

HOW SPECULATIVE OIL & GAS LEASING IS THREATENING ECONOMIC GROWTH IN THE AMERICAN WEST

A Report from Public Land Solutions

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OVERVIEW

Quality of life has become an economic driver for many rural communities in the American West, and while this used to mean access to cheap electricity and good schools, today it means clean air and water and access to the outdoors. Businesses from around the country are looking for places to locate with high quality of life, and many communities with access to public land are poised to deliver it.

In the past, many communities surrounded by public lands were dependent on resource extraction such as oil and gas. As these communities seek to pivot towards developing recreation assets, the Mineral Leasing Act (MLA) of 1920, which governs how we manage oil and gas on our public lands, has become increasingly problematic, and is leading to rampant speculation in public lands that have little potential for future drilling, but that support recreation and other resources that are driving economic growth in nearby communities .

Currently, 90 percent of the more than 200 million acres of public lands managed by the Bureau of Land Management (BLM) remain available for leasing. Only about 10 percent of BLM lands are officially protected from leasing via national monument designations or other

protections that benefit other uses such as recreation. Leases typically last 10 years whether or not the lease-holder drills, and can be easily extended. Many of the parcels available for oil and gas leasing are marginal and sell for just \$2.00 an acre – or less if sold non-competitively. Further, at the leasing stage the system does not require the company nominating the parcel to prove that the leased land will be economically viable, which means that many of these low or no potential leases are optimal for other uses like recreation.

The MLA met certain needs in 1920, but one hundred years later, conditions have changed dramatically. First, outdoor recreation is driving economic growth in places across the West that, for years, were largely dependent on resource extraction. Not only do classic hikes



Towns like Moab, Utah thrive off public land recreation. Credit: George Clerk

and beautiful vistas attract visitors, but other recreation opportunities like OHV routes, climbing areas, whitewater rivers and mountain bike trails are attracting businesses of all types to places where their employees can afford housing and traffic is not a daily challenge. Yet, failure to update the 1920 Act will lead to more speculative leasing, which casts a growing shadow over nearby public lands and discourages recreation investments. This will stunt growth and leave communities with increasingly diminished chances for capturing the full benefits of a developing outdoor economy.

Second, to date, only half of the more than 25 million acres of public lands leased to the oil and gas industry is currently in production—so there are already millions of acres available now for oil and gas development. Indeed, several thousand approved drilling permits remain unused. In addition, there is a significant opportunity cost to BLM when it comes to managing these low and no potential leases; many places seeking to improve their recreation assets on BLM lands need recreation staffers and planners to help them execute locally supported plans. Yet, if the BLM is forced to use the bulk of its staff resources to lease low and no potential lands, other multiple uses get left behind, creating a lose/lose situation that could be corrected by updating the way we lease lands across the West.

Such an update to our leasing system

could be achieved through congressional action, like the bill End Speculative Oil & Gas Leasing Act of 2020, introduced by Senator Cortez Masto on January 16, 2020, which would largely end the leasing of low and no potential lands. It would also mean instructing the BLM to fulfill its multiple-use mandate by providing staff and resources that can improve and manage recreation assets to meet the economic development and business recruitment goals of local communities.

This paper examines 5 communities in Colorado, Nevada, and Utah where leasing low and no potential lands for oil and gas development is poised to create long-term challenges that could jeopardize economic growth opportunities available for communities adjacent to federal lands.

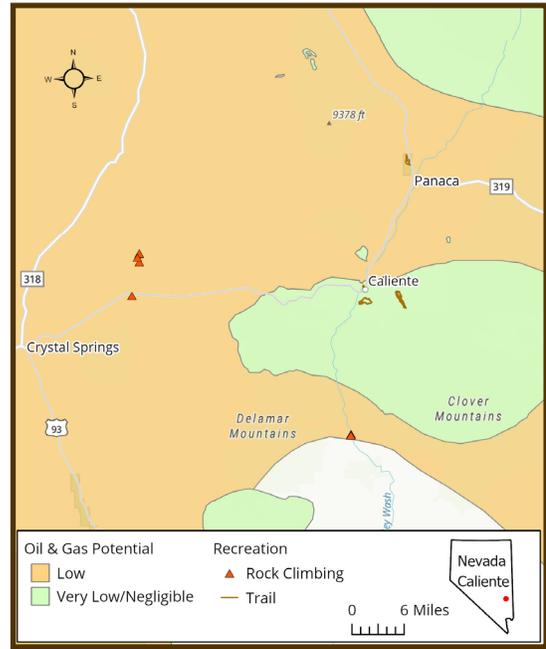


*Oil and gas infrastructure in Western Colorado.
Credit: GrandRiver*

CALIENTE, NEVADA

Nicknamed “Nevada’s Rose City,” Caliente has a growing population of approximately 1,130. Future job growth over the next ten years is predicted to be 36.4 percent higher than the U.S. average of 33.5 percent. This is due in part to an outstanding regional landscape that supports a wide range of recreation opportunities like hiking, climbing, mountain biking and off-roading. Caliente also boasts tourist attractions like a historic mission and an old Union Pacific Railroad Station. Visitors to nearby Kershaw–Ryan State Park can enjoy hiking trails, campgrounds, volleyball courts, picnic pavilions, horseshoe pits, a playground and a small natural swimming pool.

Caliente is also working hard to build a local outdoor recreation economy that features a recent investment in mountain bike trails. In 2013, the International Mountain Bicycling Association (IMBA) allocated \$5,000 from its internal budget for a preliminary review of trails in the area. The findings were positive, and the community then rallied behind the idea of developing a more detailed trail plan. This plan cost \$50,000, which was prepared with funds raised from the City of Caliente’s lodging tax; a grant from Lincoln County Regional Development Authority; and recreation fees from the BLM. Once this plan was complete, several of the partners



then began to research and secure larger grants. The City of Caliente secured \$496,000 from the Southern Nevada Public Land Management Act (SNPLMA) for the development of a bike park and parking facilities; Kershaw-Ryan State Park secured \$250,000 from the Recreational Trails Program; (RTP) and the BLM office in Caliente also secured \$1,000,000 from SNPLMA.

All combined, Caliente used these funds to develop the bike park and more than 40 miles of multi-use, non-motorized single-track trails (as designed by IMBA) across three jurisdictions: City of Caliente land, BLM lands, and Nevada State Park lands. Work is also in progress to develop an additional 25 miles of trail on BLM lands, funded again by SNPLMA, and Kershaw-Ryan State Park secured additional RTP

funds for more trails. These new trails are near lands that the BLM recently put up for auction for oil and gas development, which could significantly degrade the riding experience, put these investments at risk, and would be a bad business outcome because growing visitation and outdoor events in the area will be in need of additional trails.

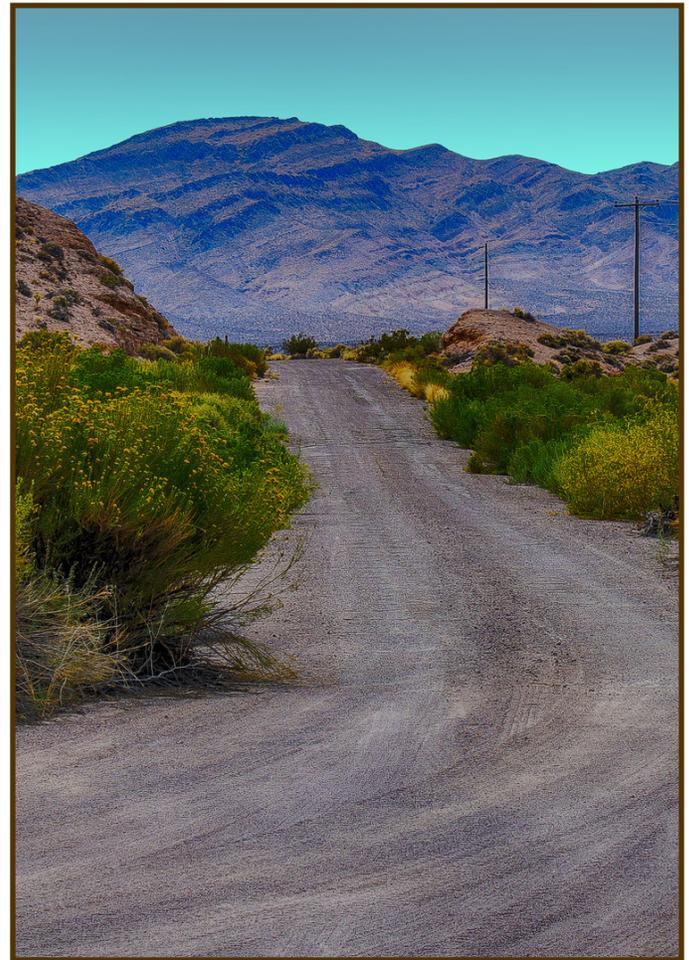
In September 2019, Caliente hosted its first annual Mountain Bike Festival at Barnes Canyon where more than 200 cyclists competed on Barnes Canyon and Kershaw-Ryan State Park single-track trail networks as well as the Caliente Super Park flow trails, dirt jumps and pump track. Local, state and federal organizations, and a range of volunteers collaborated on the construction of 30 miles of new trails to support the event. These trails will increase to 40 miles by 2020, and many Caliente locals view this event as the very beginning to a growing mountain bike movement in Lincoln County.

Last October, another bicycling event—the ninth annual Park to Park Pedal Extreme Nevada 100—attracted more than 100 cyclists pedaling through Lincoln County along Highway 93 through Caliente, Pioche and four of Nevada’s state parks: Kershaw-Ryan, Cathedral Gorge, Spring Valley and Echo Canyon.

Lincoln County also includes the beautiful Rainbow Canyon, where visitors can spend

their time hiking, auto touring and rock climbing. Other local hiking destinations around Lincoln County include Eagle Valley, Panaca, and Alamo. Auto tourists can also explore the “Extraterrestrial Highway” that runs adjacent to the Nevada Test and Training Range and includes Area 51.

As the Caliente area works to grow its regional recreation economy to attract



The view near the new mountain bike trails just outside Caliente, NV. Credit: Jennifer Agster

jobs offering of all types, the aggressive leasing of low and no potential lands for oil and gas could diminish opportunities for further trail development and outdoor access. Leasing these lands could leave the community in a lose-lose situation, with minimal chance of receiving mineral lease revenues from these areas while simultaneously threatening further trail investments.

CURRENT THREAT

Caliente's recent allocation of funds from the Southern Nevada Public Land Management Act, Recreation Trails Program, and BLM have given the town a great opportunity to grow a recreation economy through the development of bike trails. With a growing network of trails and the new Mountain Bike Festival at Barnes Canyon, Caliente is primed to become a mountain biking destination in its own right. Unfortunately, the area is surrounded by low potential lease lands that threaten to limit the expansion of their local outdoor recreation economy, and as recently as December 2019, the Trump Administration attempted to auction-off lands with low drilling potential in a popular rock climbing area south of Caliente.



A mountain biker enjoying the Barnes Canyon trail system near Caliente, NV. Credit: BLM Nevada

BOULDER CITY, NEVADA

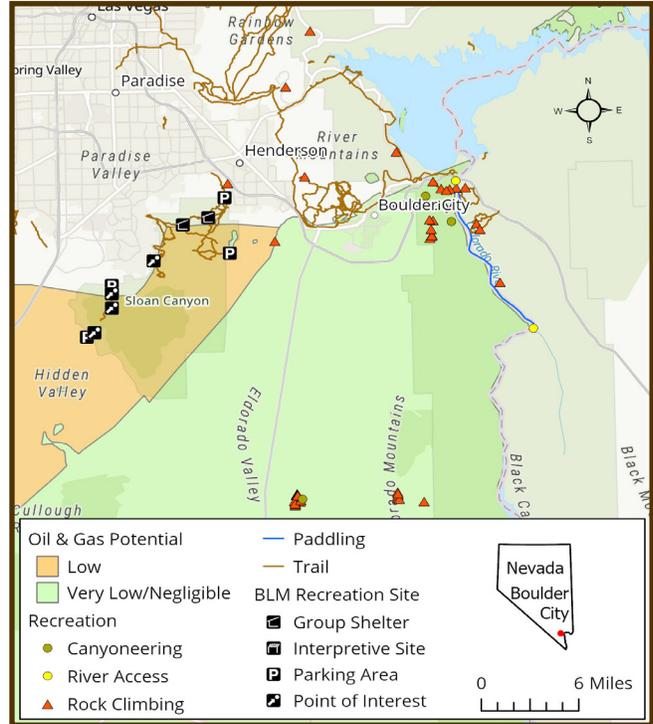
Just south of Las Vegas, Nevada, near Hoover Dam, lies the bustling town of Boulder City. First established in 1931 as a temporary home for the builders of Hoover Dam, Boulder City was established with an anti-gaming ordinance that still stands today.

With a population of 15,023, the town attracts tourists with its historic downtown district (home to the Boulder Dam Hotel and the Boulder City/Hoover Dam Museum), the Nevada Southern Railroad Museum, and of course, the Hoover Dam. In winter, the Dam Short Film Festival brings people to town for an entire week.

Boulder City is also heavily reliant on outdoor recreation. Bootleg Canyon Mountain Bike Park, named after the bootleggers who produced liquor here



*Boulder City, Nevada's historic downtown.
Credit: Denis Tangney Jr.*



during prohibition, has an impressive system of cross country and downhill mountain biking trails. IMBA designated Bootleg Canyon as an “epic ride.” Visitors can also go to the canyon for a 2,000 foot, four-course zip-lining experience.

Boulder City is also a jumping off point for Lake Mead, the largest man-made reservoir in the United States. Created with the completion of the Hoover Dam, the lake is a paradise for boaters and water-sport enthusiasts, offering year-round activities like water skiing, wakeboarding, and fishing. On the downstream side of the Hoover Dam, the Colorado River attracts those looking to raft, kayak or soak in hot springs throughout Black Rock Canyon.

Hiking is another draw to Boulder City, with miles of trails within easy driving distance of downtown. The Historic Railroad Hiking Trail, Gold Strike Hot Springs Trail and the Inner Caldera Trail are just a few of the places that provide miles of recreation for those who wish to explore the area on foot.

As Boulder City cements its reputation as an outdoor recreation community, parcels leased for oil and gas will inhibit future opportunities to add trails and maintain quality outdoor experiences. The threat of possible future oil and gas well pads placed without regard to their impact on the quality of nearby recreation experiences has the strong potential to undermine the community's reputation and degrade the recreation product offered here.

CURRENT THREAT

Boulder City, Nevada's proximity to the Hoover Dam and its historic downtown has been bringing in visitors for years, but the town's outdoor recreation opportunities have also become a major part of the local economy. Leasing lands with low or no drilling potential will inhibit the expansion of Boulder City's recreation economy as it will threaten the town's ability to maintain quality outdoor experiences.

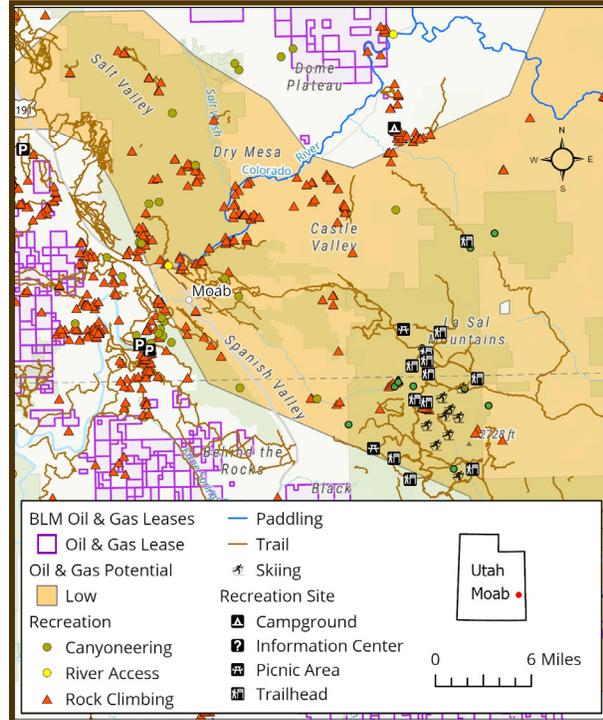


Kayaking and swimming on the shores of nearby Lake Mead. Credit: Laurie Smith

MOAB, UTAH

Moab is located on the southern edge of Grand County in southeastern Utah and attracts tourists from all over the world to nearby Arches and Canyonlands National Parks. Regional BLM lands are also a major draw for a wide range of outdoor enthusiasts. Moab has seen its job market increase by 2.9 percent over the last year and future job growth over the next ten years is predicted to be 42.8 percent, well above the U.S. average of 33.5 percent.

Moab's year-round access to expansive amounts of unique landscapes and recreation opportunities have led to the creation of one of the most sophisticated outdoor recreation product mixes in the country, if not the world. Nearly every product made by the outdoor industry in every category is used in the Moab area every day. Canyonlands National Park, the largest national park in Utah, is just over 30 miles from downtown Moab



and offers visitors spectacular views of some of the most unique rock formations on Earth. Visitors can spend their time in Canyonlands hiking, biking, rafting, auto touring, climbing, camping and horseback riding. Arches National Park is only five miles from town and is one of the country's most photographed national parks. Home to more than 2,000 natural sandstone arches including the most famous, Delicate Arch, Arches National Park boasts recreational opportunities like hiking, biking, camping, backpacking, canyoneering, rock climbing and auto touring. In 2018, the park received more than 1.6 million visitors.



Mountain bikers on Moab's world-famous Slick-rock Trail. Credit: Whit Richardson.

Recreating on BLM lands around Moab is also world-class. Mountain biking is one of the most popular activities, with famous rides like Porcupine Rim and Slickrock Trail. One of Moab's most popular annual events is the Easter Jeep Safari, an annual gathering of Jeep enthusiasts who spend nine days driving the challenging terrain of the Moab backcountry. Rafting on the Colorado River, bird watching at the Scott Matheson Preserve, and rock climbing on the countless tower formations outside of town are but a few of the other recreation opportunities that attract outdoor enthusiasts to this remote area of southeast Utah.

CURRENT THREAT

Moab has spent the last 30+ years developing a recreation economy that is the envy of the country and the world. Allowing ongoing speculative oil and gas leasing of low potential lands will prevent Moab from meeting the growing needs of visitors who expect a world class recreation experience, including mountain biking, climbing, boating, off roading, and hiking. Unfortunately, in December 2019, the Trump Administration announced an oil and gas leasing proposal on lands with low drilling potential that are adjacent to the city of Moab, overlap with more than 60% of the world-famous Slickrock mountain biking trail, and lie just a mile from Arches National Park.



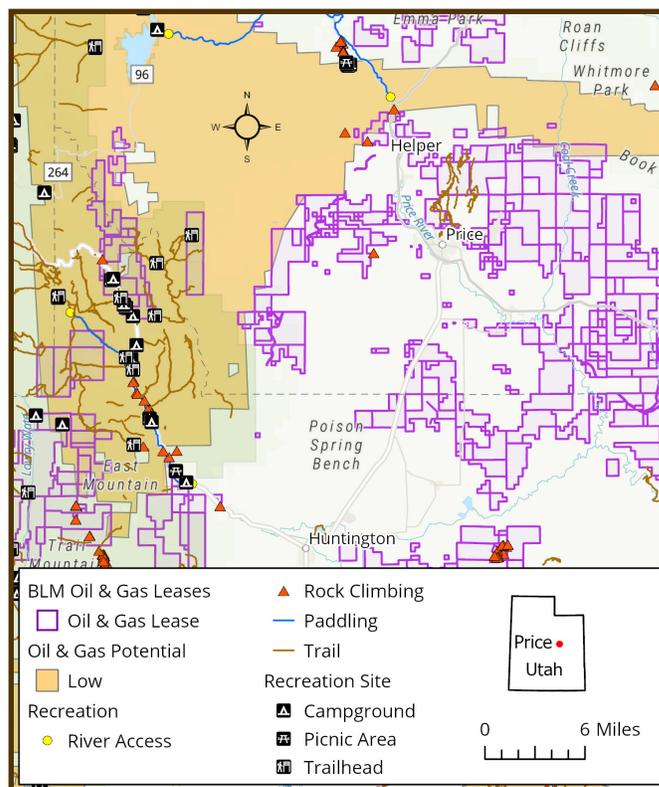
Mountain bikers race up Sand Flats Road to the Porcupine Rim Trail. Credit: Gibson Pictures

PRICE, UTAH

Price is located in west-central Carbon County at the northwestern edge of the Colorado Plateau. Within short distances of Nine Mile Canyon and the Manti-La Sal National Forest, it is a diverse community with a population of 8,715 as of 2010. The unemployment rate of Price is 4.7 percent and the job market growth over the next ten years is predicted to be 18.5 percent, lower than the US average of 33.5 percent. The average income of a resident in Carbon County is \$20,691 a year while the national average is \$28,555.

Historically, the Price region has been primarily dependent on coal mining and nearby coal fired power plants. Both of which have shown marked declines in recent years, and while talk of additional coal investment persists, many local elected officials are looking for other ways to generate and sustain economic growth. Nearby public lands surrounding Price and the nearby town of Helper provide extensive options for both motorized and non-motorized recreation.

Halfway between Salt Lake City and Moab, Price has begun to attract visitors with trails like Luke's Trail and Alan's Alley. A few miles northeast of downtown Price and the neighboring town of Wellington, Nine Mile Canyon offers some of the most



spectacular rock art in Utah. The canyon is 40 miles long and features the famous “Hunt Panel,” created by the Fremont Indians who occupied this area 1,000 years ago. While the canyon includes extensive oil and gas development, careful placement of trails could attract additional visitors to this unique area. The vast area draws visitors each year seeking to bike, camp, climb, fish, hike, ride horses, hunt and boat. Price is also near Scofield State Park, situated high in the Manti-La Sal mountains. In the summer, the park is ideal for camping, boating and fishing while the winter months offer ice fishing, snowmobiling and cross-country skiing.

Recent investments in mountain bike trails have been stimulated by the need to provide high school mountain bike racing teams from around the state additional race courses. The National Interscholastic Cycling Association has more than 4,500 student athletes in Utah alone with leagues in more than 25 states and counting. These types of regularly-scheduled competitive events bring strong revenue flows with nearly 10,000 attendees at every race. Thus, Price’s recent investment in trails has already paid dividends.

Since the potential for developing oil and gas on these lands is extremely marginal, it would be in the best interest of towns like Price to instead develop their mountain biking and outdoor tourism in order to grow the local economy.

CURRENT THREAT

With a prime location between Moab and Salt Lake City—and close proximity to Nine Mile Canyon, Manti-La Sal National Forest, and expansive BLM lands—Price, UT has high potential to grow and diversify their local economy through outdoor recreation. Because the potential for developing oil and gas in the area is extremely marginal, it’s in the town’s best interest to maximize the surrounding public land for outdoor recreation instead of speculative leasing.



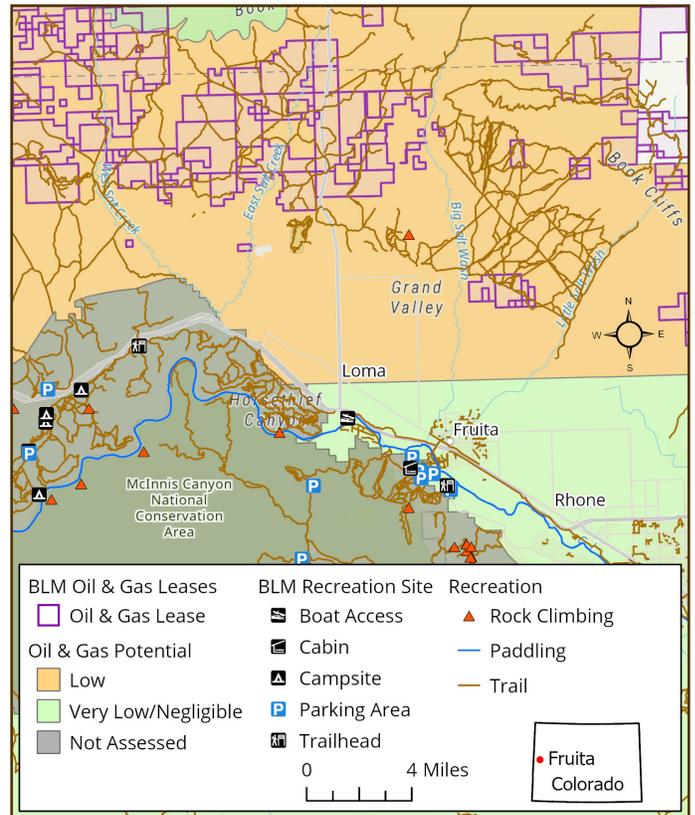
*Spectators enjoying a high school mountain bike race near Price, Utah.
Credit: Greg Child*

FRUITA, COLORADO

Fruita is located in western part of Colorado's Mesa County and has a population of nearly 13,000 people. The town borders the Colorado River, Colorado National Monument, McInnis Canyons National Conservation Area, Uncompahgre Plateau, and the Books Cliff range on the northern edge of Grand Valley. Fruita was originally founded on agriculture and then became well-known for its proximity to the Colorado National Monument.

By the late 1990s, Fruita's picturesque downtown square had begun to deteriorate as shoppers headed for nearby Grand Junction, but in recent years, the creation of extensive mountain bike trail systems has brought new life to the region. Several new restaurants and brewpubs grace the downtown area, and a wide variety of businesses have made it their home.

This transformation was achieved through the Fruita Trails Initiative. The town partnered with the BLM, Mesa County, Western Colorado Conservation Corps, the Colorado Plateau Mountain Bike Trail Association, and local businesses to build and maintain a large trail system throughout the area. Hundreds of miles of world-class trails—like the North Fruita Desert/18 Road trail system—are the perfect setting for Fruita Fat Tire Festival, which celebrated its 24th year in 2019.



Mountain biking also takes visitors into the area's backcountry for hut-to-hut trips on the Uncompahgre Plateau.

Fruita also offers visitors the opportunity to experience day and multi-day rafting trips in the Colorado River's Ruby Canyon and the James M. Robb - Colorado River State Park. Colorado National Monument, with its spectacular scenery and gigantic sandstone towers, features a 23-mile scenic drive, 40 miles of maintained hiking trails, over 30 miles of mountain biking opportunities, and dozens of challenging rock climbs such as the famous and historic Otto's Route on Independence Monument.

While oil and gas development exists in the region, Fruita’s local economy is centered around outdoor recreation and has strong growth potential as the town invests more in its local public lands. However, low and no potential land leasing simply clouds the future. Jenn Zeuner, owner of the Hot Tomato Restaurant, states that “we love living in Fruita and are so proud of how the town has evolved. We have worked hard to optimize our public lands and leasing lands for oil and gas that have little chance of ever being developed just doesn’t make good business sense.” Yet, leasing on public lands with little to no drilling potential near popular trails leaves Fruita with an ongoing threat.

CURRENT THREAT

Fruita is the perfect example of what investment in outdoor recreation can do to revive a local economy. The Fruita Trails Initiative built a large mountain biking trail system throughout the area that helped draw visitors and transform the once empty downtown to a thriving area with restaurants, breweries, and other local businesses. Speculative oil and gas leasing on public lands in the area with low and no drilling potential continues to be an ongoing threat to the area and will inhibit further expansion of the local economy.



Mountain biking along the Kokopelli Trail near Fruita Colorado. Credit: Dave Grossman

CONCLUSION

Multiple use practices on public lands must be balanced, and the needs of western communities, which are increasingly dependent on outdoor recreation and non-extractive activities for economic growth, demand an update of our country's oil and gas leasing laws. The communities introduced here represent a small portion of those who have already harnessed, or have plans to harness, the economic power of the great outdoors. It is time to update our oil and gas laws, and eliminate oil and gas leasing of public lands with low and no development potential, allowing those areas to better serve nearby communities and residents through the high quality of life that comes with proximity to lands in their natural state.

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