

William E.L. Fales
Cold Mountain Ranch
4239 Highway 133
Carbondale, Colorado 81623

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Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
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Good morning. My name is Bill Fales. I want to thank Chairman Lamborn, Ranking Member Lowenthal and the other members of the Subcommittee for inviting me to share my testimony.

I'm a rancher on Colorado's Western Slope, not a geologist or an oil and gas expert. But I know that the U.S. Geological Survey's recent assessment of the Mancos Shale is welcome news for the oil and gas industry, and for the communities in the center of the Piceance Basin that have been hit very hard by the recent downturn in drilling activity.

I run a cow calf operation with my wife and two daughters on our ranch in the Crystal River Valley. Our family has been running this ranch for 93 years and we are looking forward to celebrating our 100th anniversary in another 7 years. That is why I have travelled here today, to work to ensure the future of our ranch and our community.

I came here today to speak not only for my family, but for my fellow grazing permittees, the Thompson Creek Cattle Association, and for the countless men and women in our community who rely on the White River National Forest for their livelihoods. It is an honor to be here on behalf of this united community.

For me to leave my ranch in the height of haying season is unprecedented. If I do not put up the best hay I can right now, my cows will suffer next winter. But the issue of potential oil and gas development on our federal grazing allotments is more important than anything else.

Dozens of working ranches, including my own, depend on these federal grazing allotments in the Thompson Divide area of the White River National for our operational viability. These ranching operations make important contributions to the local economy and help to define the rural character of our area.

I take great pride in how we work with the U.S. Forest Service to manage our federal grazing land. We are constantly trying to improve the management of this vital resource, and we work hard to run our cattle in a manner that is economically and environmentally sustainable. I run cattle in a lot of different terrain, but I do not try to graze cows everywhere. There are some places that are better left for other uses.

But it's not just the cattlemen who rely on these public lands. Many other families and industries in our valley depend on the Thompson Divide to put food on the table — directly or indirectly.

The White River is our nation's most visited National Forest. Hunters, anglers, sportsmen, and other visitors come from near and far to use and enjoy these pristine public lands. While oil and gas has long been developed on parts of the national forest, that development is largely occurring on the far western end, in the heart of the Piceance Basin.

While the Thompson Divide area is only a small percent of the larger forest, it has many existing uses and values that would be negatively impacted by mineral development. It is the economic engine of our community, the proverbial golden egg that fuels our tourist, agricultural, and recreational dependent economy.

Hunting, ranching, fishing and recreation in the Divide generate nearly 300 jobs and \$30 million each year in recurring economic benefits. And in Glenwood Springs alone, tourism generates more than \$240 million in annual economic activity. By contrast, in 2012 the U.S. Forest Service estimated that the long-term return from natural gas production on the entire National Forest was 21 jobs and \$1.27 million in labor income.

I am not against oil and gas production. On our ranch in Carbondale, I have put up over 400 tons of hay in the past 6 days. I could not have done that without diesel fuel and hydraulic oil. But this part of the forest is simply too important to our community to subject it to the impacts oil and gas development in this location would bring.

One fact that is often overlooked in this debate is the physical characteristics of these lands. This is not the center of the Piceance Basin, with existing roads and infrastructure. This is steep and rugged backcountry and the land is simply too tough to get around except on horseback. That is one reason why the Forest Service, the agency that best knows the land, after analyzing this area decided that much of it should be off limits to future oil and gas leasing.

Unfortunately, more than a decade ago, the Bureau of Land Management issued dozens of leases in the Thompson Divide without adequate environmental reviews and without notifying local governments or stakeholders like myself. Later on, The Interior Department's Board of Land Appeals determined that the BLM's leasing decisions violated the law. The BLM is now conducting a new environmental analysis to determine if 65 other leases on the Forest, which suffer the same legal deficiencies, should be cancelled, amended, or upheld.

The majority of these illegally-issued leases were issued for the statutory minimum of \$2 per acre. By contrast, leases further west, in the center of the Piceance Basin brought more than \$11,000 per acre.

Tens of thousands of concerned citizens have participated in the federal government's public process to voice their support for protecting the Thompson Divide and the White River National Forest. We've come together in unprecedented ways to urge our government to address its past mistakes. Republicans and Democrats, counties and municipalities, cowboys and environmentalists have worked together to conserve a small but cherished portion of the National Forest. This is not a partisan issue for us. Protecting the Thompson Divide is exceptional in that it has unanimous support in our community. These "strange bedfellows" have united around a common belief that fixing mistakes is good government, not bad government.

During the BLM's most recent public comment process, more than 50,000 comments were filed by citizens and local governments. According to the record, the vast majority of comments supported cancelling the leases and protecting our public lands in the Thompson Divide and the White River National Forest.

Western Slope residents and small business owners knew that this process was the primary vehicle for ensuring this important public lands decision actually reflected what the public was asking for. Unfortunately, a few key stakeholders chose not to participate in the BLM's public process and boycotted the meetings. The Mesa County Commissioners and the Western Slope Colorado Oil and Gas Association decided to pursue their own course by urging BLM to reopen the Draft decision so that they can now add their comments. That is not how government should work.

Nonetheless, with the overwhelming majority of stakeholders supporting lease cancellation, the BLM has outlined a plan that allows for continued development in more prospective portions of the Forest, while closing areas where there is less potential, where there is no existing production, and where the local economy is dependent on the forest as it exists today. This middle-ground approach respects the need for multiple uses on the Forest and has received widespread support from republicans and democrats alike.

The BLM's proposal for some lease cancellations is far from unprecedented. Despite what some may tell you, the Department of Interior has already cancelled improperly-issued leases in the Thompson Divide on two different occasions. This includes leases that were cancelled and refunded for the exact same "legal deficiency" that plagues the 25 leases you have heard about today. As I understand it, BLM has a longstanding regulation that provides for cancellation of leases issued improperly. That regulation was included as a term of the lease contracts at issue here today.

I would like to clear up one misconception that I have heard. Certain people here today would like you to believe that we seek a wilderness designation for the Thompson Divide. On our grazing allotment we have approximately 15 miles of fence, most of which runs through forested areas. I guarantee that the ranchers who have to build and maintain this fence do not want to give up their chainsaws. Additionally, the unanimous community support for protecting Thompson Divide is made up of many snowmobilers, mountain bikers and others whose use of the area would be eliminated by a wilderness designation. I often see pickups with bumper stickers opposing wilderness proposals and

favoring protection of Thompson Divide. This isn't a wilderness proposal. This is about correcting bad government actions.

One characteristic that makes Colorado's Western Slope a special place is that we as a people are fiercely independent. We are skeptical of top-down decision making that aims to tell local families and small businesses what they want and how their economies should work. In turn, our residents ask for more local control over land use and mineral leasing decisions. When it comes to the issue before us today, please know that the overwhelming majority of local governments, stakeholders, and citizens in our valley are calling on the federal government to fix its past mistakes and protect the Thompson Divide.

You should also know that the leases BLM is currently analyzing are a tiny proportion of federal leases in our area. Leases in the Thompson Divide, for example, represent less than one percent of active leases on federal lands in the state of Colorado. This is no "game changer" for the oil and gas industry, but if development were to proceed it would be a complete "game-changer" for our community especially our ranchers, outfitters and small business owners and recreationalists who rely on these lands.

The newly released Mancos report hasn't changed my opinion on what BLM should do.. I've spent hundreds of hours of my personal time dealing with this issue. It is a survival issue for me, my business, and my fellow cattlemen. If anything, the USGS assessment helps to reinforce what our communities have been saying for many years now: we just don't need to drill everywhere. Just as I do not graze cows everywhere, the BLM doesn't need to allow drilling on every acre of public land, and they shouldn't.

Our great nation is blessed with an abundant supply of natural gas. This glut has been fantastic for consumer's checkbooks, but the low price of gas has provided certain challenges for the industry. That is why the industry is working aggressively to develop shipping terminals to export this domestic product to Asia. We as a nation are not facing a shortage of gas and we do not need to explore every area.

In conclusion, I know and understand that some communities in western Colorado, in the center of the Piceance Basin, have embraced and benefitted from the petroleum industry, but our community has made a different choice. We went through the bust after the coal mines shut down. Our community then decided to transition to an economy based on agriculture, tourism and recreation. We've chosen to prioritize other uses and we've worked tirelessly with the federal government to try and protect our public lands for that reason. This decision has been very successful and our economy is thriving.

We respect the rights of other communities to chart their own destinies, and we've taken no position with regard to federal leasing decisions elsewhere. We see nothing unreasonable with asking pro-industry interests to extend us, and the significance of our local economies, the same respect.

Colorado is known around the world for its spectacular mountain country. On the Western Slope, it is our most valuable economic asset. We are fortunate to live in the heart of this country, and have learned over the years that careful stewardship of these lands will best serve our long-term economic interests. Our communities are united in the view that drilling the Thompson Divide is not an appropriate use of our public lands.

Thank you for having me here today. After a month-long bear hunt in the area, President Theodore Roosevelt described the Thompson Divide as “a great, wild country.” I invite you to come see this great wild country for yourself sometime. I’d be happy to give you the tour.

Sincerely,

William E.L. Fales