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18 April 2012

William H. Stallings, Chief
Transportation, Energy and Agriculture Section, Antitrust Division
U.S. Department of Justice
450 Fifth Street, N.W., Suite 8000
Washington, DC 20530.

RE: Civil Action No. No. 12-cv-00395-RPM-MEH


Dear Sir:

My husband and I are concerned to discover that Gunnison Energy Corp, owned by Bill Koch, and a second gas company, SG Interests, have colluded so that only one of them would bid on four natural gas leases offered by the Bureau of Land Management (BLM) in the area east of the Paonia Reservoir, thereby eliminating competitive bidding. We understand that a former vice president of Gunnison Energy named Anthony Gale filed a whistleblower lawsuit, and the US Department of Justice (DOJ) entered the lawsuit on anti-trust grounds. We understand that the two companies have agreed to a settlement under which they pay fines of \$275,000 each and get to keep the four gas leases.

This is a slap on the wrist to companies breaking the law for profit. It is unfair in comparison with the event in Utah, where Tim DeChristopher disrupted a BLM gas lease sale as a protest and not for monetary gain, and the DOJ penalized him with a large fine and two years in prison. In our opinion the man is a hero.

We ask that the DOJ set aside the proposed settlement and investigate the propriety of all other bids for gas leases by Gunnison Energy and SG Interests, and enforce the Sherman Antitrust Act to the fullest extent of the law, including prison time for the CEOs and other responsible officers of these two firms, and any other persons that might be involved in illegal bidding practices.

Respectfully,



Lynn E. Carroll

Attachment: Proposed SGI, GEC settlement should be set aside

Proposed SGI, GEC settlement should be set aside



Written by Ed Marston

Wednesday, 11 April 2012 00:00

Dear Editor:

Some of us can remember back to spring 2002, when Tony Gale, a geologist and vice president of Gunnison Energy Company, stood before us in crowded meetings in the North Fork Valley and told us what a great deal the natural gas wells GEC wanted to drill will be for us.

Now, 10 years later, Tony Gale is telling a different story.

In sworn testimony, he said that his firm, GEC, and its "competitor," SG Interests, had signed memorandums of understanding that let GEC stand by silently while SG Interests entered bids on gas leases in the Ragged Mountain Basin. After SG Interests won the bid, the two companies split ownership of the four leases. This agreement was in violation of federal anti-trust laws, according to the U.S. Department of Justice.

The Sherman anti-trust law allows the Justice Department to bring civil or criminal charges. In this case, Justice brought civil charges, and it allowed the two companies to get off easy: Each will pay a \$275,000 fine and Mr. Gale's legal fees in bringing the case, which he did initially as a private citizen. Why he did it, we do not know.

But what he did is expose who we are dealing with. The low bids that occurred meant that the federal government, the state of Colorado, and the local counties and municipalities got less money than they would have if the four lease sales had been conducted competitively. We all know that drilling for and production of gas puts a tremendous burden on government through roads, regulations, public health and the like. And now we learn that the companies that would put that burden on our communities acted to reduce how much money we would get to deal with these impacts.

Then there are the larger questions: The BLM, in its attempt to sell 30,000 acres of leases in this area, is intending to hand us over to natural gas companies such as GEC and SGI. The BLM's Montrose office, which has the power and we think the duty to delay or stop this lease sale until it has completed a Resource Management Plan, is rushing toward the 30,000-acre lease sale as quickly as possible.

This is the same BLM office that handled the four lease sales that left the federal, state and county governments here with less money than they should have earned.

Finally, GEC and SGI, under the terms of the proposed Justice Department settlement, get to keep the leases their alleged collusion allowed them to get at rock bottom prices. Meanwhile, a young man in Utah, Tim DeChristopher, who disrupted a BLM gas sale in his state, is behind bars for two years. Put there by the same Department of Justice that has slapped the wrist of two large corporations.

We have until April 23 to ask the Department of Justice to set aside the proposed settlement, to vigorously investigate the other BLM auctions these companies have participated in, and at a minimum to revoke the four leases that the Department of Justice alleges were obtained in an illegal manner. Some or parts of those leases by the way, underlie Mr. Bill Koch's private Ragged Mountain ranches and the BLM land he is attempting to do a land exchange for.

You can comment on this settlement by writing to: William H. Stallings, Chief, Transportation, Energy and Agriculture Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8000, Washington, DC 20530.

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