadline by which this information must be provided, however, Staff cannot proceed to act on a Form 2 without this information.

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## SB19-181 - New Permit Requirements

Hearings and Permit Applications Guidance (created 4/19/19 and updated 5/29/19):

- ▶ For all **Drilling and Spacing Unit Applications**, applicants are *encouraged* to provide the following information for all pending and future drilling and spacing unit applications:
  1. The Form 2A(s) and Form 2s for the proposed development of the unit;
  2. Testimony or evidence that specifically demonstrates compliance with § 34-60-106(2.5)(a), C.R.S., this includes, but is not limited to, compliance with the Objective Criteria or demonstrated efforts to show issues arising out of application of the Objective Criteria are being addressed; and
  3. Percentage mineral ownership interest, if the applicant expects to file a statutory pooling application.

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## SB19-181 - New Permit Requirements

Hearings and Permit Applications Guidance (created 4/19/19 and updated 5/29/19):

- ▶ If a local government regulates siting, COGCC Staff may process a DSU Application before the local government disposes of the siting permit; however, unless the local government waives siting, the Commission will not approve a DSU application until after local government final disposition
- ▶ All **DSU Applications** *should* indicate whether applicant expects to file a pooling application - if pooling is contemplated, the DSU Application *should* indicate whether the applicant has 45% or more of the interests in the unit and, if not, whether another mineral owner has 55% or more of the interest - interestingly, this language does not contemplate consent to development
- ▶ For **competing DSU Applications**, the COGCC will evaluate the merits of both plans to determine which is most protective - for the Commission to evaluate the merits, it must have evidence to evaluate whether the relevant protections of public health, safety, welfare and the environment are satisfied, which are tied to the Objective Criteria and permits
- ▶ For **318A Wellbore Spacing Units**, the requirements for DSUs also apply to WSUs, and therefore operators should include with the Form 2: (1) certification that the operator has applied for a local government siting permit, and the disposition (if applicable), and (2) the percentage mineral ownership interest if the applicant expects to file a statutory pooling application - interestingly, this language does not contemplate consent to development

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## SB19-181 - New Permit Requirements

### Form 2 and Form 2A Local Government Information:

- ▶ COGCC Guidance Document has detailed information for the submittal of local government information on Forms 2 and 2A
- ▶ For Forms 2 and 2A that are complete prior to April 16, 2019, supplemental information is required via Google Form or spreadsheet
- ▶ For all Forms 2 and 2A that had not passed completeness by April 16, 2019, these will be returned to draft for the operator to provide the required information

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## Thank you!

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State of Wyoming  
Governor Mark Gordon's  
Energy Policy Highlights

Wyoming State Bar  
ENR Section Summit  
June 13, 2015

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## General Policy

- Goal is to align the State's energy policy needs, the economic potential and the future of global energy production.
- Focus on seeking innovative solutions that support the cornerstones of our economy
  - oil, gas, uranium and coal
  - address climate change
  - grow our economy.
  - research and innovation

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## Coal/Utilities

- Coal continues to power this country.
  - Remains an essential part of America's energy portfolio
  - Other promising new uses of coal
    - advanced building materials and other innovative products.
- Develop solutions rather than destroying communities and delaying progress on meaningful technological advances.
- Coal should be kept part of a diverse energy portfolio.

3

## Natural Gas

- Wyoming has abundant natural gas
  - Wyoming committed to partnering on efforts to develop gas responsibly and ensure that it is used to meet the energy needs of America and the world.
- Wyoming is a member of Western States and Tribal Nations
  - Newly formed advocacy group
  - Will help the state access global markets
  - Other members of the group include Utah, the Ute Indian Tribe and four Colorado counties: Garfield, Mesa, Moffat and Rio Blanco.

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## Related Natural Resource Topics

- Migration Corridors
- Sage Grouse
- NEPA

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## Migration Corridors

- Wyoming is leader on conservation of big game migration corridors.
- Wyoming home to the longest migration routes in the world for mule deer and pronghorn.
- Wyoming's leadership has come in the form of research and policy.
- Governor Gordon continues to look for solutions to improve the policy and make sure it incorporates science and economic impacts.

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## Sage Grouse

- Governor's Greater Sage Grouse Core Area Protection Executive Order (currently 2015-4 and 2017-3, in the process of being updated)
  - State agencies (including OSLI) prioritize the maintenance and enhancement of Greater sage-grouse habitats and populations inside Core Population Areas, connectivity areas, and Winter Concentration Areas consistent, in accordance with each agency's statutory authority.
- State agencies must follow procedures outlined in the Executive Order, while recognizing that adjustments to the stipulations may be necessary based upon local conditions, opportunities, and limitations.

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## Sage Grouse

- The goal is to maintain habitat and minimize future disturbance by co-locating proposed disturbances within areas already disturbed or naturally unsuitable.
- Governor requested public feedback in May on how to improve existing EO;
  - Using those comments alongside recommendations from the Sage Grouse Implementation Team (SGIT) to issue a new Executive Order by late summer.

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## NEPA

- Governor Gordon interested in answering the question:  
“Is there opportunity to gain efficiency for NEPA projects in Wyoming if the federal agencies delegated some of their NEPA functions to the state?”
  - Could the state take on a “coordinating function” role to set tasks as needed and perform certain functions for EAs and/or EISs?
    - Contract management
    - Analysis
    - Permit renewal documents

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## NEPA

- Purpose of this exercise is to find solutions that would help streamline and improve the environmental review process in Wyoming
  - This is NOT:
    - An effort for the state to take “primacy”
    - A handover of federal lands to the state
- Federal agencies will always retain oversight

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## More Information

- Contact Beth Callaway: [beth.callaway@wyo.gov](mailto:beth.callaway@wyo.gov); (307) 777-8204; or
- Renny MacKay: [renny.mackay@wyo.gov](mailto:renny.mackay@wyo.gov); (307) 777-5461

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# State Trust Land Basics



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## Mission Statement

**Effectively managing natural resources and funds for  
current and future generations**



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## US History

1780s ... Our Founding Fathers consider the concept of lands for schools.



~1780s  
*America's Founders*



~1860s  
*American Schoolchildren*



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## States with Trust Land



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## History and Nature of Trust Land

- Wyoming admitted to the Union in 1890
  - State was granted certain lands to support public education and other State institutions like the University of Wyoming, the Veteran's Home and State Hospital.
  - State was granted sections 16 and 36 in every township in the State for support of common schools.
  - State Trust Land in Wyoming amounts to a surface area bigger than the entire state of Connecticut.

6	5	4	3	2	1	6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36



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## Constitutional Framework

### Wyoming Constitution, Article 18, Section 1:

- ☐ The State of Wyoming accepts the grants of lands made by the United States to the state, for educational purposes, for public buildings and institutions and for other objects

### Wyoming Constitution, Article 18, Section 3:

- ☐ Board of Land Commissioners shall have direction, control, disposition and care of all lands granted to the state

State Trust Land is owned by the State and held in a Trust for the benefit of public education in the State and other state institutions. The Board of Land Commissioners is the trustee of trust lands.



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## Board of Land Commissioners

The Board of Land Commissioners is composed of the Governor, Secretary of State, State Auditor, State Treasurer, and Superintendent of Public Instruction.

- The Board is constitutionally charged with optimizing revenue from state trust lands to support public education and beneficiary institutions, while concurrently striving to protect, conserve, and maintain the lands so they may be used by future generations.
- **Wyo. Stat. § 36-2-107(a);**  
 “The board shall have the power and authority to promulgate and adopt rules and regulations not inconsistent with the laws of the state, as it may from time to time deem necessary in the direction, control, disposition and care of all state lands, and to preserve the value of the land and to recognize the fiduciary duties of the state land office.”



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## Office of State Land & Investments

- Administrative arm of the Board of Land Commissioners and the State Loan and Investment Board
  - Statutory responsibility to carry out the policy directives of the Boards



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## Trust Land Management Objectives

- When OSLI evaluates courses of action with State Trust Land OSLI follows what are known as Trust Land Management objectives.
  - A proposal need not meet all objectives.
  - The objectives are listed in order of decreasing priority (highest to lowest).



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## Trust Land Management Objectives

- Better meet the beneficiaries' short and/or long term objectives:

### Revenue-

- Improve income generating potential
- Alone or in combination with other state lands
- Single or multiple uses

### Investment Value-

- Improve returns
- Improve portfolio diversification
- Improve appreciation potential
- Improve intrinsic natural resource values (i.e. habitat, water)



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## Trust Land Management Objectives

- Improve the manageability of the land asset:
  - Consolidate ownership patterns
  - Leverage management resources of other agencies/entities
- Meet a specific school and/or community need:
  - Improve stability
  - Provide growth opportunity
  - Improve access/recreational opportunity



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## Management Paradigm

State Trust Land



“Public” Land

Office of State Lands



BLM

Optimize Revenue vs. Multiple Use & Sustained  
Yield



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## The Privilege to Use State Lands for Recreation

### Rules and Regulations of the Board of Land Commissioners

#### Chapter 13, Section 4

The Board extends to the public the privilege of using **legally accessible** state lands for **casual day uses**, unless otherwise closed by direction of the Board, on its own motion or upon the request of the surface lessee. This privilege shall only be allowed when it will not result in damage to the state land or the roads and improvements thereon. Organized, developed, or commercial recreation use of state lands is prohibited unless it occurs under the provisions of a special use lease issued under Chapter 5 of the Board's rules.



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## Recreation on State Lands

Recreational uses include hunting, fishing, and casual day recreation such as horseback riding, photography, hiking, wildlife observation, etc.

- Camping is not allowed
- Motorized vehicle use must be confined to established roads
- The Board may order closure of any parcel and failure to abide by the closure and other misuses of state lands are misdemeanors. Wyo. Stat. 36-2-107



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## State Trust Land Beneficiaries

Land Grant/Fund	Beneficiary
Common School	Wyoming Public Schools K-12
University Land	University of Wyoming
Fish Hatchery	Wyoming Game & Fish
Agricultural College	University of Wyoming
Deaf, Dumb & Blind	School for Deaf
Poor Farm	-
Penitentiary	Penitentiary
Public Buildings at the Capitol	Public Buildings in Capitol Complex
Penal, Reform or Education Institutions	Wyoming Life Resource Center, Women's Center, Conservation Camp, Youth Treatment Center, Girls School, Boys School
Insane Asylum	Wyoming State Hospital
Minor's Hospital	Minor's Hospital Board
Soldiers & Sailors Home	Veteran's Home
State Law Library	State Law Library
State Library	State Library
Omnibus (SCEP&R Grant Lands - State Charitable, Education, Penal & Reform Institutions)	Department of Health, Department of Corrections, Department of Family Services



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## The Trust Assets

- Trust Land
  - 3.5 million surface acres
- Trust Minerals
  - 3.9 million mineral acres
- State Permanent Land Fund
  - Over \$1 billion



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## Trust Land Earnings

- 86% of State Trust Lands are classified as “Common School Trust Lands,” more commonly referred to as “State School Sections” and support K-12 education
- 14% of State Trust Lands generate revenues to support other state institutions such as UW and the Veterans Home
- Grazing is the most prevalent use on State Trust Lands with 3,981 grazing leases covering over 90% of State Trust Land surface acreage. We rely on our grazing lessees to help us manage our surface acres.
- Mineral development generates the most income for the State Trust Land beneficiaries



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## The “What”

- **Preserve/Maintain Trust Assets**
  - Ensure the Viability of a Long Term Trust with a Focus on Protecting the Corpus for Multiple Generations
- **Enhance Trust Assets**
  - Maximize Returns from Responsible and Progressive Leasing
  - Position Ownership Patterns to Maximize Appreciation Gains
- **Promote the Public Enjoyment of the Trust Assets**
  - Promote Accessibility to Trust Assets to Existing Industries, Progressive Ventures, Municipal Growth, Education, and Public Access



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## The “How”

- Grazing and Agricultural Leasing
- Trust Land Preservation and Enhancement Account
- Easements
- Temporary Use Permits
- Special Use Leasing
- Land Sales, Exchanges, and Acquisitions
- Acquired Institutional Land Management
- Renewable Leasing
- Mineral Leasing
- Forest Product Sales
- Records Management

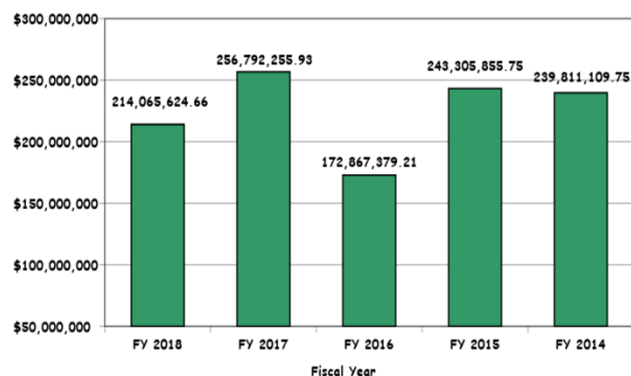


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## Total Revenue

Five Year Trust Land Revenue Summary



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10-year  
Impact.

Total Revenue: \$1,904,937,922  
Perm. School: **\$1,828,909,843** (96%)



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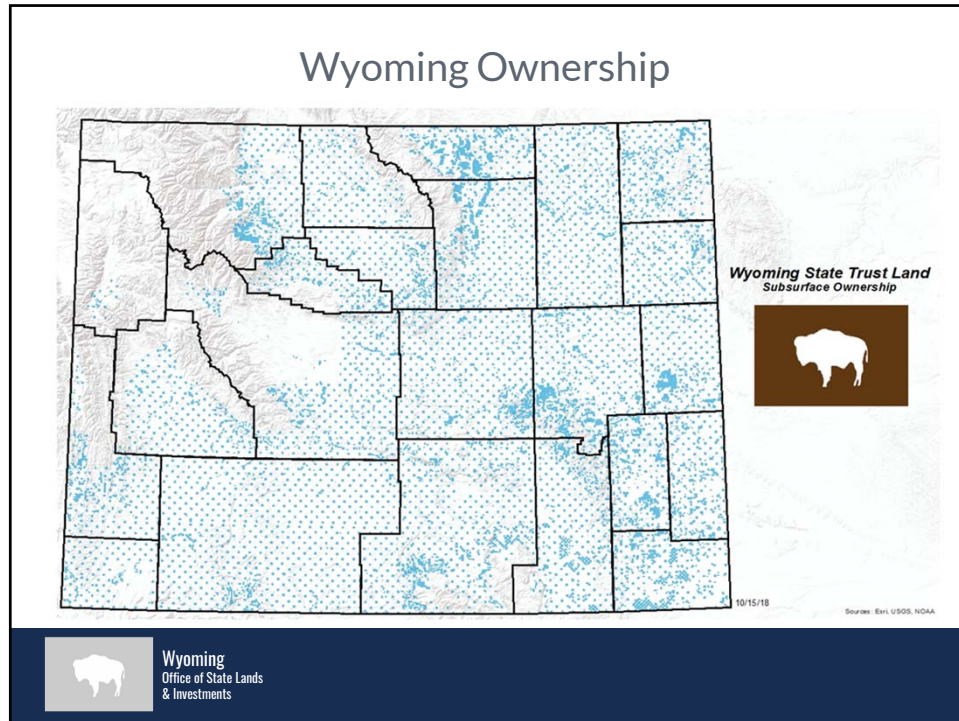
33

# Mineral Leasing (In General)



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## Common Lease Stipulations

### Lease Stipulations

- Cooperatively developed by OSLI, WGFD, SHPO
- Recommended by cooperating agencies when a parcel is offered for lease
- “...for the protection of the public, the environment, the waters of the state, historical, archaeological or paleontological materials, the wildlife resources, or any of the subsurface resource of the state.” -Board’s Rules Chapter 18, Section 3(b)
- Important Timing Stipulations
  - Stip #5: Big Game Crucial Winter Range
    - November 15 - April 30
  - Stip #145: Greater Sage Grouse Habitat
    - March 15 - June 30, other timing stipulations may apply



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## Oil & Gas Leasing



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## Wyoming OSLI Mineral Leasing

- 3.9 Million Acres Subsurface Trust Land
- 1.23 Million acres leased for Oil and Gas
- 3179 active oil and gas leases



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## Oil & Gas Leasing

- \$177,079,541 mineral revenue
- \$84,452,680 oil and gas revenue



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## Wyoming OSLI Leasing Process



### 1. Nominate.

[lands.wyo.gov/auctions](https://lands.wyo.gov/auctions)

### 2. Parcel List Review.

- ☐ Ownership
- ☐ Availability
- ☐ Stipulations

### 3. Auction!

July 10-17, 2019



### 4. Board Approval.

➤ Lease Issued



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## What's In a Wyoming State O&G Lease?

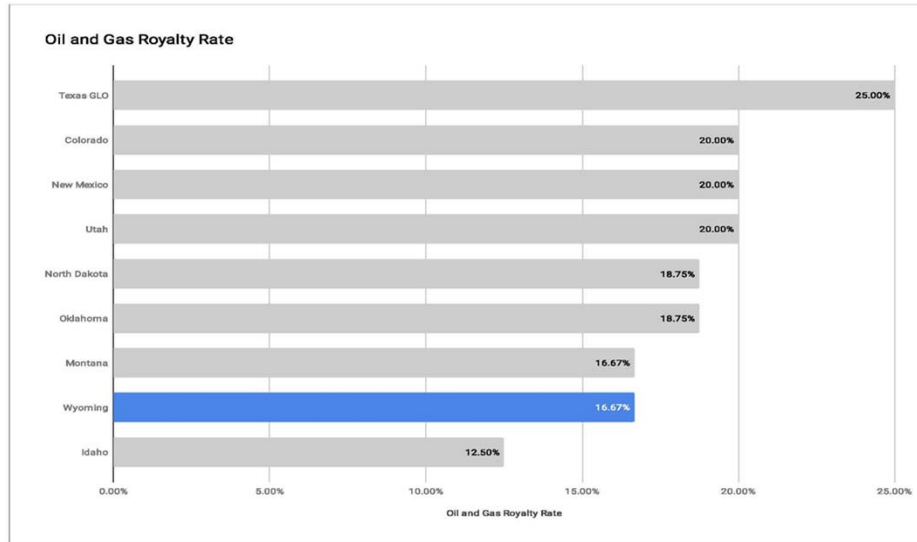
- 5 year lease term
  - Developing status extension
  - Board approved extensions
  - Wyo. Stat. §36-6-101(e) 2-year extensions
  - Otherwise....HBP
- 16.67% Royalty Rate
  - 12.5% Royalty Rate on 2nd offering or OTC
- Rent and MAR
  - "Prospecting" or "Developing" Status: annual rental of \$1/acre
  - "Producing" Status: minimum annual royalty of \$2/acre
  - "Suspended" Status: escalating MAR from \$2-\$50/acre
- Bonding
  - Lease
  - Idle well
  - Extension Performance



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## Western State Lands Oil & Gas Royalty Rates



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## Coal Leasing



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## Coal

88 active coal leases on 61,054 acres  
(24 producing\*)

- **Campbell:** 41 leases on 29,440 acres (17 leases producing\*)
- **Carbon:** 2 leases on 1,120 acres (1 producing\*)
- **Converse:** 5 leases on 2,720 acres (3 producing\*)
- **Johnson:** 7 leases on 8,640 acres
- **Lincoln:** 3 leases on 2,560 acres
- **Sheridan:** 15 leases on 5,974 acres
- **Sweetwater:** 15 leases on 10,600 acres (3 producing\*)



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## Coal Leasing

### FY18 Coal Revenue (7/1/17 - 6/30/18):

- Coal Leasing (Rent and App Fees): \$176,769.15
- **Coal Royalties: \$56,066,319.38**



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## Coal Leasing

- All coal leases have a 10 year primary term
- Per Wyoming Statute 36-6-101(m), lessees have exclusive right to renew for subsequent 10 year terms if lease is being diligently pursued in accordance with subsections
- Rental is \$1/acre for first 5 years of primary term, \$2/acre for second 5 years. \$2/acre for the second 10 year term (years 11-20), \$3 for the third 10 year term (years 21-30), and \$4 for all years following.



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## Coal Leasing

- Coal leases are available on a "first come first served basis," also known as "over the counter".
- Application fee is \$50 per lease. Coal is leased up to a maximum of 640 acres (1 section).
- Lease bond of \$10,000 required for all producing leases. This bond is in addition to any reclamation bonding required by DEQ.



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## Coal Leasing (Cont.)

- Unless otherwise stated in the lease, the standard royalty rate for coal leases is 12.5% of gross value coal produced.
- Lease interests in coal can be assigned in whole or in part. Assignments must be approved by the Director and applied for on an agency provided application with a \$40 application fee.
- Royalty must be reported within 30 days of the last day of the month of sales for coal. Coal royalties are reported through OSLI's eRMA2 online application



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## Uranium Leasing



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## Uranium Leasing

174 active uranium leases on  
91407.58 acres (6 producing\*)

- **Albany:** 1 lease on 640 acres
- **Campbell:** 22 leases on 12,398 acres (1 lease producing\*)
- **Carbon:** 10 leases on 4,820 acres
- **Converse:** 44 leases on 23,392 acres (5 producing\*)
- **Crook:** 23 leases on 10,909 acres
- **Fremont:** 25 leases on 14,126 acres
- **Goshen:** 7 leases on 2,560 acres
- **Johnson:** 12 leases on 3,881 acres
- **Natrona:** 6 leases on 2,914
- **Sweetwater:** 24 leases on 15,764 acres



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## Uranium Leasing

### FY18 Uranium Revenue (7/1/17 - 6/30/18):

- Uranium Leasing (Rent and App Fees): \$244,169.40
- **Uranium Royalties: \$198,577.56**



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# Renewables Leasing



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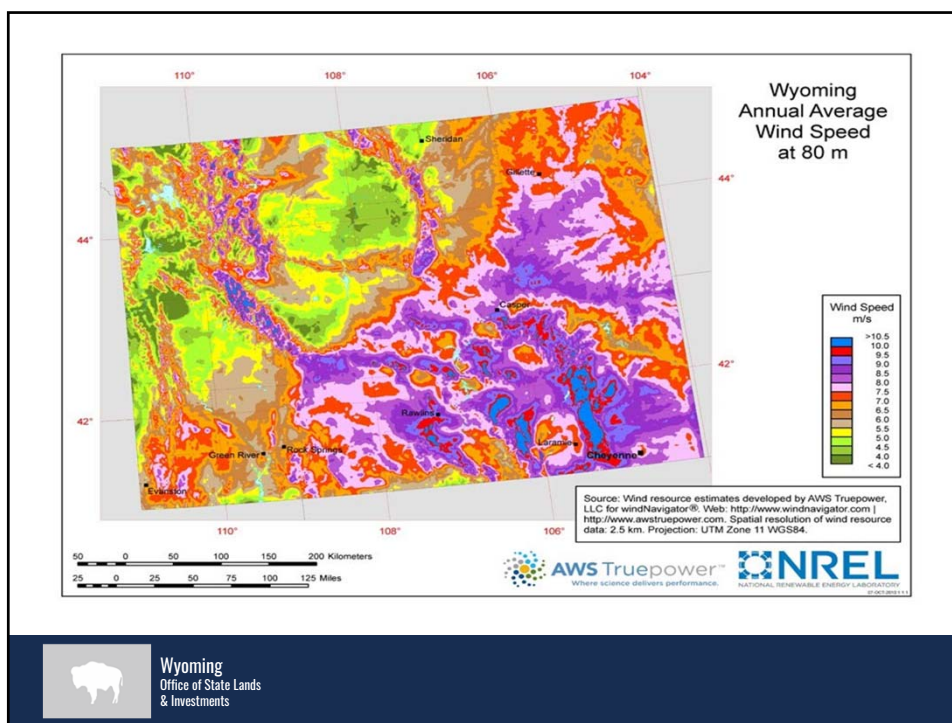
## Wind Energy Leasing

- Wyoming has the 6th highest wind capacity in the US
  - Ranks 16th in US in installation with 1,489 MW of online capacity (AWEA)
  - In 2017, wind energy produced in Wyoming powered equivalent of 408,700 homes (AWEA)



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## Wind Energy Leasing

- 2018 State Trust Land Acres leased for wind energy development increased by 25%
- OSLI 24 active wind leases comprising 59,359 acres



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## Wind Energy Leasing

- Wind considered unseverable interest in surface estate and right to use wind for wind energy development included in State wind energy lease.
- Board must determine proposed lease does not adversely affect its management goals on land proposed for lease and on adjacent state lands during the term of lease



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## Wind Energy Leasing

- Board may instruct OSLI to prepare detailed analysis of parcel for lease
  - Appraisal of market value of parcels
  - Income-generating potential of parcel, individually and in combination with adjoining State parcels
  - The manageability of parcel individually and in combination with any adjoining State parcel



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## Wind Energy Leasing

- Wind lease is subject to existing leases
  - Surface Impact Payment
- Board determines whether proposed wind lease will impair existing leases
  - Applicant must notify existing lessees of application
  - Obtain written consent from existing lessees to issuance of wind lease
    - If unable to obtain consent, Board determines if issuance of the wind lease will substantially impair existing leases



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## Wind Energy Leasing

- Wind Lease term up to 75 years
- Term cannot exceed anticipated economic life of lessee improvements for wind development
- Board may extend term, so long as does not exceed 75 years
- Leased premises cannot be subleased without prior approval of Director
- No assignment without Board approval
- Financial assurance condition of wind lease sufficient to assure compliance with terms and conditions lease, including decommissioning and reclamation



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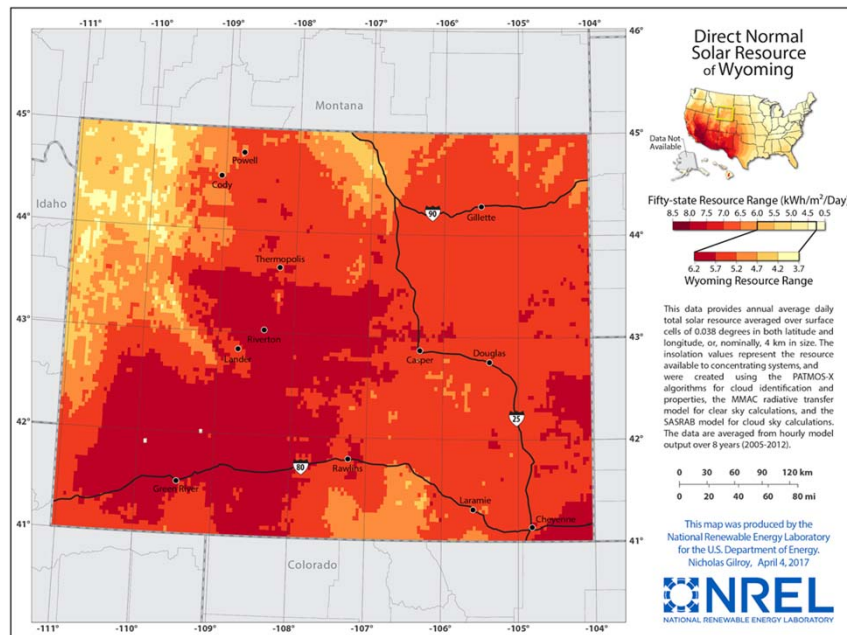
## Solar Leasing

- Currently no solar leases on State Lands
- Solar Lease template developed
- Hope to grow this area of development



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QUESTIONS ???



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