



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 7, 2015

S. 1942
Elkhorn Ranch and White River National Forest Conveyance
Act of 2015

*As ordered reported by the Senate Committee on Energy and Natural Resources
on November 19, 2015*

S. 1942 would require the Forest Service to convey 148 acres of federal lands in Colorado to a private entity. Under the bill, the federal government would retain the right to collect rent and royalty payments from an existing oil and gas lease on those lands; however, if that lease expires, the Bureau of Land Management (BLM) would not be allowed to offer the parcel for lease. Because CBO expects that enacting the bill could reduce offsetting receipts, which are treated as reductions in direct spending, from bonus bids over the next 10 years, pay-as-you-go procedures apply. However, we estimate that net bonus bids from the affected parcel would total less than \$500,000 over that period. Enacting the bill would not affect revenues.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

In 2012, BLM issued a federal oil and gas lease on a portion of the affected lands. If the firm holding that lease takes certain steps to begin producing oil and gas before the lease is set to expire in 2022, the firm would retain the lease until production ended. Under current law and under the bill, the federal government would collect rent and any royalties generated from oil and gas produced on that lease, and 49 percent of those proceeds would be paid to the state of Colorado. In that case, enacting the bill would have no effect on direct spending.

If the lease expires in 2022, BLM could offer the parcel for lease after that date under current law. However, the agency could not offer the affected parcel for lease under the bill. Because CBO has no basis for determining how the relevant parties would respond if the lease were allowed to expire, our estimate reflects a point within a range of possible outcomes. Based on the amount paid for the lease in 2012 (\$335,000), CBO estimates that enacting the bill would reduce receipts by less than \$500,000 over the 2022-2025 period.

S. 1942 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

On September 9, 2015, CBO transmitted a cost estimate for H.R. 1554, the Elkhorn Ranch and White River National Forest Conveyance Act of 2015, as ordered reported by the House Committee on Natural Resources on July 9, 2015. The two pieces of legislation are similar, and the estimated costs are the same.

The CBO staff contact for this estimate is Jeff LaFave. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.