



DEPARTMENT OF  
**NATURAL  
RESOURCES**

**Strategic Plan Fiscal Year 2012-13**

**November 2011**

**COLORADO DEPARTMENT OF NATURAL RESOURCES**  
**STRATEGIC PLAN – FISCAL YEAR 2010-11**

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## **A Letter from Mike King, Executive Director of the Colorado Department of Natural Resources**

Natural resources play an integral role in Colorado's economic wellbeing. In this regard, the Department of Natural Resources plays an important role in managing the land, mineral, water, and wildlife resources in the State of Colorado. Through strategic management of these resources, the Department attempts to maximize the long-term, net economic benefits associated with Colorado's natural resources. Some of the important economic benefits associated with Department programs include:

- Water is an essential input for agriculture and many other industries. The Colorado Water Conservation Board is actively working to assure that current and future water supply needs are met. Without these efforts, an increasing amount of residential, industrial, environmental, and agricultural water needs will go unmet. Further, the Division of Water Resources assures that the senior water rights holders who rely on water for their livelihood are protected from out-of-priority water diversion and that Colorado takes advantage of all of its allocated water without violating interstate water compacts.
- Colorado has some of the best hunting and fishing opportunities in the United States. A significant number of sportsmen come to Colorado to hunt the State's deer, elk, and other game species. Others come to Colorado to fish in our Gold Medal trout streams. Also important are the many people who come to Colorado for wildlife viewing opportunities in this beautiful state. These three activities are an important part of Colorado's tourism economy. BBC Research & Consulting studied the impact of these activities and found the following: (1) hunters and anglers spend an estimated \$1.0 billion on trip expenses and sport equipment (with an estimated economic impact of \$1.8 billion if you count secondary impacts); (2) hunting and fishing support an estimated 21,000 full-time jobs in Colorado; (3) non-residents contribute about 18% or \$186 million of the trip and equipment expenditures; (4) wildlife watching activities contribute roughly \$703 million toward Colorado's economy (\$1.2 billion if you count secondary impacts) and support about 12,800 jobs in Colorado, and; (5) 59 percent of the economic activity associated with watchable wildlife comes from non-Colorado residents. [Source: BBC Research & Consulting, September 26, 2008 "The Economic Impacts of Hunting, Fishing, and Wildlife Watching in Colorado].
- Outdoor recreation at state parks (including a wide variety of activities such as boating, hiking, camping, bike riding, rock climbing, wildlife watching, and photography) is also an important of Colorado's tourism economy. Visitors to Colorado State Parks spend roughly \$571 million in local communities as part of their park visit. If you just focus on non-local visitors (people who travel 50+ miles to visit a state park), these visits generate about 70% of the economic impact (contributing an estimated \$396 million toward local economies). [Source: Corona Research, Inc's 2009 report titled "Colorado State Parks Marketing Assessment: Visitor Spending Analysis, 2008-2009"].
- Energy and mineral resources also play an important role in Colorado's economy, with almost \$12 billion in production value occurring in Colorado in 2009. This includes \$9.2 billion in oil and gas related production, \$1.1 billion in coal related production, and \$1.0 in the production of metals, uranium, and other minerals. According to the Colorado Department of Labor and Employment and the Colorado Business Economic Outlook Committee, there were over 25,000 jobs in the mineral

and energy industry in 2009 [Mineral production value from the Colorado Geological Survey. Jobs information from the University of Colorado, Leeds School of Business, “2010 Colorado Business Economic Outlook”]

Looking ahead, balancing the State’s budget remains the most important and challenging issue facing the State of Colorado. The Department of Natural Resources remains committed to helping the Governor’s Office and General Assembly in crafting and implementing innovative solutions to today’s economic challenges. In this regard, the Department is prioritizing its limited funding for the most important programs. Traditional ways of doing business are being re-examined in an effort to find efficiencies and explore ways to improve the services provided to the public. As an example, the Department has been actively working to merge two of its largest divisions – the Division of Parks and Outdoor Recreation and the Division of Wildlife – to create a single Division of Parks and Wildlife. The Department proposed this idea last legislative session and the General Assembly approved the concept by passing S.B. 11-208. To assist with implementation, an employee Transition Team was convened to create a comprehensive plan for merging the two agencies. The plan will identify ways to achieve three primary objectives. The first objective is to eliminate unnecessary duplication. The second objective is to identify the means to achieve the greatest possible efficiencies in the delivery of products and services. The third objective is to identify strategies to enhance the effectiveness of park and wildlife programs. The Transition Team is also responsible for soliciting review and feedback from employees, senior managers, stakeholders, and the public. To help meet these objectives and complete the required work, the Transition Teams is being assisted by ten distinct Working Groups that were created to explore specific areas and create the foundation for the broader discussion of the plan to merge the two agencies. The Working Groups explored the following functions within the new division: (1) field operations; (2) capital development; (3) water and real estate; (4) financial services; (5) volunteers, interpretation, and environmental education; (6) property evaluation; (7) marketing, branding, and public information; (8) customer service; (9) invasive species, and; (10) biologists and scientists.

Innovative efforts do not stop there. Through the Integrated Natural Resources FY 2012-13 decision item, the Department hopes to foster collaborative efforts by the DNR divisions to work together to solve natural resource issues. This decision item will allow divisions seeking expertise and assistance for sister DNR agencies to be able to pay for such assistance. It is my hope that this effort increases cooperation between divisions and helps to bring down some of the walls which cause agencies to focus solely on their own goals and objectives. In this time of dwindling government resources, we need the flexibility for our divisions to focus on the most important natural resource priorities regardless of organizational barriers. The FY 2012-13 DNR Budget Request also contains several change requests to consolidate Long Bill line items. These requests would provide additional flexibility to DNR, as well as reducing the amount of budgeting and accounting work that inevitably comes with more line items. The Department’s ultimate goal through all of these efforts is to reduce cost and increase performance in meeting the Department’s highest priority objectives.

The bulk of the Department of Natural Resources’ Strategic Plan is focused the highest priority objectives of the Department of Natural Resources. Consistent with the SMART Government Act (see H.B. 10-1119 or Section 2-7-201, C.R.S. for more details), this

Strategic Plan was developed to respond to the requirement that state departments implement a performance-based budgeting program. As such, for each of the high priority objectives detailed in this strategic plan, there will be an associated performance measure and associated discussion of the Department's performance against that objective.

This Introduction to the Strategic Plan includes two more sections: (1) a recap of recent accomplishments of the Department, and; (2) a preview of the challenges the Department faces in the current fiscal year and future fiscal years.

## **SECTION 1: RECENT ACCOMPLISHMENTS**

### **Colorado Oil & Gas Conservation Commission**

- In 2008, implemented the first comprehensive regulatory update in more than a decade to support the continued development of the state's oil and gas resources, encourage the use of up-to-date planning and technology, and provide additional protections for public health and the environment.
- Issued more than 25,500 drilling permits in 2007 through 2010, more than the number of permits issued in any previous 4-year period in state history, despite an unprecedented collapse of natural gas prices and a new rule, effective in 2009, that extends from one year to two years the amount of time drilling permits are valid, which reduces the number of reissued permits. It is expected that 4,800 permits will be issued in 2011. Colorado has more than 45,000 active oil and gas wells that are helping to meet the nation's energy needs, and it is currently the regional leader in new well starts.
- Significantly reduced average permitting times despite a high number of permit applications. During the first quarter of FY 2011-12 the median permitting time, statewide, was 28 days.
- Amended rules have increased protection for ground and surface water, required additional testing of oil and gas wells to identify problems, placed restrictions on operations near drinking water, provided disclosure of chemicals used downhole, and resulted in landscape level plans (covering about 480,000 acres or 750 square miles) that provide for oil and gas development and wildlife protection. Reorganized, the well inspection program has been able to increase the number of annual inspections from about 10,000 per year in 2009 to an estimated 14,000 in 2011.

- The COGCC recently won a 2011 Council of State Government Innovation Award for the “eForm” system which streamlines permitting of oil and gas operations and allows for online completion of regulatory forms. Within six months of introduction, more than 80 percent of forms submitted were being done using the new eForms online system. The new system has been a double-win: it is more convenient for industry to submit e-forms and COGCC benefits from enhanced data management and analysis. Because regulatory data can be viewed by COGCC, the Division of Parks and Wildlife, and the Department of Public Health and Environment all at the same time, permit processing times have been reduced. Public transparency has also been enhanced, as the public can query, view, and comment on oil and gas applications that are under review.

### **Division of Parks and Wildlife (Wildlife Programs)**

- The Division has negotiated with 13 oil and gas operators to create Wildlife Mitigation Agreements that will protect 519,494 acres of key wildlife habitat on Colorado’s Western Slope.
- Reauthorized the Habitat Stamp in 2009 to increase its buying power from \$3.5 million to \$6 million annually in 2011. Almost 120,000 acres have been protected under the Habitat Stamp & Colorado Wildlife Habitat Partnership Program since 2007 including 51,000 acres of public access for hunting and fishing.
- Between 2007 and 2011, the Habitat Partnership Program has awarded more than \$10.6 million in grants and leveraged an additional \$58 million in matching funds and in-kind contributions for public and private land habitat improvement projects, fencing repairs and improvements, and other projects related to reducing big game/private landowner conflicts.
- The Division continued its aggressive Aquatic Nuisance Species program which has performed more than 1,400,000 watercraft inspections and decontaminated more than 10,000 watercraft.
- Since 2007, awarded more than \$4.7 million in grants to 65 angling improvement projects across the state through the Fishing is Fun program while leveraging an additional \$3.9 million to improve habitat and access on more than 30 miles of river and stream, open or improve fishing at 44 ponds, and install more than 25 handicapped accessible fishing piers.
- With assistance from local landowners the Division successfully transplanted Moose to the Grand Mesa which was supported and encouraged by the citizens of the Grand Valley and the White River.

### **Division of Parks and Wildlife (State Park and Outdoor Recreation Programs)**

- Provided recreational opportunities for more than 12.3 million visitors, generating an estimated \$396 million for local businesses located within 50 miles of a park.
- Continued to control the spread of zebra mussels and other aquatic invasive species in the state's waterways, inspecting more than 200,000 boats in the past year.
- Have, for all practical purposes, repurposed Bonny Lake State Park into a State Wildlife Area.
- In FY 2011-12, the Division will be doing road work and trail construction at Staunton State Park. This state park has not yet been opened to the public, but would make available nearly 3,700 acres of public land for outdoor recreation. The park is approximately 45 miles southwest of downtown Denver or about 6 miles west of the town of Conifer. Currently, the Division is projecting that the park will be open for public use in the fall of 2012 or in the spring of 2013.

### **Colorado Water Conservation Board**

- The CWCB adopted a comprehensive revision of Colorado's State Drought Mitigation and Response Plan. The 2010 FEMA-required revision process resulted in a Plan that uses state-of-the-art planning techniques to prepare Colorado for drought. The Plan incorporates improvements in drought monitoring since 2001; modernizes drought monitoring indices; includes a vulnerability assessment of natural resource and economic sectors; and provides a robust drought planning toolbox for local entities, including a drought planning guidance document and additional web based resources and materials.
- Since January 1, 2007, has loaned \$196 million to borrowers for 90 water projects, including \$60 million to the Republican River Water Conservancy District to help bring Colorado into Compact Compliance.
- Completed a comprehensive update to the Statewide Water Supply Initiative (SWSI) with the Board's adoption of SWSI 2010.

- Supported the “Colorado Water for the 21<sup>st</sup> Century Act” by assessing combinations of water conservation, reuse, agricultural transfers, and new supply development for Colorado’s needs and supporting the IBCC’s development of a report to outgoing Governor Ritter and incoming Governor Hickenlooper.
- A preliminary analysis (“Phase 1” of the Colorado Water Availability Study) by the CWCB suggested that Colorado still has water available to develop on the Colorado River, although additional research is needed to better quantify how much water is still available. The study looked at hydrology, water rights, and current uses in all four West Slope Colorado River Basins, then used five separate climate change models to predict probable physical water supply in the streams in the year 2040. Phase 2 of this study will also look at water availability, but under future water demands.
- Also, in 2010-11, CWCB filed water court applications for 30 new instream flow water rights, including instream flow water rights on Big Dominguez Creek and Little Dominguez Creek in the Dominguez Canyons Wilderness Area.
- Facilitated and supported the execution of three Minutes to the 1944 Water Treaty between the U.S. and Mexico, which has provided a foundation for bi-national discussions between the United States, Mexico, and the basin states to explore water management opportunities to better meet water needs in the future for both countries.
- Developed and endorsed the Upper Colorado Stakeholder Group Wild and Scenic Management Plan Alternative and developed an instream flow recommendation that has been acted upon by the Board in order to appropriate an instream flow water right for the Colorado River between Kremmling and Dotsero.
- Worked with the Bureau of Reclamation and the basin states to issue Interim Report No. 1 of the Colorado River Basin Study, which explores the water supplies and the water demands within the entire Colorado River basin, for the first time.
- Promulgated revised floodplain rules and regulations in order to increase public safety and to reduce future flood damages along with their negative economic impacts.
- Leveraged State funds with millions of dollars of non-State funds and partnered with stakeholders to complete hazard mapping, watershed restoration, and Decision Support Systems.

**Colorado State Forest Service/Division of Forestry**

- Continued the successful implementation of the Healthy Forests and Vibrant Communities Act of 2009. In this regard, the Colorado State Forest Service issued its second “One Year Report” on the Healthy Forests and Vibrant Communities Act in January of 2011. The report addresses accomplishments to date that correspond with each section of the original legislation, including community and firefighter planning and preparedness; community wildfire risk mitigation; community watershed restoration; wildfire risk mitigation loan program; wildfire risk mitigation revolving fund; and improved outreach and technical assistance.
- Supported the extension of funding for wildfire preparedness and prevention. The measure (S.B. 11-238) extended an annual \$3.25 million transfer of funds used by the Colorado State Forest Service for various purposes, including funding for firefighting resources and equipment, as well as development of plans to address wildfires.

Note: The above funding and staff are contained in the Colorado State Forest Services, which is located in the Department of Higher Education. The State Forest Service works closely with the Department of Natural Resources and its agencies. Although the successes documented here were achieved predominantly with staff and funding outside of DNR, some of the accomplishments were aided by cooperation and coordination with the Department of Natural Resources. These successes are being included here to document the collaborative effort of the Department of Natural Resources and State Forest Service on forestry issues.

### **State Land Board**

- Revenues in the period from 2007 through fiscal year end in 2011 represent the highest revenue years on record, with total annual revenues exceeding \$122 million in FY 2010-11. This performance is due to strong demand for oil and gas leases that has resulted in record per acre “bonus” amounts paid at lease auctions.
- Completed a \$4.1 million property disposal to the City of Colorado Springs that establishes a long-term non-development agreement for a 640 acre parcel known as Manitou Section 16. The agreement allows the City to add this property to their open space portfolio.
- As of July 2011, the State Land Board projects increased revenues of \$2.2 million and increased land value totaling \$83.1 million as a result of projects funded by \$13.2 million from the Investment and Development Fund.

### **Division of Water Resources**

- The DWR is moving forward with draft well measurement rules for tributary water in the South Platte Basin (Water Division No. 1). Additionally, the Division continued to work on approval for the Colorado Compact Compliance Pipeline (CCP) in the Republican River Basin. The Republican River Water Conservation District has accepted a bid for construction of the CCP, with an anticipated start date of September 2011.
- The Irrigation Improvement Rules were promulgated and delivered to the Water Court for Water Division No. 2 for approval in September 2009. Over 20 objections to the rules were filed; however DWR was able to settle with all the objectors and the Water Court issued a decree approving the rules in November 2010. The Irrigation Improvement Rules became effective in 2011; as of July 1, 2011 the State Engineer approved the first Compact Compliance Plan under the Rules.
- The State Engineer formed a Special Advisory Committee to assist in the development of overall Rules and Regulations regarding the use of groundwater in the Rio Grande Basin. The Rules Governing the Withdrawal of Ground Water in Water Division No. 3 are anticipated to be completed and submitted to the Water Court in late 2011. Work continues on updates and refinements to the RGDSS Model.
- In the Colorado River Basin (Water Division No. 5), negotiations between Denver Water and several west slope water interests (“the Colorado River Cooperative Agreement”), has made significant progress. The DWR will continue to support negotiations and the administrative/accounting needs of all parties involved. The settlement will resolve long standing issues between east slope and west slope water use demands and reduce overall litigation between numerous parties and the State of Colorado. DWR is working with the CWCB to collect baseline data on prior and perfected water rights in the Colorado River system and to develop strategies to avoid initiation of a “compact call” on the Colorado River in the event long term flows on the Colorado require the upper basin States to limit water use.
- Under the Animas-La Plata Compact and federal authorization, the Ridges Basin Dam, pumping plant and pipeline were constructed (Water Division No. 7). The Animas-La Plata Project came on-line in FY 2010-11 with the filing of Lake Nighthorse. Compact deliveries may begin in FY 2011-12. Colorado continues to work with New Mexico and the other project water users in developing an administrative protocol for project water delivery to the users in both states.

### **Colorado Geological Survey**

- Secured \$8.8 million in Recovery Act funds for “*Characterization of Most Promising Sequestration Formations in the Rocky Mountain Region,*” a public-private research project that will investigate the suitability of geologic formations deep under northwestern Colorado for long-term sequestration of carbon dioxide.

- Acquired over \$11 million in federal grants with an investment of \$1.1 million in State matching funds. The federal grants are competitive, non-recurring grants which benefitted the State's economy during a difficult time and addressed Colorado's needs in groundwater, minerals, energy, and geological hazards.
- Published the award-winning *Collapsible Soils in Colorado*, the first comprehensive look at one of the most significant and damaging geologic hazards in Colorado.
- Updated "*A Guide to Swelling Soil for Colorado Homebuyers and Homeowners, Second Edition.*" Swelling soils are the most damaging geologic hazard in Colorado.
- Completed several groundwater publications/reports/maps for the Front Range aquifers and aquifer recharge and storage evaluations. These studies provide essential information to water districts, local governments, State agencies and the public about the potential depletion of groundwater and the ability to recharge and store water in aquifers.
- The Colorado Geological Survey published two maps of Colorado's geothermal resources. One map shows the state's geothermal gradient, or the rate at which temperature increases underground. The second plots the location of inactive or abandoned oil and gas wells near geothermal resources. While Colorado does not yet have any geothermal power plants, the U.S. Bureau of Land Management has begun the process of leasing federal lands for geothermal development. It is further hoped that continued CGS research will help further promote geothermal energy development in Colorado.
- Completed the report, "*CO<sub>2</sub> Sequestration Potential of Colorado*", providing a detailed characterization of the carbon dioxide emissions and carbon storage potential in Colorado. This publication has been used extensively by stakeholders to evaluate potential sites for future power plants.
- Cooperating with local governments, reviewed over 99,000 acres in proposed land developments for the presence of geological hazards to keep homes and critical infrastructure from exposure to landslides, rockfall, flooding, mudslides, mine subsidence, swelling soils, collapsible soils, and avalanches.

### **Division of Mining, Reclamation and Safety**

- In September of 2010, the Mined Land Reclamation Board (MLRB) approved changes to the Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal and Designated Mining Operations. Rule changes resulted

from rulemaking conducted to implement changes to the Colorado Mined Land Reclamation Act, which was amended by the passage of three bills in 2008: SB 08-228, SB 08-169 and HB 08- 1161. The trio of laws established new rules to protect Colorado's groundwater during in-situ uranium mining, revised existing rules regarding the disclosure of additional information during prospecting activities and updated hard rock mining fees. Among the key provisions of the new rules: All uranium mines are now Designated Mining Operations, requiring detailed environmental protection plans. In-situ leach uranium mine applications must protect groundwater to existing conditions or to state ground water standards. In-situ leach uranium mine applications must demonstrate that the proposed mining technology has been used at five other locations without harming groundwater quality. In-situ leach uranium mine applications must include detailed baseline hydrology information. In-situ leach uranium mine applicants cannot receive a permit if the applicant is in violation at another operation. Prospecting notices are now largely public information. Public comment is now allowed on prospecting notices. DRMS may now assess in-situ leach uranium mine applicants for extraordinary costs associated with permit reviews.

- Maintained oversight on 1,431 construction material mines, 116 hard rock/metal mines and 242 prospecting sites, including approximately 182,000 acres under permit. Conducted 593 inspections and managed 625 permitting actions.
- Conducted ongoing regulation of 41 coal mine permits (including 10 actively producing operations) and 116 exploration sites, covering 166,000 acres. Conducted 395 inspections and 200 permitting actions.
- Last year the Inactive Mines Program infused \$7.5 million into the state's heavy civil construction and technical consulting business economy through a distribution of approximately 121 federally funded abandoned mine safeguarding/reclamation contracts per year. These funds included \$399,458 of American Recovery and Reinvestment Act (ARRA) funding.
- During the past five years 16,382 acres have been released from Phase I of the Coal Program's bonding process and 13,954 acres have been released from Phase II, and 13,235 acres from Phase III (completion of all phases can take up to 10 years to conclude). These releases make Colorado the leader among western states in achieving successful bond releases.

## SECTION 2: FY 2012-13 AND BEYOND - PREVIEW AND KEY BUDGET CHALLENGES

As we look to the future, I believe there are a few key challenges facing the Department of Natural Resources and the State of Colorado:

**Challenge #1: Water Supply** – The Colorado Water Conservation Board completed a comprehensive update to the Statewide Water Supply Initiative (SWSI 2010), which examined Colorado’s projected water supplies and water demands. SWSI 2010 concluded that Colorado faces a shortage of water for meeting the state’s consumptive and nonconsumptive water needs. SWSI 2010 also concluded that in order to meet Colorado’s water needs, a mix of local water projects, conservation, reuse, agricultural transfers, and the development of new water supplies should be pursued concurrently. SWSI 2010 also found that Colorado’s municipal and industrial water supply need continue to grow and that Colorado will need an additional 600,000 to 1 million acre feet of additional municipal and industrial water by the year 2050. Funding the infrastructure to meet these water needs will cost billions of dollars. Additional moneys will be needed to develop, study, and design projects and solutions to meet these water needs.

Unfortunately, a total of \$173 million will have been transferred from CWCB cash funds to the General Fund in FY 2008-09, FY 2009-10, FY 2010-11, and FY 2011-12. On top of that, this budget request will include a proposal to transfer additional moneys (\$33.85 million) from the CWCB Perpetual Base Account to the General Fund in FY 2012-13. The State of Colorado and the Department of Natural Resources face a major challenge in meeting future water supply demands in light of dwindling funding for water programs. The General Fund transfers have greatly diminished the ability of the CWCB to issue loans and non-reimbursable grants for water projects and programs. The CWCB has over \$100 million in water projects identified in its loan prospect summary report. These projects are needed in the near future to meet projected water supply needs of municipalities, industry, and agriculture. This is not a future problem that the State can defer in solving until after the budget problems are solved. The State’s water supply challenges are immediate. It can take years to plan, permit, and construct major water projects. As an extreme example, the Animas-La Plata water project was first approved as part of the 1988 Colorado Ute Indian Water Settlement Act. The final filling of the associated reservoir is only just finishing now which will, over twenty years later, provide a new source of water supply to Southwest Colorado. Given the required lead time to implement solutions, failure to adequately address water supply issues today will almost assuredly lead to water supply problems in the near future and the need to implement more expensive solutions. Water shortages, implementation of more expensive solutions, additional drying up of agricultural lands, potential violations of interstate water compacts, and/or further depletions of groundwater are all possible results of Colorado not proactively planning for and addressing its future water supply needs. On the positive side, it is estimated that \$20.0 million would be available under the Governor’s budget request for water project loans from the Perpetual Base Account in FY 2012-13.

**Challenge #2: Efficiently Operating Parks and Wildlife Programs** – As mentioned previously, S.B. 11-208 set in motion the merging of the Division of Wildlife and the Division of Parks and Outdoor Recreation. Due to the significant overlap in core elements of these two former agencies, the merger provides a unique opportunity to operate more efficiently. While we are currently in the process of reviewing hundreds of pages of recommendations from the Working Groups, the reality remains that there is much work ahead to fully and successfully implement a merger of these two large divisions. The recommendations of the Working Groups, Division managers, and our stakeholders will provide an important opportunity to explore and implement a wide variety of ideas to help improve the financial standing and operation of both parks and wildlife programs. Looking forward, population growth, forest health issues, and numerous other social, economic, and natural factors are constantly presenting new challenges to the successful operation of park and wildlife programs. To successfully address these challenges, park and wildlife programs must operate more efficiently. As we change the way we operate, we must be mindful of: (1) the 12 million people each year that visit state parks; (2) the 300,000 licensed hunters each year that hunt in Colorado; (3) the roughly 685,000 licensed anglers each year that fish in Colorado; (4) the numerous citizens and visitors alike who enjoy viewing Colorado’s wildlife, and; (5) the significant impact that park and wildlife programs have on local economies. By improving the way we operate, Colorado’s state park and wildlife programs can better address current challenges, continue to be an important part of Colorado’s tourism economy, and remain a treasured asset that helps to make Colorado such a special place for residents and visitors alike.

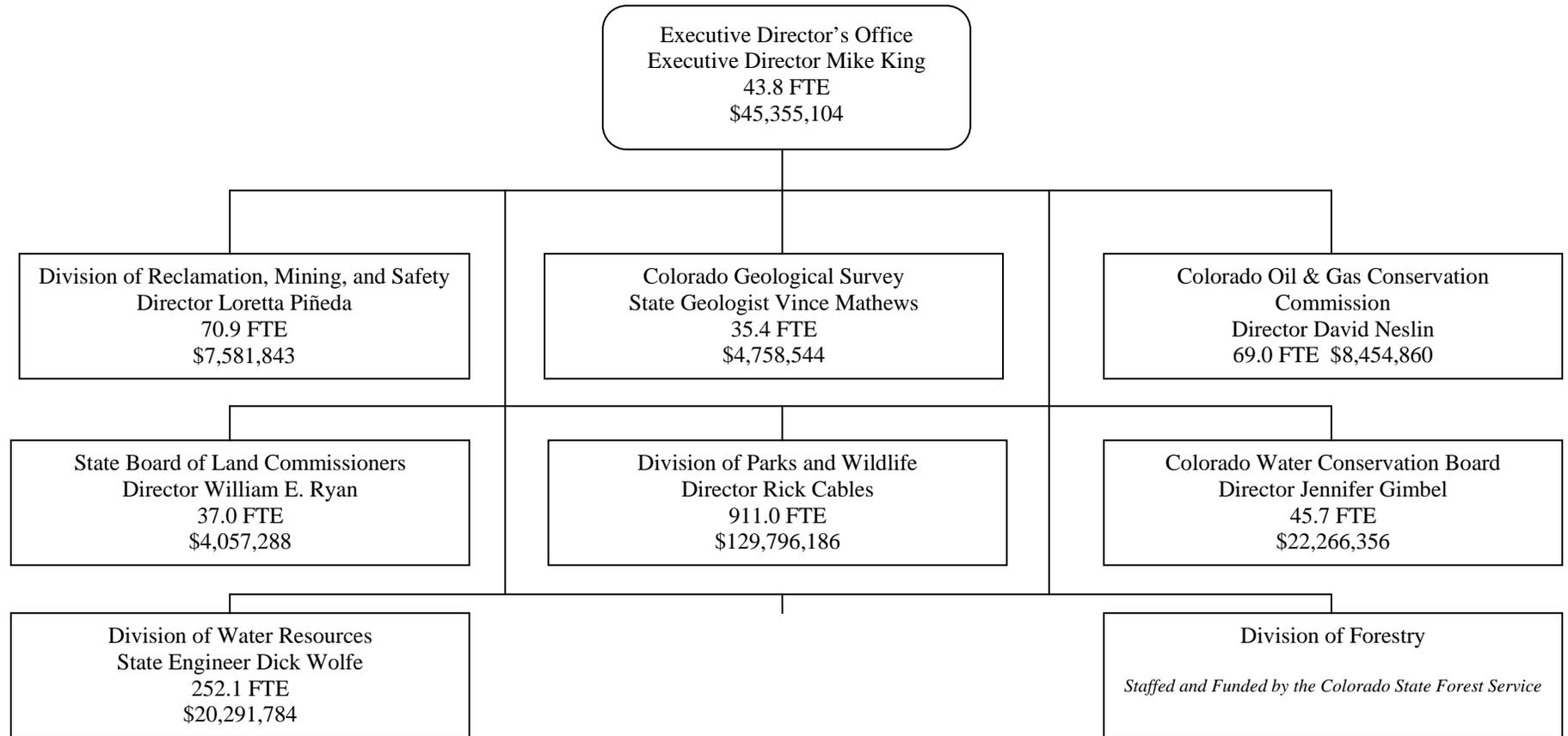
**Challenge #3: Finding Alternative Revenue Sources for Parks and Wildlife Programs** – Both prior to and separate from During FY 2011-12, General Fund support of State Parks was completely eliminated; in the early 1990’s General Fund support of State Parks exceeded 30 percent. While severance tax support has backfilled some of this loss, severance tax support of State Parks is also declining and over-reliance on this volatile revenue stream is not prudent. Similarly, Wildlife programs face two significant financial challenges. First, it was recently discovered that the Wildlife Cash Fund reserve had been overstated in certain budgetary documents. The correction of the errors resulted in an unobligated cash reserve of \$16.2 million in the Wildlife Cash Fund at the end of FY 2010-11. A long standing requirement exists that unobligated cash reserves be maintained at ten percent or more of annual revenues. The cash reserve was met at the end of FY 2010-11, albeit barely. Additional strategies may be needed to maintain the required reserve in FY 2011-12 and beyond. Further, there is a national trend whereby the total number of people hunting across the United States is declining. Hunting revenues comprise a majority of the agency’s revenues and subsidize fishing and non-game species protection programs. As such, potential reductions in hunting license sales have the potential to significantly affect all of the Division’s wildlife programs. Given all of these challenges, the successful and sustainable operation of park and wildlife programs over the long-term will likely require Colorado Parks and Wildlife to seek alternative sources of revenue.

**Challenge #4: Balancing the Development of Natural Resources with Conservation and Preservation** – All natural resource policy should emphasize a thoughtful and appropriate balance between developing and beneficially using the natural resources and conserving and preserving such resources for current and future generations. Nowhere is achieving the right balance more important

that with oil and gas development. On the one hand, it is vital that we protect human health and safety, safeguard wildlife and wildlife habitats, and prevent our State's precious water supplies from being impacted by oil and gas development. On the other hand, oil and gas are significant contributors to the State economy, providing thousands of jobs to Colorado residents as well as providing corporate taxes and severance taxes to State government. Providing regulatory certainty to the industry is important to foster continued growth and development of the industry in Colorado. Of particular interest is assuring local governments that the established rules and regulations are clear, appropriately enforced, and adequate to protect local interests. If this effort fails, the State risks local governments passing inconsistent local regulations which may fail to achieve the appropriate balance between development and conservation. This type of uncertainty and potentially over-protective regulation may make the oil and gas industry feel unimportant and unwelcome in this State, which could have severe economic impacts on Colorado's economy.

Mike King  
Executive Director, Colorado Department of Natural Resources

# Colorado Department of Natural Resources



**1465.6 FTE      \$242,541,965 Total Funds**

**\$23,422,123 GF    \$191,031,122 CF    \$8,480,565 RF    \$19,608,155 FF**

# Colorado Department of Natural Resources

## Strategic Plan

The Colorado Department of Natural Resources (DNR) is responsible for the management of the water, land, wildlife, minerals/energy/geology and outdoor recreation resources of the State. Its mission is to develop, preserve and enhance Colorado's natural resources for the benefit and enjoyment of current and future citizens and visitors. The Department of Natural Resources consists of eight divisions plus an Executive Director's Office. Collectively, these divisions carry out the Department's responsibilities for natural resources management, which includes use or access to some resources, promotion of the development of select resources, and the protection or preservation of other resources.

### Mission Statement

Colorado is blessed with a wealth of natural resources, including beautiful landscapes, abundant energy and mineral resources, diverse wildlife, and unique geology. The State's high quality natural resources play a significant role in the high standard of living enjoyed by Coloradans. Out-of-state visitors and Coloradans alike enjoy hunting, fishing, outdoor recreation, and visiting Colorado State Parks. In this regard, natural resources are an important part of Colorado's tourism industry and play an important role in Colorado's economy.

With these benefits comes the responsibility of good stewardship. As people move to Colorado to enjoy all that the state has to offer, stresses have been placed on resources such as water supply and wildlife habitat. Mineral and energy development must be undertaken in a responsible manner that protects the quality of Colorado's water and wildlife habitat resources. The Colorado Department of Natural Resources acts as a leader in coordinating the protection of natural resources with the federal government, other state agencies, local governments, businesses, and private citizens. By soundly managing Colorado's natural resources, future generations of Coloradans will enjoy the same high standard of living enjoyed today. The Department's mission also includes the promotion of outdoor recreation as well as natural resources education.

### Vision Statement

Under the leadership of the Department of Natural Resources, Colorado will:

- **Water** - Provide for the long-term municipal, industrial, and agricultural water needs of the State in a way that recognizes and provides for the instream flow needs of fish, wildlife, and recreation. Through the Roundtables and Interbasin Compact Committee processes, Colorado's river basins work to find ways to share water in ways that generate win/win results for all

parties. Colorado achieves greater efficiencies in water use through conservation, reuse, conjunctive use, and exploration of water projects that benefit all parties. The State finds alternatives to the permanent transfer of water from agricultural use to municipal use, thereby avoiding the permanent loss of irrigated agricultural lands and associated benefits.

- **State Parks** - Maintain a system of parks across the State that offers diverse outdoor recreation opportunities, protects high quality landscapes for current and future generations, and fosters natural resource education. Colorado State Parks remain affordable to all Coloradans, provide excellent customer service to visitors, and maintain safe, high-quality park facilities.
- **Energy** - Promote responsible and sustainable development of Colorado's energy and mineral resources in a manner that is consistent with environmental protection, maintenance of Colorado's quality of life, and protection of Colorado's diverse economic base. Promote renewable energy, innovative technology, and energy efficiency as part of sustaining Colorado's long term energy supply.
- **Wildlife** - Manage and conserve healthy and sustainable wildlife populations for the benefit of current and future Coloradans.
- **State Lands** – Manage state school lands held in a perpetual, inter-generational trust for the benefit and support of public schools. Through prudent and strategic management, the Department will protect the long term value of these trust assets. Recognizing that the long term economic productivity of all lands held in public trust is dependent upon sound stewardship, the Department will protect and enhance the beauty, natural values, open spaces, and wildlife habitat on trust properties.

With a diverse mission, the employees, volunteers, and partners of the Colorado Department of Natural Resources will be highly motivated, knowledgeable, and committed to finding creative, thoughtful, innovative, and cost-effective solutions to Colorado's many natural resource issues. Educating the public and engaging younger generations will be a key part of the long-term effort to protect Colorado's natural resources. The Department is passionate about and committed to its duty to the wise management and conservation of Colorado's incredible natural resource portfolio.

## **DEPARTMENT OF NATURAL RESOURCES PERFORMANCE MEASURES**

Each division in the Department of Natural Resource has contributed to the Department's Strategic Plan. It should be noted that many of the Department's divisions have their own strategic plans, which will provide more detailed information than is contained in this Strategic Plan. This document intends only to summarize performance related to a select few of the Department's highest priority objectives.

Given the diverse statutory missions and programs of the Department's eight divisions, the Department's 1,500+ FTE, seasonal employees, temporaries, and volunteers work every day on a wide variety of Department objectives. Below, the Department has chosen seven key performance measures to be used in measuring the Department's success in meeting high priority objectives. While accepting these measures as the highest profile measurement of the Department's performance, the Department cautions readers that performance evaluation should start, but not finish with, an evaluation of the performance measures. Measuring performance for natural resource programs is complex and often multi-dimensional. For example, good management of the State's water resources might involve: (1) protecting water quality; (2) enhancing municipal, industrial, and agricultural water supply; (3) ensuring water is put to beneficial use; (4) ensuring the delivery of water to other states and countries in accordance with interstate water compacts; (5) regulating water use to be sure water is consumed only by legally entitled users; (6) ensuring water is flowing through rivers and streams at the appropriate amounts and proper times to enhance wildlife and wildlife habitats; and (7) analyzing groundwater resources to be sure that such use is sustainable. In this regard, the Department's management of water resources is not easily measured by a single metric. Further, it is important to recognize that "Mother Nature" has a significant impact on the Department's ability to achieve desired outcomes. External factors which can affect natural resource related outcomes include drought, forest fires, heavy snowfall / inclement weather, social and economic trends, and outbreaks of wildlife disease. With these difficulties in mind, the Department will attempt to provide narrative clarification and background to help analyze performance.

## DNR-1. Species Conservation

*Objective: Protect the diversity of Colorado’s wildlife resources*

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>
<b>Number of species on the “Species of Greatest Conservation Need” list</b>	Benchmark	210	210	210	210
	Actual	210	210	Unknown	Unknown

*Strategy:*

The Department continues to identify and implement creative strategies to stabilize and enhance native species populations and to recover threatened and endangered species in ways that minimize adverse impacts on local governments, private landowners and other citizens. In order to prepare the federally-required “Colorado Wildlife Action Plan”, the Colorado Division of Parks and Wildlife (CPW) developed a set of criteria for identifying the “Species of Greatest Conservation Need.” Maintaining healthy wildlife populations and ecosystems is one of the major components of the DPW’s mission. This measure focuses more broadly on overall ecosystem health and can be viewed as a barometer of the health of wildlife in Colorado. Species on this list are targeted by conservation programs so as to secure wildlife populations such that they do not require protection via federal or state listing regulations.

*Evaluation of Prior Year Performance:*

The Comprehensive Wildlife Conservation Strategy was finalized in FY 2006-07. This plan is a ten-year plan and as required by the Fish and Wildlife Service, prior to 2015 when the plan must be revised, an assessment will be made as to the status of the species listed and what accomplishments have been made. The Division currently has over 70 recovery and conservation plans targeted to either individual species or ecosystems and these plans are being implemented over this ten year period. The first time that the actual outcome will deviate from the benchmark outcomes will be evident in the FY 2015-16 actual data once the results of the ten year plan have been analyzed.

## DNR-2. Outdoor Recreation

*Objective: Provide and promote a variety of outdoor recreational opportunities for citizens and visitors.*

Performance Measure	Outcome	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request
<b>Annual Visitation to State Parks *</b>	Benchmark	12,360,000	12,480,000	12,387,874	12,600,000
	Actual	12,295,354	12,338,520	Unknown	Unknown

\* Note: The Division is in the process of installing Entrance Automation stations at pilot parks throughout the Parks system. This number may be adjusted depending on the outcome of this project.

### *Strategy:*

The total number of visitors to Colorado’s 42 state parks has grown over the past five years, due in part to expanding the number of state parks and the recreational opportunities within the parks. Another factor contributing to this increase in visitation is the growth in Colorado’s population over the past five years. The desired outcome for this performance measure is an annual increase in total visitation to state parks, and is consistent with the Division-wide Marketing Goal which states that State Parks will: “*Retain current and acquire new customers through exceptional service and by improving State Parks’ visibility with innovative marketing.*” This will be carried out by broadening the Agency’s visibility, maintaining high-quality recreation opportunities for existing visitors, and expanding in-state and regional marketing efforts to attract additional visitors. As we move forward, the Department’s performance in this area will have to be considered in light of the overall budget provided to State Parks and actions taken to address the loss of General Fund support. Operations at Bonny Lake State Park have already been reduced and additional proposals to reduce operations at other state parks may be considered in order to improve the long term financial sustainability of the state park system. Because the Parks and Wildlife Commission has not approved any such actions as of the writing of this budget request, the benchmark visitation for FY 2012-13 shown above is based on current operations. However, if additional reductions in operating budget for state parks were implemented, this visitation estimate may not longer be realistic.

### *Evaluation of Prior Year Performance:*

Visitation increased 0.4% in FY 2010-11 over FY 2009-10. This was probably due to a number of factors, including overall population growth of the state, and development of new parks facilities. The summer months are by far the busiest of the year.

### DNR-3. Compact Compliance

*Objective: Maximize efficient use of Colorado's water resources in compliance with interstate compacts*

Performance Measure	Outcome	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request
Overall compliance with interstate water compacts (expressed as a percentage)	Benchmark	100%	100%	100%	100%
	Actual	88%	88%	Unknown	Unknown

*Strategy:*

It is critical that the State of Colorado meet its contractual water delivery obligations for each of its nine compacts, two United States Supreme Court decrees, a U.S. Treaty, and interstate water allocation agreements, while simultaneously protecting the right of Colorado to develop its full interstate compact apportionment. Each compact, agreement, and decree has different compliance components that must be met. This performance measure demonstrates whether Colorado is in compliance overall with respect to each of these. Compliance is measured by water accounting for each compact, agreement, and decree. The performance measure will assess the overall compliance based on each respective accounting method.

*Evaluation of Prior Year Performance:*

For FY 2010-11, the State of Colorado was in compliance with both U.S. Supreme Court Decrees, all agreements, and eight (with exception noted below) of its nine compacts (not in compliance with the Republican River Compact). The Animas-La Plata Project (component of the Animas-La Plata Compact) came on-line in FY 2010-11; with the filing of Lake Nighthorse, compact deliveries may begin in FY 2011-12. The La Plata River Compact is not considered in this analysis due to unresolved accounting issues. Operational issues for the compacts and percentage of compliance follow:

1969 Animas-La Plata Project Compact	100%
1949 Arkansas River Compact	100%
1922 Colorado River Compact	100%

1963 Amended Costilla Creek Compact	100%
1922 La Plata River Compact	N/A
1942 Republican River Compact 2002 Final Settlement Stipulation	0%
1938 Rio Grande River Compact	100%
1923 South Platte River Compact	100%
1948 Upper Colorado River Compact	100%

**Republican River (Republican River Compact)**

Numerous actions have been taken by the Colorado State Engineer in the Republican River Basin over the past fiscal year to assist Colorado to achieve compliance with her obligations in relation to the Republican River Compact. Principally, Colorado formally proposed the idea of a Compact Compliance Pipeline (CCP) to the State of Kansas and Nebraska for compliance with the Republican River Compact; Nebraska supports approval of the CCP, while Kansas does not. Colorado continues to work with Kansas and Nebraska to develop an amicable resolution for approval of the proposed CCP. The Colorado State Engineer participated in an arbitration hearing on the CCP in July 2010. In October of 2010, an Arbitrator found that Kansas was not un-reasonable in its denial of the resolution; however, she noted that the states needed to work toward a settlement. Colorado and Kansas continue negotiations through 2011. The Republican River Water Conservation District has accepted a bid for construction of the CCP, with an anticipated start date of September 2011. Major federal conservation programs such as the Conservation Reserve Enhancement Program (CREP), Environmental Quality Incentives Program (EQIP), and the Agricultural Water Enhancement Program (AWEP) have been extremely successful in retiring irrigated acreage in the Republican River Basin in Colorado. As of FY 2010-11, the cumulative annual total number of acres participating in land conservation programs (temporary and permanent), to which the DWR is a technical or regulatory participant, was 32,662 acres.

Measurement rules were promulgated in July 2008, requiring metering of all wells within the Republican River Basin effective March 2009. With the help of additional enforcement staff, measurement devices are in place on almost all the approximately 4,000 high capacity wells in the Republican River Basin. Data have been collected and are currently being evaluated. In FY 2010-11, the Colorado State Engineer also ordered release of approximately 5,007 acre-feet of water stored in Bonny Reservoir to reduce Colorado’s water consumption now and in the future.

### **Arkansas River (Arkansas River Compact)**

In an effort to avoid potential future violations of the Arkansas River Compact, the Colorado State Engineer formed a special advisory committee to assist in developing rules that dealt with irrigation improvements made in the Arkansas River Basin to surface water irrigation systems. These improvements are subject to the Arkansas River Compact under certain circumstances. After over two years of work by the committee, the Irrigation Improvement Rules were promulgated and delivered to the Water Court for Water Division No. 2 for approval in September 2009. Over 20 objections to the rules were filed; however DWR was able to settle with all the objectors and the Water Court issued a decree approving the rules in November 2010. The Irrigation Improvement Rules became effective in 2011; as of July 1, 2011 the State Engineer approved the first Compact Compliance Plan under the Rules.

### **Rio Grande (Rio Grande Compact)**

In the Rio Grande Basin, an advisory committee was formed in 2009 to assist the State Engineer in drafting rules to address injurious depletions caused by ground water use, sustainability of aquifers, setting an irrigation season, developing ground water subdistricts and ground water management plans to prevent injury to senior water rights, and avoiding interference with the Rio Grande Compact. The Rules Governing the Withdrawal of Ground Water in Water Division No. 3 are anticipated to be completed and submitted to the Water Court in late 2011. Work continues on a CREP application for the Rio Grande Basin for retirement of approximately 40,000 acres in the Rio Grande Water Conservation District's Subdistrict No.1.

### **Colorado River (Colorado River Compact and Upper Colorado River Compact)**

Colorado is subject to the Colorado River Compact and the Upper Colorado River Compact. These compacts allocate a portion of the flows in the Colorado River Basin to Colorado's use. With uncertain future climatic conditions and growing demand for water from this system, Colorado is considering how compact obligations can be met in the event insufficient water is available to meet our obligations. The DWR is working with the Colorado Water Conservation Board (CWCB) to complete studies to determine current needs and depletions in the Colorado River Basin and to assist in developing strategies as to how water rights would be administered on the Colorado River and its tributaries in the event Colorado could not meet its obligations under the compacts.

### **La Plata River (Animas-La Plata Compact and La Plata River Compact)**

To assure compliance with the La Plata River Compact, DWR supported the La Plata Water Conservancy District, the Southwestern Water Conservancy District, and the Colorado Water Resources and Power Development Authority's construction of the Long Hollow Reservoir, which will include a pool of water to assist Colorado in meeting our obligations under the La Plata River Compact. The Colorado Water Resources and Power Development Authority funded the dam design from set-aside Animas-La Plata settlement funds with the Indian tribes in the area.

Under the Animas-La Plata Compact and federal authorization the Ridges Basin Dam, pumping plant and pipeline were constructed. The Animas-La Plata Project came on-line in FY 2010-11 with the filing of Lake Nighthorse. Compact deliveries may begin in FY 2011-12. Colorado continues to work with New Mexico and the other project water users in developing an administrative protocol for project water delivery to the users in both states.

**Costilla Creek (Costilla Creek Compact)**

Colorado is in full compliance with this compact.

**South Platte River (South Platte River Compact)**

Colorado is in full compliance with this compact.

## DNR-4. Wildlife Recreation

*Objective: Provide hunting and fishing recreation opportunities for citizens and visitors to Colorado*

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>
<b>Number of Licensed Hunters in Colorado (Based on Calendar Year)</b>	Benchmark	305,000	305,000	305,000	305,000
	Actual	288,098	286,363	Unknown	Unknown

### *Strategy:*

Providing hunting recreation opportunities is one of the major components of the DPW mission. Hunting recreation produces substantial economic benefits for Coloradans, particularly those in small rural communities. The number of people who actually hunt in Colorado is the outcome of many factors and reflects the success of the DPW's attempts to manage big-game populations, to provide public access, to recruit new hunters to the sport, to provide a quality experience that causes hunters to return year after year to hunt in Colorado, and to inform and educate the public about hunting opportunities. Nationally, demographic trends suggest that the number of hunters in the United States will decline in the coming years. In Colorado, continued pressure on wildlife habitat may reduce big game populations. Maintaining the current number of hunters in spite of these trends will be a challenge.

### *Evaluation of Prior Year Performance:*

In FY 2009-10, the actual number of hunters was 94.5% of the benchmark target. In FY2010-11, the actual number of hunters was 93.9% of the benchmark target. The Division continues to see a decrease in number of licensed hunters in Colorado. This decrease is related to many biological, social, and economic variables such as the economy, hunter satisfaction, game management objectives, demographics, etc., The DPW is aware of these issues and the corresponding negative impact on Division revenue, budget prioritization, and planning for future years. The DPW will continue to monitor and take steps to provide hunting recreation opportunities for citizens and visitors to Colorado.

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>
<b>Number of Licensed Anglers in Colorado (Based on Calendar Year)</b>	Benchmark	685,000	690,000	685,000	685,000
	Actual	687,584	674,775	Unknown	Unknown

*Strategy:*

Providing fishing recreation opportunities is another major component of the DPW mission. The number of people who actually fish in Colorado is the outcome of many factors and reflects the success of DPW’s attempts to manage sportfish populations, including maintaining stream and lake water quality and quantity, augmenting sportfish populations through fish production at hatcheries, providing public access to fishing waters, managing the detrimental impacts of diseases and invasive species, recruiting new anglers to the sport, providing a quality experience that causes anglers to return year after year to fish in Colorado, and informing and educating the public about angling opportunities.

*Evaluation of Prior Year Performance:*

In FY 2009-10, the Division exceeded the established benchmark as the actual number of licensed anglers was 103.8% of the measure. In FY2010-11, the actual number of anglers was 97.8% of the benchmark target. While the Division increased its benchmark for FY2010-11, it believes that this target was overly optimistic given the social and economic variables prevalent in the past two years. The DPW will continue to monitor and take steps to provide fishing recreation opportunities for citizens and visitors to Colorado through the strategies outlined above.

## DNR-5. Water Supply

*Objective: Meet the current and future water supply needs of the State.*

Performance Measure	Outcome	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request
<b>Increase water storage to meet long term water supply needs.</b>	<b>Benchmark</b>	10,000 ac ft	122,265 ac ft.	36,455 ac ft.	5,740 ac ft
	<b>Actual</b>	750 ac ft	75,802 ac ft	Unknown	Unknown

*Strategy:*

In 2003, the General Assembly approved funding to complete the Statewide Water Supply Initiative (SWSI) to examine, on a basin by basin basis, Colorado’s projected water supplies and water demands. One of SWSI’s major findings was that projects and water planning by local water providers have the ability to meet about 80 percent of Colorado’s municipal and industrial water needs through 2030. CWCB will work to help local entities meet their demands by managing the Construction Fund and the Severance Tax Trust Fund Perpetual Base Account and other grants funds to provide low-interest financing for water infrastructure and grants for water related planning, programs and project implementation. The CWCB has estimated that by the year 2050, Colorado will need an additional 750,000 to 1,100,000 ac ft of water supply.

*Evaluation of Prior Year Performance:*

The CWCB financed and completed one new storage project and three dam rehabilitation projects in FY 2010-11, resulting in approximately 75,802 ac. ft. of additional water storage. The one new storage project was Rueter-Hess Reservoir, located near Parker, Colorado, which involved over 72,000 ac. ft. in new storage. Eight other new storage or rehabilitation projects, financed by the CWCB, are currently either in the design or construction phase and are expected to be completed within the next two to four years. The resulting total increase in water storage for these projects is in excess of 42,195 ac. ft. In FY 2010-11 CWCB completed 12 projects, involving over \$22 million in loan funds. Typically, the CWCB Loan Program completes between 10-15 projects per year, involving a wide range of loan funds. The number of projects and amount of funds disbursed are subject to the borrower’s design and construction schedule and actual loan funds available, and therefore, the performance measures for this item is at times hard to predict. Staff is projecting a significant reduction in money available for new loans in FY 2011-12 and FY 2012-13 from the Severance Tax Perpetual Base Account, which will effect water supply projects in FY 2012-13 and FY 2013-14

due to the cash transfer of CWCB funds to the State’s General Fund. To-date the General Assembly has transferred over \$163,000,000 from the Severance Tax Perpetual Base Account and \$10,000,000 from the Construction Fund. The CWCB has identified over \$110,000,000 in water project needs over the next 10 years.

## DNR-6. Energy Development

*Objective: Ensure that energy development is undertaken in a responsible manner that encourages protection of environmental resources such as water and wildlife habitat*

Performance Measure	Outcome	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 11-12 Estimate	FY 12-13 Request
<b>Percent of oil and gas wells permitted using a closed loop drilling system</b>	Benchmark		37%	37%	37%	37%
	Actual	incomplete data	37%	67%	unknown	unknown

Performance Measure	Outcome	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 11-12 Estimate	FY 12-13 Request
<b>Percent of oil and gas wells permitted in Sensitive Wildlife Habitats that are included in Wildlife Management Plans</b>	Benchmark	N/A	0%	0%	0%	0%
	Actual	0%	15%	45%	unknown	unknown

*Strategy:*

The Department will work with federal land agencies and the federal government, as well as local governments, to encourage sound management practices that minimize cumulative impacts on wildlife, the environment, and local communities. The primary mission of the OGCC is to “foster the responsible, balanced development, production, and utilization of the natural resources of oil and gas in the state of Colorado in a manner consistent with protection of public health, safety, and welfare, including protection of the environment and wildlife resources”. In addition, the OGCC is an “Implementing Agency” for the state’s Water Quality Control Commission (WQCC), and is responsible for upholding the water quality standards and classifications that are established by the WQCC with respect to oil and gas operations. The OGCC is responsible for regulating oil and gas development in a manner that prevents and mitigates impacts to the environment, including contamination of water. An important measure of how well the OGCC is implementing these responsibilities is the number of adverse impacts to water resources that occur from oil and gas development. Reducing or controlling such impacts during current unprecedented levels of oil and gas activity in Colorado will continue to be challenging.

A way to measure progress, in terms of reducing impacts to water resources, is to look at closed loop drilling systems, which significantly reduce impacts to the environment by eliminating the use of drilling pits. Benefits also include: better protection of groundwater, more timely detection of drilling fluid releases, and easier and timelier reclamation. Furthermore, statutory changes in 2007 require the OGCC to encourage operators to use landscape level planning tools to provide for orderly development of oil and gas fields minimizing surface disturbance and fragmentation in important wildlife habitat. The percentage of oil and gas wells permitted in Sensitive Wildlife Habitat that are included in Wildlife Management Plans is a good measure of this landscape level planning.

*Evaluation of Prior Year Performance:*

Closed Loop Drilling:

The OGCC requires the use of closed loop drilling in certain situations, such as proximity to surface and/or ground water. In many situations, when operators are given a choice between using a closed loop drilling system or lined pits, the closed loop system is preferred. More frequently now, as reflected in the increasing rate of closed loop drilling, operators choose to use this more environmentally friendly drilling method on their own or at the request of farmers who do not want pits on their property.

Wildlife Management Plans:

More operators are satisfying their Division of Parks and Wildlife consultation requirement before they start drilling in Sensitive Wildlife Habitat. By developing Wildlife Management Plans, operators have a better understanding of their environmental protection obligations and associated costs earlier in the process.

## DNR-7. State Land Board Lands

*Objective: Maximize revenue on State Land Board properties for the benefit of all trusts*

Performance Measure	Outcome	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request
<b>Increase revenues to the school trust by 5 percent annually</b>	Benchmark	\$47,697,543	\$ 68,142,859	\$ 71,550,002	\$ 75,127,502
	Actual	\$66,361,924	\$122,872,069	Unknown	Unknown

*Strategy:*

The School Trust is the largest trust accounting for 98.0 percent of the total State Land Board revenue. The main revenue components are: mineral (e.g., royalty, bonus, and lease), surface (e.g. agricultural and recreation leases), and commercial (e.g. office and ground leases). The goal is to diversify the trust land portfolio ownership and leasing in order to reduce revenue instability cause by such things as drought, commercial market, and minerals pricing. The School Trust saw a significant decline in revenue in FY 2009-10 due to coal royalties. Offsetting such a decline of forty percent will take years of positive growth from commercial and surface revenues.

*Evaluation of Prior Year Performance:*

Revenue to the school trust reached a new record in FY 2010-11 driven by a recent dramatic surge in the per acre “bonus” amounts paid at auction to lease land for oil and gas development on State Trust lands. As the available supply of desirable sites recedes, maintaining this level of revenue to the trusts represents a challenge in coming years. The Board’s goal is to expand its portfolio with a specific emphasis on long-term asset acquisition and stewardship initiatives that will help offset declines in revenue from non-renewable sources.