

16 April, 2012

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

From: Michael Edson
Jan Simmons
13331 4100 Road
Paonia, CO 81428

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

Mr. Stallings,

In 2004 and 2005 Gunnison Energy Corporation (GEC), owned by Bill Koch, and a second gas company, SG Interests, agreed 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 in Colorado, thereby eliminating competitive bidding. When Anthony Gale, a former vice president of GEC, filed a whistleblower lawsuit, the US Department of Justice (DOJ) entered the lawsuit on anti-trust grounds and has offered a settlement under which the two firms pay fines of \$275,000 each and keep the four gas leases. The companies continue to maintain their innocence, saying that they settled only to save on legal fees. Therefore, the settlement has not served to deter further actions of this kind by them. These leases presumably will someday be drilled and fracked in Colorado's beautiful Ragged Mountain Basin.

Another aspect of this deal is that some or parts of those leases underlie Mr. Koch's private Bear Ranch, and is the same land included in Mr. Koch's soon-to-be proposed Central Rockies Land Exchange.

The low bids 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. Drilling for and production of gas puts a tremendous burden on government through roads, regulations, public health and the like. The companies that would put that burden on our communities acted to reduce how much money we would get to deal with these impacts.

It is not fair that the two gas companies should violate the law and then get to keep the leases. We ask the Department of Justice to set aside this settlement and seek a harsher judgment.

Also, the two companies own many other leases in our area. We ask the DOJ to investigate whether they obtained those leases properly. The two companies remain in good standing with the BLM, and may be planning to bid on upcoming lease sales. We ask the DOJ to ensure that this sort of dealing does not happen again.

Sincerely,


Michael Edson


Jan Simmons