A REPORT ON NATURAL GAS MARKETS FOR THE WESTERN STATES AND TRIBAL NATIONS

Written by The Research Partnership to Secure Energy for America (RPSEA) and Mercator Energy
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The Piceance and Uinta basins of Colorado and Utah have abundant natural gas resources that can benefit the rural communities in these basins, the region, the nation, and the world. While there are several challenges to taking that gas to market, there are many advantages that these basins have regarding geology, infrastructure, regulatory, social and business environments. The purpose of this study, commissioned by the Colorado Energy Office under the Administration of former Governor Hickenlooper, the Utah Governor’s Office of Energy Development and Colorado Mesa University’s Unconventional Energy Center, is to better understand those challenges and advantages, recognize the opportunities for marketing that gas in the U.S. and globally, and identify the economic, geopolitical, environmental and societal benefits that could be realized.

Operators in the Piceance-Uinta Basin region are uniquely situated to take advantage of its abundant natural gas resources along with existing and proposed transport infrastructure to supply energy to Asian markets. Demand for exports of liquefied natural gas (LNG) is soaring as more countries are using this resource as a fuel for power generation to improve their environment and reduce emissions.

Natural gas exports offer several benefits both abroad and domestically. As mentioned above, natural gas is sought after as a lower-emitting fuel source for power generation. LNG exports should also benefit the U.S. from a geopolitical perspective. By supplying clean energy to the world, the U.S. can engage in energy diplomacy, developing allies and strategic alliances with much of the world. LNG exports are also poised to benefit local, regional and national economies in the form of jobs and economic growth associated with increased industry and consumer spending.

The data and information compiled in this report will aid in developing a proactive framework for facilitating conversations between a diverse group of stakeholders including the natural gas industry, LNG exporters, conservation groups, tribes, outdoor recreation groups, and other
BACKGROUND AND INTRODUCTION

The Colorado Energy Office under the administration of former Governor Hickenlooper, the Utah Governor’s Office of Energy Development partnered with Colorado Mesa University’s Unconventional Energy Center for completion of a report that would build on the Grand Junction Economic Partnership / Colorado Mesa University “Piceance Basin to the Pacific Rim” report completed in 2015 and updated in 2017. Five years ago, a consortium of Western Colorado public and private entities sponsored a study designed to highlight and emphasize the economic advantage that makes the Piceance Basin of Western Colorado unique to the natural gas industry. That study clearly described the exceptional characteristics of Piceance production and regional and western U.S. pipeline infrastructure.

The analysis also emphasized Western Colorado’s capacity to attract investment in its reserves and potential long-term markets for its production. This collaborative effort between the Hickenlooper administration’s energy office and the state energy office of Utah was born out of a panel discussion at the Uinta Basin Energy Summit in August 2017, which focused on common approaches toward natural gas and infrastructure development in Utah and Colorado. The panel recognized that the United States Geological Survey (USGS) considers the Piceance-Uinta Basin (see Figure 1) a single, priority province with significant natural gas resource potential for its National Oil & Gas Assessment.

The panel also established that a common approach toward developing markets for Piceance-Uinta natural gas between the states of Utah and Colorado would help strengthen and benefit the rural economies of both states. Dubbing this new collaboration the “Western States Rural Natural Gas Initiative” (WSRNGI), the Colorado Energy office under the Hickenlooper administration and the Utah energy office signed a Memorandum of Understanding to formalize their joint efforts.

This new report provides an assessment of the natural gas resource base as well as related natural gas development and transportation infrastructure in the Piceance-Uinta Basin. It describes the benefits that development of the natural gas resources in these basins, coupled with successful transport and delivery to markets, will have on local communities and the region as a whole. The report also identifies potential new markets for Piceance and Uinta Basin natural gas. Additional public and private sponsors
have joined the effort. This joint effort is logical since the “geologic province” border is more meaningful than the political one.

This report, at a fundamental level, seeks to establish the value proposition for the Piceance and the Uinta basins. Put another way, in this energy era described by many as the “shale revolution,” this report seeks to describe: how this geologic region stands out; how the Piceance and Uinta basins “measure up” against the other world-class gas producing basins in North America; and most importantly, how the Piceance-Uinta Basin natural gas finds international markets.

The Piceance-Uinta Basin has a unique advantage when compared to other U.S. and Canadian conventional and shale production areas: abundant and available pipeline export capacity for natural gas that currently exists in the region and throughout the Western U.S.

The thesis of this update remains the same as the original report. The strong and growing demand for liquefied natural gas (LNG) in the Pacific Basin should result in new markets for (and investment in) Piceance-Uinta Basin natural gas production. This study analyzes the Piceance-Uinta Basin in the greater context of the U.S. shale revolution and the ever-increasing worldwide demand for U.S. LNG. Its results demonstrate that a Piceance-Uinta Basin natural gas producer can access West Coast U.S. markets and potential LNG export facilities in a more efficient, cost-effective manner than nearly any other conventional or shale natural gas producer in the U.S.
THE WSRNGI IS SPONSORED BY:
BACKGROUND ON UTE INDIAN TRIBE

As a significant natural resource owner in the Uinta Basin, the Ute Indian Tribe was engaged in the process of writing this report and agreed to participate as a key stakeholder and advisor to the process.

The Ute Indian Tribe of the Uintah and Ouray Reservation develops its natural resources, located on its Reservation, through Ute Energy, LLC and its subsidies, which the Ute Indian Tribe has interest in as the sole owner and shareholder. The Uintah and Ouray Reservation is located in northeastern Utah in the Uintah Basin and it is the second largest reservation in the United States, covering more than 4.5 million acres. The Uintah Basin is home to the third largest oil and gas formation in the lower United States. The Ute Indian Tribe primarily funds its government through its oil and gas revenue, and its government provides essential services to Ute tribal members through the government’s 60 departments and agencies, including land, fish and wildlife management, housing, education, emergency medical services, public safety, and energy and minerals management.

The Ute Indian Tribe also uses its oil and gas revenue to invest in other tribal businesses, and it is a major employer and engine for economic growth in the Uintah Basin. Tribal businesses include a bowling alley, a supermarket, gas stations, a feedlot, a manufacturing plant, Ute Oil Field Water Services, and Ute Energy. The Tribe’s governmental programs and tribal enterprises employ approximately 450 people, 75% of whom are tribal members. Each year the Tribe generates tens of millions of dollars in economic activity in northeastern Utah. The Ute Indian Tribe has been developing oil and gas on its Reservation since the 1940’s. Today, the Ute Indian Tribe leases nearly 400,000 acres for oil and gas development, with some 2,059 wells producing 35,000 barrels of oil a day and about 900 million cubic feet of gas per day.

Ute Energy is an independent oil and natural gas company that engages in the acquisition, exploration, development, and production of oil and natural gas reserves in the Uinta Basin in northeastern Utah. All of Ute Energy’s mineral interests in oil and gas properties are located on the Uintah and Ouray Reservation.

Ute Energy operates exclusively in the isolated Uinta Basin and it only has access to one consumer market—Salt Lake City, Utah. This monopsonistic market structure creates marketing and sales inefficiencies for oil and gas producers in the Uinta Basin. Accordingly, Ute Energy must sell its oil and gas at the prices offered, which typically are ten to fifteen percent (10-15%) below the West Texas Intermediate benchmark price.

Through the construction of liquefied natural gas pipelines and a west coast export terminal, such as the proposed Jordan Cove LNG export terminal, Ute Energy can gain access to new energy markets that will alleviate the ongoing marketing and sales inefficiencies. This would also increase the Ute Indian Tribe’s income and assist in its ongoing efforts of economic development and providing essential services for its tribal members.
THE WORLDWIDE RACE FOR MARKET SHARE

The U.S. has a tremendous natural gas resource base. Total resource estimates increase each year as technologies and methods for recovering natural gas improves. According to the U.S. Energy Information Administration, the U.S. has enough natural gas reserves to meet the nation’s current demand for the next 90 years in addition to providing the ability for significant exports. U.S. natural gas production can provide stability for foreign markets, including key U.S. allies, by meeting the significant and continued growth in worldwide demand for natural gas.

The race is on from producing region to producing region in the U.S. as to who can best take advantage of this unprecedented export opportunity for U.S. natural gas. The impediment to production growth in many producing regions is the need for midstream pipeline (regional and interstate) infrastructure. For some emerging shale plays, the lack of regional pipeline takeaway capacity may determine who wins and who loses in the competition to capture U.S. LNG export market share.

Meanwhile, energy demand is soaring in Asia, led by China, Japan, South Korea, Taiwan, and India. Natural gas can play a key role in meeting those energy needs, providing reliable, cleaner baseload for increasing renewable energy. China and India are using more natural gas as a fuel for power generation to meet the demands of growing populations. They are also using it to mitigate air pollution in the generation. All of these countries are using natural gas as a way to decrease their greenhouse gas (GHG) emissions.

The European continent is also increasing its consumption of natural gas to meet its energy needs and reduce its GHG emissions. As European counties begin to implement renewable sources of energy, natural gas can pave the way by acting as a transition fuel source. Perhaps more importantly, from a geopolitical perspective, imported LNG is enabling European countries to reduce their dependence on natural gas imports from Russia, which has shown willingness to use energy exports to achieve its own geopolitical goals. LNG exports will also meet growing demand in many emerging economies around the world such as Malaysia, Vietnam, Pakistan, and countries in Africa and Latin America.

The U.S. is currently exporting LNG via the U.S. Gulf Coast and Mid-Atlantic. There are additional LNG export facilities planned on the Gulf Coast, the Atlantic Coast, Alaska, and the Pacific Coast.
LNG export projects also appear to be moving ahead on the Canadian Pacific Coast in British Columbia and on Mexico’s Pacific Coast.

Due to its unique attributes (the most important being proximity), Piceance-Uinta Basin natural gas production is the logical first choice for any Western North America LNG export project. Long-term purchasers of LNG or the associated reserves should recognize the Piceance-Uinta Basin’s inherent advantages in predictable production, cost and price security, and immediately available production-to-market pipeline infrastructure. By acquiring Piceance-Uinta Basin reserves, long-term purchasers of natural gas can minimize price uncertainty. Piceance-Uinta Basin natural gas producers can access West Coast U.S. markets and potential West Coast LNG export facilities in a more efficient, cost-effective manner than most natural gas producers in the U.S.

The most promising U.S. LNG export option on the U.S. Pacific Coast is the proposed Jordan Cove LNG liquefaction facility located in Coos Bay, Oregon. The Jordan Cove LNG project, if completed, will become the best-positioned LNG export terminal in the U.S. to serve markets in Asia. The key advantage that Jordan Cove enjoys is a significantly shorter shipping distance to Asia relative to other LNG export terminals in the U.S.
HOW THE PICEANCE AND UINTA BASINS CAN FIT INTO THIS WORLDWIDE STORY
The U.S. "shale revolution" has advanced the U.S. from a position of dependence on oil and gas imports to a position of abundance. The U.S. is now the world's largest producer of natural gas.

The U.S. can meet its domestic demand, but perhaps more importantly, it has become an increasingly important exporter of natural gas (via pipeline and LNG tanker) to global markets.

The U.S. Energy Information Administration (EIA) estimates U.S. dry natural gas production will grow to 84.5 billion cubic feet per day (Bcf/d) in 2019. According to the Potential Gas Committee, the U.S. has 2,817 trillion cubic feet (Tcf) of technically recoverable natural gas resources (in addition to about 324 Tcf of proved gas reserves estimated by the EIA). As stated previously, this is enough gas to meet current U.S. demand for 90 years, allowing for significant export capability. Global natural gas production reached 355 Bcf/d in 2017; the U.S. accounts for 20 percent of this production.

This resource abundance, coupled with growing global demand, is allowing the U.S. to export these commodities and products in ever-increasing numbers, growing its economy and helping to reduce its trade deficit. The Piceance-Uinta Basin, from a potential resource perspective, is primed to usher in the next wave of shale, conventional and unconventional, U.S. natural gas production. Expediting the development of those reserves would create massive economic benefits for the states of Colorado and Utah, and tribal nations. The limiting factor for development in the Piceance-Uinta Basin is not geologic potential but the lack of market access for incremental gas supplies beyond the Rockies.
Many oil and gas analysts would consider the Piceance and Uinta basins to be two separate and distinct producing basins primarily due to the products that they are known for. The Uinta Basin is generally considered as an oil producing basin with associated natural gas and significant non-associated natural gas resources. The Piceance Basin is generally considered to be a natural gas producing basin with complimentary natural gas liquids. Each of these basins will be considered individually in this report. However, the most important factor is not what makes these two basins different but rather their combined productive potential in tandem with their specific regional location’s proximity to potential west coast LNG export projects.
The Piceance Basin

The Piceance Basin is one of the more mature producing basins in the U.S., with a mixture of vintage natural gas production out of the Williams Fork formation (lower member of the Mesaverde formation) and new natural gas production out of the Mancos Shale formation. It is the combination of those two natural-gas-bearing reservoirs - one old, one new - that should be of interest to any party looking for an investment in predictable long-term natural gas reserves.

The Piceance Basin’s Williams Fork formation made the Piceance Basin what it is today. More than 12,000 wells have been drilled to date in the Williams Fork/Mesaverde formation. The largest production growth in the Piceance Basin occurred from 2000 to 2008. That growth can be seen in the annual numbers displayed in Figure 1. The year-over-year production growth during that period averaged 20 percent or more while implementation of best environmental practices has limited impacts to the region’s environmental resources.

Figure 2 shows Piceance Basin production. Both oil/liquid and gas volumes have declined from their highs in 2011/2012. Production growth was significantly curtailed when natural gas prices decreased in the first quarter of 2009. That same year also marked the period of peak production for the basin.

Although the drilling rig count has declined substantially over the last seven years, the basin currently makes up approximately 2 percent of U.S. natural gas production and just under 20 percent of all production in the Rocky Mountains. The decline in the drilling rig count correlates directly with the decline in natural gas prices as can be seen in Figure 3.
In addition to historical production in the Williams Fork, some operators in the Piceance Basin are pursuing vertical and horizontal drilling, and hydraulic fracturing to explore the Mancos Shale, reducing surface impacts of natural gas development. The 800-foot thick Niobrara section of the Mancos has been the primary target for shale development. The geologic relationship between the Williams Fork and the Mancos can be seen in Figure 4.

The Mancos Shale lies directly above the Dakota sandstone, and below the Corcoran sandstone. The gross thickness of the Mancos Shale formation can exceed 4,000 feet. It is one of the thickest shale deposits in the world. The Mancos is considered an emerging giant when comparing gas in place (GIP) estimates as seen in Figure 5.

Resource estimates indicate twice the amount of natural gas in place in the Mancos Shale as compared to its more famous relative on the East Coast of the U.S., the Marcellus Shale. The Mancos GIP estimate is greater than 3,000 Tcf. That GIP number ranks the Piceance as the largest U.S. natural gas shale deposit.

In an interview published by Energy Pipeline, former Colorado Oil and Gas Association, West Slope Chapter Executive Director, David Ludlam, discussed the amended Potential Gas Committee report: “The survey (Potential Gas Committee) looked only at the Mancos. When you consider there are 30 years of locations left to drill in the Mesaverde formation, some in the industry believe there are more than 100 Tcf of recoverable gas reserves.”

“For 2016, the net change in the Potential Gas Committee’s assessment for (essentially) Piceance Basin, +18,958 Bcf (31.3 percent), was the largest volumetric and percentage change in all the Rocky Mountain provinces. This includes a 20,000 Bcf upward revision in shale gas resources over the 2017 assessment.”

The Piceance Basin has the combined benefit of significant existing production, plus tens of thousands of additional locations yet to be drilled in the Williams Fork, all on top of the emerging Mancos Shale development.
The Uinta Basin

The Uinta Basin (see Figure 6) has its own strong history of gas production, including trillions of potential cubic feet of gas in largely untapped unconventional resources. The basin is currently poised for a significant increase in horizontal wells with almost 550 new permits approved or in the approval process.

Current USGS estimates of undiscovered oil and gas and remaining reserves in the Uinta Basin are dated. The most recent data from 2002 states that there were 13,086 Bcf of undiscovered gas. The USGS further estimates that 2002 remaining reserves in the Uinta Basin amounted to 1,324 Bcf of natural gas.

Figure 6 shows Uinta Basin production. While dry gas production has declined from highs of over 1.2 Bcf/d in late 2011, oil or liquid production has risen to over 80,000 b/d in recent years.

The impact of the natural gas price decline and a commensurate decline in the rig count realized in the Piceance Basin was also seen in the Uinta Basin. See Figure 8.
To access competitive, global LNG markets, Piceance-Uinta Basin natural gas must first exit Eastern Utah and Western Colorado. There is an overwhelming volume of available pipeline capacity to transport gas out of Eastern Utah and Western Colorado. The interstate pipeline corridors that allow Piceance Basin gas to exit Western Colorado are shown in Figure 9.

**Rockies Pipeline Infrastructure**

![Rockies Pipeline Infrastructure](source: Bentek Rockies Observer)
From 2007 to 2011, significant interstate natural gas pipeline export capacity was constructed and put into service exiting the Central Rockies, Utah, Colorado, and Wyoming. Those export pipeline expansions have had a significant positive effect on the negative Rockies basis differential, narrowing it dramatically.

Piceance-Uinta Basin producers have access to extensive and under-utilized natural gas pipeline and natural gas processing capacity. That capacity allows Piceance-Uinta Basin producers unrestricted access to markets from the West Coast to Midwestern and Mid-Atlantic States.

Brian Jeffries, former Executive Director of the Wyoming Pipeline Authority, analyzed the total available pipeline capacity exiting the Rockies (10.2 Bcf/d) and then compared it to the actual total flows of natural gas moving through those pipelines exiting the Rockies on a given day (December 14, 2016). See Figure 10.

According to the Jeffries analysis, 61 percent of the westward total available pipeline capacity was being utilized. Only 39 percent of the eastward total available pipeline capacity was being utilized. It is worth noting that this analysis was done during a winter month when no known production freeze-offs were occurring, and as a result, all available markets outside of the Rocky Mountain region were able to receive natural gas from the Rockies without the threat of wellhead or pipeline curtailments. No other production area in the country has anywhere near that total excess available pipeline capacity.

The relative drop in the Rocky Mountain region rig count, as compared to the Marcellus and Utica shale plays can be seen in the decline in natural gas production and downstream transportation volumes throughout the Rocky Mountain region. While the drop in the rig count has been viewed by some as a negative development, the silver lining in that cloud is that a minor uptick in natural gas prices (i.e., through additional West Coast LNG demand) can be met with new production, unhampered by pipeline capacity constraints. downstream transportation volumes throughout the Rocky Mountain region. While the drop in the rig count has been viewed by some as a negative development, a minor uptick in natural gas prices (i.e., through additional West Coast LNG demand) can be met with new production coupled with available pipeline capacity.

**REX Pipeline (Entrega Segment)**

One of the key regional export pipelines for the Piceance-Uinta Basin is the Rockies Express (REX) segment of pipeline that runs from the White River Hub (near Meeker, Colorado) northward to Wamsutter, Wyoming. This segment has a design capacity of 1.437 Bcf/d. In November 2016, the average daily flow in this segment of REX was only 800,000 MMBtu per day. Consequently, there are over 640,000 MMBtu per day of available pipeline export capacity out of the Piceance-Uinta Basin on REX alone.
**Williams Interstate Company System**

In addition to the REX pipeline expansion, the Williams Companies built a new processing plant connected to an extensive large diameter pipeline that transported Williams production northward out of the heart of the Piceance Basin during the same general period as the REX (Entrega) build-out. The Williams Company’s Willow Creek Processing Plant is tied into a significant, 142-mile, 24-inch diameter natural gas pipeline, owned and operated by the Wyoming Interstate Co., Ltd. (WIC, a KinderMorgan Company).

The WIC “Piceance Lateral” expansion transports gas northward from the Greasewood Hub (near Meeker) in Colorado’s Rio Blanco County to the Wamsutter Compression Station in southwest Wyoming. The WIC Piceance Basin lateral expansion is capable of transporting 580,000 MMBtu per day out of the Piceance Basin. The Williams Companies determined at an early stage of development that they would build their own pipeline system northward to Wyoming, refusing to join with Encana on a long-term commitment to REX/Entrega. (See Figure 11.)

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**Ruby Pipeline (Westbound)**

Another key interstate pipeline for Piceance-Uinta Basin producers is the Ruby Pipeline. (See Figure 13.) Ruby is a 42-inch diameter, 680-mile long pipeline that can handle a maximum volume of 1.5 Bcf of gas per day. The pipeline flows westward from Opal, Wyoming to Malin, Oregon traversing northern Utah and Nevada. Ruby went into service on July 28, 2011. During the last four years, Ruby Pipeline has only seen an average 61 percent capacity utilization rate. Stated another way, nearly 40 percent of the capacity on Ruby Pipeline is unused and available.

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**Pacific Connector Pipeline**

Jordan Cove LNG is currently the only LNG export terminal proposed for the U.S. West Coast. To transport natural gas volumes from regions such as the Piceance-Uinta Basin, Jordan Cove LNG has proposed to build a 230-mile Pacific Connector Pipeline from the existing Ruby Pipeline located in Malin, Oregon to the Oregon Coast, thus connecting Jordan Cove to the Rocky Mountain supply basins and creating one of the most advantageous export hubs in the world.
Available Piceance-Uinta Basin Pipeline Export Capacity
Table 2 shows the total existing (design capacity) and underutilized pipeline capacity for all pipelines exiting Western Colorado and Eastern Utah. All volumes are shown in million British thermal units per day (MMBtu/d). It is important to note that pipeline flows vary seasonally. The flow date of December 15, 2016, was picked as an anticipated “high flow” date. This table underscores the considerable underutilized pipeline capacity exiting the Piceance Basin.

<table>
<thead>
<tr>
<th>Pipeline Name</th>
<th>Design Capacity</th>
<th>Utilization*</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIG (North)</td>
<td>203,000</td>
<td>33,000</td>
<td>170,000</td>
</tr>
<tr>
<td>CIG (West)</td>
<td>276,000</td>
<td>30,000</td>
<td>246,000</td>
</tr>
<tr>
<td>Northwest Pipeline*</td>
<td>877,000</td>
<td>64,000</td>
<td>813,000</td>
</tr>
<tr>
<td>Questar Pipeline (Net)</td>
<td>480,000</td>
<td>91,000</td>
<td>389,000</td>
</tr>
<tr>
<td>TransColorado</td>
<td>375,000</td>
<td>80,000</td>
<td>295,000</td>
</tr>
<tr>
<td>WIC Piceance Lateral</td>
<td>580,000</td>
<td>290,000</td>
<td>290,000</td>
</tr>
<tr>
<td>REX / Entegra (Segment 1)</td>
<td>1,437,000</td>
<td>625,000</td>
<td>812,000</td>
</tr>
<tr>
<td><strong>Total Pipeline Export Capacity</strong></td>
<td><strong>4,228,000</strong></td>
<td><strong>1,213,000</strong></td>
<td><strong>3,015,000</strong></td>
</tr>
</tbody>
</table>

* There are currently six Piceance Basin delivery points into Northwest Pipeline

A table that displays the Winter 2005 versus Winter 2016 pipeline export takeaway capacity out of the Piceance Basin is shown here.

Between 2005 and 2008, the net export capacity of interstate natural gas pipelines out of Western Colorado and Eastern Utah nearly tripled, from 1.265 million MMBtu/d to 3.370 million MMBtu/d. Natural gas processing facilities experienced a similar growth pattern.

Each of the pipelines identified in Tables 2 and 3 represents critical paths for the flow of Piceance-Uinta Basin gas volumes to downstream markets, particularly West Coast U.S. markets.

The collective efforts by producers, gathering companies, processing companies, and interstate pipelines have resulted in world-class facilities that resolved any regional pipeline takeaway capacity issues in Western Colorado and Eastern Utah. These efforts were so significant that midstream natural gas processing and interstate pipeline capacity in Western Colorado and Eastern Utah is currently over-built.

Table 3. Growth in Piceance-Uinta Basin Pipeline Takeaway Design Capacity *(all figures in MMBtu/d)*

<table>
<thead>
<tr>
<th>Pipeline Name</th>
<th>Winter 2005</th>
<th>Winter 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIG (North)</td>
<td>90,000*</td>
<td>203,000</td>
</tr>
<tr>
<td>CIG (West)</td>
<td>276,000</td>
<td>276,000</td>
</tr>
<tr>
<td>Northwest Pipeline</td>
<td>440,000</td>
<td>877,000</td>
</tr>
<tr>
<td>Questar Pipeline (Net)</td>
<td>25,000</td>
<td>480,000</td>
</tr>
<tr>
<td>TransColorado</td>
<td>350,000</td>
<td>375,000</td>
</tr>
<tr>
<td>WIC Piceance Lateral</td>
<td>30,000</td>
<td>580,000</td>
</tr>
<tr>
<td>REX / Entrega (Segment 1)</td>
<td>1,437,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Pipeline Export Capacity</strong></td>
<td><strong>1,211,000</strong></td>
<td><strong>4,228,000</strong></td>
</tr>
</tbody>
</table>
THE CRITICAL NATURE OF U.S. LNG EXPORTS

What is LNG?

LNG is a liquefied version of natural gas, consisting primarily of methane. It is a clear, odorless, non-toxic liquid that forms when natural gas is cooled to minus-260°F (minus-162°C). The cooling or liquefaction process shrinks the volume of the methane by 600 times, making the methane easier and safer to store and ship. In its liquid state, methane will not ignite as it does in its gaseous state. When it reaches its destination port, it is warmed back into its gaseous state, a process known as regasification.

The U.S. shale revolution of the 2000s transformed the nation’s energy outlook. Abundant new domestic production created global markets for U.S. natural gas and oil production. Laws and regulations were already in place that enabled international natural gas exports, including the permitting of LNG export facilities.

With so much domestic supply in place, companies began looking at options for LNG export. Previously, LNG export markets had been dominated by other countries such as Algeria, Qatar, Nigeria, Trinidad & Tobago, and Australia in recent decades. No LNG exporting liquefaction facilities existed in the lower U.S. 48 states until 2016.

Currently, there is an enormous and growing global demand for natural gas. In 2016, global gas demand grew by 1.5 percent, but in 2017, global natural gas demand grew by 3 percent because of abundant and relatively low-cost supplies, along with fuel switching in key economies, according to the International Energy Agency (IEA).

In 2017, global natural gas consumption amounted to around 130.66 Tcf (3.7 trillion cubic meters or 357 Bcf/d). That same year, global production reached 355 Bcf/d with the U.S. accounting for 90.9 Bcf/d. Global natural gas consumption is expected to increase by an average of 1.4 percent per year through 2040.
POTENTIAL ECONOMIC IMPACT OF PICEANCE-UINTA NATURAL GAS EXPORTS

Global LNG Markets and Economics

Currently, the primary global markets for LNG consist of the Asia-Pacific Region, the European Region, and Central and South America.

Historically, the Asia-Pacific Region has been the largest market for LNG. Japan is the world’s largest LNG importer, followed by South Korea and Taiwan. China and India are rapidly growing LNG markets. Europe has experienced a more gradual LNG growth as pipeline gas from Russia, and the North Sea have supplied it for decades. North America has a unique pipeline infrastructure that allows gas to move between Canada, the U.S., and Mexico.

The chart below shows the economics of LNG exports, regarding the cost to deliver LNG from these three locations to Asia and Europe. The cost includes feedstock cost, operating cost, shipping cost, and CapEx recovery cost. Some component costs such as feedstock and shipping costs depend on multiple variables such as access to natural gas supply, ship charter rates, utilization levels, canal costs, and voyage times. This analysis is based on current and projected pipeline transportation expenses on the U.S. West coast. Because there is no current interconnecting pipeline system, the logistics of the West Coast infrastructure result in a higher feedstock charge compared to that on the U.S. Gulf coast. For LNG shipments to Europe, the U.S. East Coast projects have a marginal advantage due to lower shipping costs to projected European markets.

At the end of April 2018, the average global LNG price was around $7.00 per MMBtu, which was up as much as 35% from the previous year. The price of U.S. (Gulf Coast) LNG future contracts was about $6.50 per MMBtu. However, until additional export facilities are completed, most natural gas produced in the U.S. stays in the U.S. Therefore, domestic prices are less expensive relative to global prices.

The economics are dependent upon the export contribution margin (ECM). ECM equals the overseas landed price for LNG minus Henry Hub price, minus export cost (liquefaction cost + freight rate).

Japan is the biggest importer of LNG in the world; and despite the 34 percent decrease in Japan’s LNG price from its recent highs, the U.S. ECM for that market is still positive - around $2.80 per MMBtu. U.S. ECMs are some of the best in the world (if not the best) because of their strategic geographical location between two major consumers (Europe and Asia), and also because of inexpensive and abundant natural gas.
LNG Exports’ Impact on the U.S. Economy
Regions with natural gas production experience direct economic impacts from resource development via jobs and labor income. These direct economic impacts will indirectly lead to increased benefits outside of the oil and gas value chain (i.e., the oil and gas industry’s purchases of goods and products from other sectors such as manufacturing or transportation). Additionally, as a result of higher household incomes, induced economic impacts will occur due to increased consumer spending.

For the U.S., LNG exports could add as much as $92.7 billion in annual U.S. GDP through 2050 and as much as $3.26 trillion in cumulative benefits through 2050. LNG exports could help sustain as many as 432,900 U.S. jobs annually through 2050.

State and Local Benefits of Exporting Piceance-Uinta Natural Gas
There are substantial local and regional economic benefits to be realized by greater development of the Piceance and Uinta basins, in research from Dr. Nathan Perry at Colorado Mesa University on oil and gas employment in the Piceance. By creating new markets for gas in these basins, the number of drilling rigs will increase and with each drilling rig will come additional jobs. Assuming that new rigs are added, employment will increase on a cumulative basis as demonstrated in the chart below. The long run impact will total 208 jobs added per rig.

![Figure 14](image.png)

The Cost to Deliver LNG Exports to Asia and Europe (Source ADI Analytics, July 2018)
The next table shows the impact of increased natural gas prices on employment. Based on Opal Hub prices, a $1.00 increase in natural gas prices results in an additional 1,183 jobs.

**Table 4. Cumulative Impact of One Rig on Local Employment**

<table>
<thead>
<tr>
<th>Months</th>
<th>Jobs Added [Five Counties]</th>
<th>Jobs Added [Three Counties]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mesa, Garfield, Rio Blanco, Delta, Moffat</td>
<td>Mesa, Garfield, Rio Blanco</td>
</tr>
<tr>
<td>Month rig is employed</td>
<td>21.41</td>
<td>22.73</td>
</tr>
<tr>
<td>1st month (cumulative)</td>
<td>37.54</td>
<td>39.52</td>
</tr>
<tr>
<td>2nd month (cumulative)</td>
<td>62.24</td>
<td>55.29</td>
</tr>
<tr>
<td>3rd month (cumulative)</td>
<td>69.06</td>
<td>71.27</td>
</tr>
<tr>
<td>4th month (cumulative)</td>
<td>82.80</td>
<td>85.83</td>
</tr>
<tr>
<td>5th month (cumulative)</td>
<td>89.93</td>
<td>91.98</td>
</tr>
<tr>
<td>6th month (cumulative)</td>
<td>79.53</td>
<td>78.94</td>
</tr>
<tr>
<td>Long Run Impact on Employment</td>
<td>208.00</td>
<td>208.17</td>
</tr>
</tbody>
</table>

(Source: Dr. Nathan Perry, "The economic contribution of the oil and gas industry in the Piceance Basin")

A 2013 study by consulting firm ICF International estimated the value of LNG exports to each state. This included producing and manufacturing returns from natural gas industries. Utilizing their formula, Colorado may expect an estimated $6 billion in revenue and 38,000 jobs. Utah could see $4 billion in revenue and 15,000 jobs.

**Table 5. Impact of Increased Natural Gas Prices on Employment (Based on Opal Hub Natural Gas prices)**

<table>
<thead>
<tr>
<th>Months</th>
<th>Jobs Added [Five Counties]</th>
<th>Jobs Added [Three Counties]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mesa, Garfield, Rio Blanco, Delta, Moffat</td>
<td>Mesa, Garfield, Rio Blanco</td>
</tr>
<tr>
<td>Month of Rig Employment</td>
<td>-21.08</td>
<td>-19.99</td>
</tr>
<tr>
<td>1st month (cumulative)</td>
<td>79.35</td>
<td>79.74</td>
</tr>
<tr>
<td>2nd month (cumulative)</td>
<td>4.65</td>
<td>42.46</td>
</tr>
<tr>
<td>3rd month (cumulative)</td>
<td>-26.55</td>
<td>66.61</td>
</tr>
<tr>
<td>4th month (cumulative)</td>
<td>152.46</td>
<td>212.04</td>
</tr>
<tr>
<td>5th month (cumulative)</td>
<td>294.47</td>
<td>339.62</td>
</tr>
<tr>
<td>6th month (cumulative)</td>
<td>390.27</td>
<td>427.91</td>
</tr>
<tr>
<td>Long Run Impact on Employment (per $1 change in natural gas price)</td>
<td>1183.05</td>
<td>1415.74</td>
</tr>
</tbody>
</table>

(Source: Dr. Nathan Perry, "The economic contribution of the oil and gas industry in the Piceance Basin")
ENVIRONMENTAL AND
SOCIETAL BENEFITS OF
PICEANCE-UINTA NATURAL
GAS DEVELOPMENT

Reduced Greenhouse Gas Emissions

Increased use of natural gas is helping to lower the emissions of carbon dioxide (CO2), a primary greenhouse gas (GHG). As a fuel, the combustion of natural gas produces negligible amounts of sulfur, mercury, and particulates. Utilization of natural gas for power generation also supports the integration of renewable energy resources, such as wind and solar. Natural gas-fueled generators can ramp up or down to shape the intermittency of these resources and support expanded utilization of wind and solar, further reducing CO2 and other emissions related to power generation.

While natural gas combustion accounts for approximately 10 percent of global nitrogen oxides (NOx) emissions, petroleum products utilized for transportation are the largest NOx emitters. Additionally, natural gas produces negligible amounts of other emissions such as sulfur dioxide (SO2) and fine particulate matter. Overall, natural gas provides a pathway to lower global emissions of criteria pollutants and CO2. Further emissions reductions can occur as additional renewable resources are integrated into the system, providing for clear air and mitigating climate impacts.

Figure 15
The Share of Natural Gas in Total Energy-Related Emissions (Source: International Energy Agency)
Societal and Health Benefits of Natural Gas

The impact of air quality on public health in China is notable. A World Health Organization study noted in 2010, outdoor atmospheric pollution was the fourth leading cause of death for Chinese citizens, while indoor atmospheric pollution was ranked fifth. Put another way, an average of 80–90 Chinese citizens per 10,000 died of various diseases caused by atmospheric pollution from 1990 through 2010. This data underscores the fact that pollutants associated with the burning of coal for power generation impact the quality of life for the public. Researchers have attempted to quantify this loss by estimating that air pollution in China results in an economic loss equivalent to between 3 and 12 percent of the country’s GDP. In 2014, this loss translated to a loss of up to $1.2 trillion.

Exporting gas to developing nations will also aid to reduce energy poverty by providing an abundant and affordable fuel resource. In 2017, 992 million people worldwide did not have access to electricity. Moreover, almost 40 percent of the earth’s population (nearly 3 billion people) currently cook and heat their homes with open fires or stoves fueled by kerosene, wood, animal dung or crop waste. These energy sources are responsible for fine particulate matter emissions and pose a significant health risk.

Clean Natural Gas Technologies

In recent years, researchers have made significant strides in developing and implementing some innovative technologies designed to address environmental concerns across the natural gas life cycle (from production to combustion). Teams are working on advancements for small-footprint drilling rigs that are more efficient, require less fuel, produce fewer emissions and are quieter. Additionally, equipment and techniques are being identified to minimize risks from spills (drilling fluids, lubricants or other devices) during production. Work is also underway on technologies that treat and reuse water for drilling operations. A recent technology announced in January 2019 removes CO2 emissions from the atmosphere to be utilized to increase oil recovery in the field. All CO2 used for this process is then safely sequestered underground in the resource reservoir.
WEST COAST LNG EXPORT OPPORTUNITIES AND CHALLENGES

Just three years ago, there were no LNG exports from the contiguous United States. LNG exports makeup almost a third of total natural gas exports from the United States and are now greater than pipeline exports into Canada. By the end of 2019, the U.S. is expected to increase its LNG exports to approximately 10 Bcf/d or 25 percent of the global market. Some models predict the U.S. could export as much as 20 Bcf/d of LNG within the next 15 years.

The U.S. is currently positioning itself to become the world’s third-largest LNG exporter by around 2020. Currently, there are two terminals exporting LNG in the U.S. (Nikiski, Alaska and Sabine Pass, Louisiana) with another four under construction and another four approved and likely to undergo construction. All told, these new terminals would add another 14.92 Bcf/d of LNG export capacity.
Energía Costa Azul
A facility of note and that could potentially serve as an outlet for Piceance Uinta gas supplies is Sempra Energy’s existing regasification facility located off of the West Coast at Ensenada, Baja California. The Energía Costa Azul receipt terminal recently signed a memorandum of understanding with its Mexican subsidiary, IEnova, and a subsidiary of Mexico’s state-owned company, PEMEX, for the cooperation and coordination in the development of a natural gas liquefaction project at the project site.

A company called DKRW, LLC has proposed piping gas from the Permian across southern New Mexico and Arizona and down to the Mexican state of Sonora to an LNG liquefaction facility at Puerto Libertad on the Gulf of California. Additionally, the proposed Western Energy Storage and Transportation Header Project is designed to move natural gas from Utah south to potentially connect with Costa Azul.

Application stating that the application did not demonstrate demand for the facility’s LNG. Pembina Pipeline Corporation, which owns the majority share of the proposed facility addressed the issue by securing supply agreements with Japanese buyers Itochu International and JERA. It has also addressed some environmental issues by eliminating a power plant and making adjustments to 50 sections of the natural gas pipeline. It has reapplied for the permit and is hopeful for approval in early 2019, followed by a final investment decision in 2019, and project completion in 2024.

Jordan Cove
Jordan Cove is an LNG terminal that has been proposed on the U.S. West Coast in Oregon’s Coos Bay. This proposed facility is positioned to receive natural gas supplies from the U.S. Rockies via the Ruby Pipeline or from the Gas Transmission Northwest pipeline via British Columbia, both of which terminate in the Malin hub in Oregon. Natural gas from Malin, Oregon would feed into the proposed Pacific Connector Gas Pipeline, which would go directly to Jordan Cove.

The Pacific Connector Gas Pipeline project, if completed, might become the best-positioned terminal in the U.S. to serve markets in Asia because of its shorter shipping distance to Asia compared to other terminals in the U.S.

Jordan Cove has filed its third application to the Federal Energy Regulatory Commission (FERC) for its proposed LNG export facility in Coos Bay, Oregon. FERC did not approve the facility’s first
THE IMPORTANCE OF STAKEHOLDER ENGAGEMENT IN NATURAL GAS PROJECT

The concept of stakeholder engagement is a means of describing a wide-reaching and inclusive, continuous process between project developers and those stakeholders that are potentially impacted by the project. As it pertains to the Piceance-Uinta Basin and West Coast LNG development, stakeholders are comprised not only of the local communities impacted by oil and gas development and infrastructure buildout, but also state governments, operators, tribes and other groups such as universities and conservation groups.

Building an engagement dialogue with these entities will allow them to have some authority to drive the project’s decision-making strategy and success. Stakeholder engagement ensures the right people are at the table, with a voice to be heard and considered throughout the project. It is crucial to identify the stakeholders that are directly and indirectly impacted, prioritize interaction by impact and vulnerability, and bring stakeholders to leadership and oversight positions when and where appropriate.

WSTN acknowledges that this process is a journey to communicate the need for and benefits of natural gas development and transport. This report is intended to provide data and information to connect with groups and individuals throughout the project area.
WSRNGI Stakeholder Groups

It is essential early in the project process to identify impacted stakeholder groups, including elected officials and regulatory agencies, to ensure successful environmental results through the production, transportation, export, and use of natural gas. The WSRNGI Steering Committee has had conversations about this report and has set the stage for potential stakeholder engagement with the following entities:

- Anadarko
- BP
- Caerus
- Colorado Building and Construction Trades – AFL/CIO
- Colorado Department of Natural Resources
- Colorado Farm Bureau
- Colorado Oil & Gas Association
- Conservation Colorado
- Crescent Point
- Denver Business Journal
- Duschesne County, Utah
- Enterprise Products
- Environmental Defense Fund
- EOG
- Garfield County, Colorado
- Governor Polis Transition Team
- Jonah Energy
- Laramie Energy
- LiUNA – Colorado Laborers
- National Fish and Wildlife Federation
- The Nature Conservancy
- Navajo Tribe
- Outdoor Industry Association
- Pipefitters Local 208
- QEP
- Terra Energy Partners
- Uintah County, Utah
- United Brotherhood of Carpenters and Joiners of America
- Ursa Energy
- Ute Energy
- Ute Tribal Business Committee
- U.S. Department of Energy
- U.S. Department of Interior
- Western Energy Alliance
- Western Resources Advocates

Outreach and Engagement

Communication with stakeholders should foster a dialogue between stakeholders and project developers. Additionally, it is crucial for project developers to communicate facts about the proposed project and evaluate stakeholder input to address any stakeholder concerns and educate participants in the dialogue. Some key topics that operators should be able to address include:

- Oil and gas development best practices that are already implemented;
- Economic benefits of energy development to rural Colorado and Utah communities;
- Global benefits of enhanced natural gas utilization in Asian countries; and
- Natural gas export projects as a complement to the use and integration of renewable energy resources in Asian counties.
CONCLUSION AND RECOMMENDED NEXT STEPS

This report demonstrates the abundant energy resource capacity from the Piceance-Uinta Basin, particularly in added reserves, to supply global markets with LNG.

The recommended next steps include initiating a process of regional collaboration to explore new end markets through a western states gubernatorial and tribal MOU.

This process will develop a proactive framework for facilitating conversations between a diverse group of stakeholders including the natural gas industry, LNG exporters, conservation groups, tribes, outdoor recreation groups, and other relevant stakeholders. This MOU will provide the blueprint for Phase II of the WSRNGI and will cover three primary areas of focus:

- **Education** – build a platform of engagement for policymakers, public officials and the general public to better understand the full resource potential of the Piceance and Uinta basins and the western states more broadly, and the potential role they can play in domestic and international energy markets, geopolitics, economic expansion and in addressing air pollution and greenhouse gas emissions.

- **Advocacy** – communicate the opportunity and benefits of providing natural gas, produced under the highest regulatory standards, for domestic and international markets.

- **Collaboration and Engagement** - develop a framework for stakeholder engagement where interest groups and stakeholders can convene, provide input and help steer the WSTN process and future project development.
Establishment of WSTN as a Non-Profit Entity

It is recommended that WSRNGI establishes itself as a 501(c)(4) non-profit entity with accompanying articles of incorporation, bylaws, and other additional items that will outline the vision/mission/values of the group and provide structure to the organization.

In recognition of tribal interests, it is also recommended that WSRNGI rename itself Western States and Tribal Nations Natural Gas Initiative (WSTN).

Establishment of WSTN Board of Directors and Advisory Board

WSTN will establish a Board of Directors to serve on the 501(c)(4) consisting of the participating state energy offices, county governments, and tribal organizations to provide the governance and strategic direction of the organization.

An Advisory Board will be established with representatives from various stakeholder groups including outdoor recreation, conservation, tribes, academia, the natural gas industry, LNG exporters and other impacted peripheral groups to provide expertise and counsel to the state energy offices under WSTN.

Other groups and individuals with specialty expertise or relevant background may be invited to provide counsel to the state energy offices under WSTN.

Stakeholder Engagement

- Tribal Engagement - WSTN will actively engage tribal organizations such as the Ute Tribe and Navajo tribe for membership on the WSRNGI Board along with the state energy offices. It also aligns with international guidelines to establish ‘best in class’ FPIC due diligence.

- State Engagement - WSTN recognizes that the state of Wyoming has contributed significantly to past efforts to develop markets for its natural gas producers, including the Wyoming Pipeline Association who filed as an intervenor in the FERC permit for Jordan Cove. WSTN will solicit membership from the state of Wyoming to join the Board of Directors. Other recommendations:

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Government</td>
<td>Example: Dept. of Interior</td>
</tr>
<tr>
<td>State Governments</td>
<td>State Energy Offices</td>
</tr>
<tr>
<td>International Go vs.</td>
<td>Purchasers of US commodity exports</td>
</tr>
<tr>
<td>E&amp;P Operators</td>
<td>Operators in E&amp;P (insert specific company)</td>
</tr>
<tr>
<td>Midstream Operators</td>
<td>LNG Exporters</td>
</tr>
<tr>
<td>Trade Associations</td>
<td>Example: Wyoming Pipeline Association</td>
</tr>
<tr>
<td>Indigenous</td>
<td>Sovereign Tribes in Western States</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Farmers</td>
</tr>
<tr>
<td>NGO/ Civil Society Orgs</td>
<td>Example: Environmental Defense Fund</td>
</tr>
<tr>
<td>Academic</td>
<td>Universities</td>
</tr>
<tr>
<td>Other</td>
<td>Outdoor recreation groups</td>
</tr>
</tbody>
</table>
Report Expansion to include other Western State Natural Gas Basins

WSTN should expand the initial report to include Wyoming (Green River Basin), New Mexico (San Juan Basin and Permian Basin) and Texas (Permian) economic and technical data as well as an advocacy and marketing strategy for those states.

Colorado Mesa University was a significant and important part of the conception of WSRNGI and funding the Phase I Report. WSTN should continue to work with the CMU Center for Unconventional Energy to build its capacity as a Center of Excellence for natural gas production, transportation, and LNG exports. WSTN will build working relationships with universities in relevant states to be covered by the report.

WSTN Engagement on Behalf of West Coast LNG and Petrochemical Projects

Realization of East Asian markets for western gas producers will play a strategic part of WSTN’s mission. WSTN will support such projects as Jordan Cove in their regulatory dockets and public proceedings. WSTN should convene public policy forums between officials from Washington, Oregon, and California and western gas producing states to develop a comprehensive dialogue addressing the technical, economic, environmental and geopolitical issues addressed in the WSRNGI Phase I Report.

WSTN will support the Utah Governor’s Office of Energy Development in the long-term Memorandum of Understanding it has recently signed with the state of Baja, Mexico’s Ministry of Economic Development that focuses on opening up East Asian markets for Utah energy exports.

Development of a North American/Asian LNG Forum

WSTN should partner with the Utah Office of Energy Development and the Colorado Energy Office to build on to the Utah Governor’s Office of Energy Development’s Annual Conference (to be held May 30, 2019) to convene a comprehensive forum with participation of East Asian LNG stakeholders including utilities/LNG buyers, public officials and industry.

The forum would allow stakeholders from Asian markets to connect with their counterparts in North America and understand the policy, regulatory and advocacy vehicles that exist.

Communications and Media

WSTN should develop a robust and sophisticated education and outreach capacity capable of producing including educational and marketing materials; press and media advocacy pieces for local, state and national press; and digital and social media.

ADDITIONAL RESOURCES


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Canada’s Pipeline Transportation System 2016, National Energy Board

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Energy Briefing Note: The Ultimate Potential for Unconventional Petroleum from the Montney Formation of British Columbia and Alberta, National Energy Board, BC Oil & Gas Commission, Alberta Energy Regulator, British Columbia Ministry of Natural Gas Development, November 2013

U.S. Natural Gas Outlook, George Wayne, KinderMorgan, December 2016


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Overview of Proposed Energy Operations of Jordan Cove Export Project, Navigant

Summary of Key Pipeline Takeaway Projects, BTU Analytics, December 13, 2016

LNG export terminals vital for B.C. gas producers, Contributed to Victoria Times Colonist, Brad Herald, March 23, 2016

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Update: Vanguard’s Acquisition of Assets From Bill Barrett Corporation Confirms Our Bull Case, Seeking Alpha, October 2, 2014

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Piceance Basin Drilling Program, G2X Energy

Legacy Reserves LP Closes WPX Transaction, Globe Newswire, June 4, 2014

Legacy Reserves LP Announces Strategic Alliance With WPX Energy and First Quarter 2014 Results, Globe Newswire, May 6, 2014

Colorado’s Natural Gas Needs New Markets, Jude Clemente, Forbes, September 18, 2016

Colorado Oil & Gas Conservation Commission data

NGI’s Shale Daily calculations

National Energy Board data

Tudor Pickering Holt & Co RigData

Brian Jeffries, Wyoming Pipeline Authority

NERA Economic Consulting


LNG Canada’s $50 billion question: when?, Nelson Bennett, Business Vancouver, October 20, 2015
Despite concerns, North Montney Mainline Project approved, William Stodalka, Pipeline News North, April 21, 2016

North Montney Mainline Project Received NEB Recommendation for Approval, TransCanada NewsRelease, April 16, 2015

Pacific Trail Pipelines Limited Partnership sign $200 million commercial agreement with 15 First Nations regarding the pipeline component of the Kitimat LNG Project, Apache News Release

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Prince Rupert LNG Project, British Columbia, Canada, www.chydrocarbons-technology.com


Three LNG projects granted environmental assessment approval, British Columbia Information Bulletin, November 25, 2014

TransCanada selected by Shell and partners to develop multi-billion dollar natural gas pipeline to Canada’s west coast, June 5, 2015, www.coastalgaslink.com


Begin the Sabine – Delivering Gas to the Lower 48’s First LNG Export Terminal, Housley Carr, RBN Energy LLC, June 17, 2015


Environmental and Social Value of Natural Gas, Shell International, and The Development Research Center. https://link.springer.com/chapter/10.1007/978-3-319-59734-8_4


AN ORDINANCE AMENDING UTE ORDINANCE No. 17-004
ESTABLISHING THE UTE TRIBAL EMPLOYMENT RIGHTS OFFICE (UTERO) ORDINANCE.

SECTION 1. SHORT TITLE
SECTION 2. FINDINGS AND PURPOSE
SECTION 3. DEFINITIONS
SECTION 4. ESTABLISHMENT OF UTERO COMMISSION AND OFFICE
SECTION 5. INDIAN EMPLOYMENT PREFERENCE POLICY AND PROCEDURES
SECTION 6. EMPLOYMENT RIGHTS FEE
SECTION 7. SPECIAL REQUIREMENTS FOR CONTRACTORS AND SUBCONTRACTORS
SECTION 8. JOB CATEGORIES
SECTION 9. IMPLEMENTATION
SECTION 10. ENFORCEMENT BY UTERO COMMISSION
SECTION 11. GRIEVANCE AND HEARING PROCEDURES
SECTION 12. LEGAL REPRESENTATION
SECTION 13. PRINCIPLES OF CONSTRUCTION; SEVERABILITY; JURISDICTION; LIMITED WAIVER OF SOVEREIGN IMMUNITY
SECTION 14. CERTIFICATION POLICIES AND PROCEDURES
SECTION 15. REPEAL OF INCONSISTENT ORDINANCES
SECTION 1. SHORT TITLE

The short title of this ordinance shall be the Ute Tribal Employment Rights Office Ordinance ("UTERO Ordinance").

SECTION 2. FINDINGS AND PURPOSE

2.1 Findings. The Tribal Business Committee of the Uintah and Ouray Reservation hereby makes the following findings regarding the need for and purpose of the UTERO Ordinance:

(A) The Ute Tribe has the inherent sovereign power to pass laws to implement and enforce special employment rights on behalf of Indians; and

(B) Jobs, subcontracts and contracts in the private sector within the territorial jurisdiction of the Ute Tribe are important resources for Indian people and Indians must use their rights to obtain their share of such opportunities as they become available; and

(C) Indians have unique and special employment, subcontract and contract rights, including Congressional recognition of the power of Indian tribes to impose preferential requirements on the grounds that the exemption is consistent with the federal government's policy of encouraging Indian employment and with the special legal position of Indians; and

(D) Indians are entitled to the protection of federal laws concerning prevention of employment discrimination, and the Ute Tribe can and should play a role in the enforcement of such laws; and

(E) The Tribal Business Committee of the Uintah and Ouray Reservation recognizes that it is important to establish an employment rights program and office in order to use the aforementioned laws and powers to increase employment of Indian workers and businesses and to eradicate discrimination against Indians; and

(F) Enterprises doing business with the Ute Indian Tribe on and within the Uintah and Ouray Indian Reservation are generally obligated by contract, lease or other agreement to employ, to the greatest extent possible, tribal members and to contract and subcontract with businesses owned and operated by tribal members; and

(G) For a variety of reasons, tribal members and businesses owned and operated by tribal members and Indians have not shared in the economic development of tribal resources within the Tribe's reservation; and

(H) The survival of the Reservation as a homeland for members of the Ute Indian Tribe is, in part, dependent upon the development of economic opportunities for tribal members on and within the Reservation.

2.2 Purpose. The purpose of the Ute Tribe Employment Rights Office Ordinance is to promote the self-sufficiency of the Tribe, its members and families, and address the employment needs of other Indian residents of the Uintah and Ouray Reservation. This Ordinance provides guidance for assisting in the fair employment of Ute tribal members and others Indians residing on and within the Uintah and Ouray Reservation, and for preventing discrimination against Ute tribal members and/or Indians in the employment, promotion, and training practices of those employers operating on and within the Uintah and Ouray Reservation. This Ordinance is separate and distinct from any other tribal employment programs administered for federal grants and/or contract programs. In carrying out these purposes, the Tribal Business Committee shall oversee employment activities according to this Ordinance. The Tribe exercises its authority to implement this Ordinance under its inherent sovereign powers as a federally recognized tribe, under the authority of the Ute Tribal Constitution and under any powers specifically delegated by the U.S. Congress.

SECTION 3. DEFINITIONS

3.1 "Business Day" means all Days, except Fridays, Saturdays, Sundays and official federal and tribal holidays.

3.2 "Certified Firm" means a firm which has been certified as a Ute Tribal or Indian-owned business by the UTERO Commission.

3.3 "Commerce" shall include all trade, traffic, distribution, communication, transportation, provision of services, manufacturing, production, agricultural production, building, maintenance, construction, banking, mining and energy production.

3.4 "Compliant Company" means an employer that has met all the requirements of the UTERO Ordinance to conduct business on and within the Reservation as determined by the UTERO Commission.

3.5 "Contract" means an agreement in writing between two or more persons which creates an obligation enforceable by law to perform work, supply service, labor, or material(s).

3.6 "Contractor" means any person, employer, or entity that enters a contract as defined herein to perform work, services, or other obligations where the person, employer, or entity has the primary responsibility for providing the work or services under the contract or Master Services Agreement.

3.7 "Development Agreement" means an agreement entered into between an employer and the UTERO Commission that implements the requirements of this Ordinance.
3.8 “Director” means the Director of the Ute Tribe Employment Rights Office.


3.10 “Employee” shall mean any employee, any applicant for employment, and any former employee whose employment has ceased as a consequence of or in connection with a current labor dispute or because of an unfair labor practice. The term “employee” shall not include any individual employed in the domestic services of any family or person at his home, or any individual employed by any other person who is not an employer as herein defined.

3.11 “Employer” means any person, company, prime contractor, contractor, subcontractor or entity located or engaging in commercial or employment activity on and within the exterior boundaries of the Uintah and Ouray Indian Reservation, and which employs two or more persons.

3.12 “Engaged in Work on and within the Reservation” means any employer who or whose employees or agents spend(s) any time performing work on and within the exterior boundaries of the Reservation pursuant to a contract with the Tribe or through a lease, permit or other authorization from the Tribe.

3.13 “Entity” means any person, partnership, corporation, joint venture, government, enterprise, or any other natural or artificial person or organization. The term “entity” is intended to be as broad and encompassing as possible to ensure applicability of this Ordinance to all employment and contract activities within the Tribe’s jurisdiction, and the term shall be so interpreted by the UTERO Commission and the Courts.

3.14 “Government Commercial Enterprise” means any entity or enterprise, chartered under the Tribe’s LLC Ordinance that is 100% owned by the Ute Indian Tribe and that is engaged in commercial activity that is not a traditional government function as defined by the Internal Revenue Service.

3.15 “Immediate family” means brother, sister, son, daughter, mother, father, husband, wife, step-brother, step-sister, half-brother, half-sister, or brother, sister, son, daughter, mother or father by adoption.

3.16 “Indian” means any member of any federally recognized tribe, or any person who furnishes documentary proof that he or she is recognized as an Indian by the United States pursuant to its trust responsibility to American Indians.

3.17 “Indian-Owned Firm” means an entity, firm or business certified by the UTERO Commission as eligible for Indian preference in contracting and subcontracting; provided that Indians hold at least 51% ownership interest in such entity, firm or business and exercise majority management control.

3.18 “Indian Preference” shall mean that qualified Ute Tribally owned businesses certified by the UTERO Commission shall be hired before qualified Indian and non-Indian owned businesses, and qualified Indian-owned businesses certified by the UTERO Commission shall be hired before qualified non-Indian owned businesses.

3.19 “Local Indian” means any member of a federally-recognized tribe who resides on and within the exterior boundaries of the Uintah and Ouray Reservation of the Ute Tribe.

3.20 “Master Service Agreement” means a single document that defines the overall relationship between an oil and gas exploration and production company and its providers of goods and services.

3.21 “Minimum Threshold” means a minimum level that any job applicant shall be required to meet. Criteria to establish a minimum threshold may be established by but are not limited to the following:

(A) Job Descriptions;
(B) Interview Committees;
(C) Skills Tests;
(D) RFP’s and License Requirements;
(E) Other Job Requirements.

3.22 “Prime Contractor” means any person, employer, or entity that enters into an oil and gas Master Service Agreement as defined herein to perform oil and gas work, services, or other obligations where the person, employer, or entity has the primary responsibility for providing the oil and gas work or services under the Master Service Agreement.

3.23 “Sub-Contractor” means any entity, usually a third party, hired or retained by a contractor or prime contractor, to perform work, supply services, or provide materials under a contract or Master Service Agreement.

3.24 “Tribal Business Committee” means the Uintah and Ouray Tribal Business Committee

3.25 “Tribe” shall mean the Ute Indian Tribe of the Uintah and Ouray Reservation, Utah.

3.26 “Tribe’s District Court” means the District Court as defined in Title 5, §103(f) of the Code of Laws of the Ute Tribe.
SECTION 4. ESTABLISHMENT OF UTERO COMMISSION AND OFFICE

4.1 Establishment of UTERO Commission. The Uintah and Ouray Tribal Business Committee does hereby amend the name of the Ute Employment Commission established in Ordinance No. 92-07 and reestablishes it as the Ute Tribal Employment Rights Commission ("UTERO Commission") for the purposes of implementing and enforcing the provisions for Indian Preference in employment contained in this Ordinance, and disseminating information regarding lawful employment and unlawful discrimination by employers who are operating on and within the Uintah and Ouray Indian Reservation.

4.2 Composition of the UTERO Commission

(A) The UTERO Commission shall consist of a six (6) member administrative review board, with two (2) members selected from each of the three (3) Bands of the Tribe; namely, the Whiteriver Band, Uintah Band and Uncompahgre Band. Each Tribal Business Committee member shall select one (1) member from their respective Band or a non-Tribal Member to serve on the UTERO Commission subject to confirmation by resolution duly approved by the Tribal Business Committee. The appointed UTERO Commission member shall serve a term consistent with the term of his/her appointing Tribal Business Committee member beginning on the date of appointment and ending as provided in the Appointments Ordinance, Ord. No. 10-003, as may be amended from time to time. Upon enactment of this Ordinance, the existing terms of UTERO Commission members appointed by Tribal Business Committee members that are no longer in office shall terminate. The existing terms of UTERO Commission members appointed by Tribal Business Committee members that are in office shall continue serving their respective terms in accordance with this Section. The Tribal Business Committee or the UTERO Commission shall have the authority to remove a UTERO Commission member before the expiration of the term of office of the member for neglect of duty, or malfeasance in office, or for other good cause shown. Removal of a UTERO Commission member may be accomplished by the appointing member of the Tribal Business Committee notifying the Tribal Business Committee in writing that he/she wishes to withdraw such appointment, whereupon the appointment shall be immediately withdrawn and terminated.

(B) The Commissioners shall elect a Chairman from among them, whose duty it shall be to call for and preside over all meetings and hearings and to execute official documents of the UTERO Commission. In addition, the Commissioners shall elect a Vice-Chairman who shall perform the duties of the Chairman in the Chairman’s absence.

(C) Commissioners shall serve in such capacity until his/her respective successor shall be duly appointed and qualified unless removed in accordance with this Ordinance prior to the expiration of a term. The UTERO Director shall notify the Tribal Business Committee of any vacancies within ten (10) working days after he/she becomes aware of such vacancy. Vacancies occurring on the Commission shall be filled in the same manner as the original appointment.

(D) Decisions of the UTERO Commission shall be made by a majority vote. A quorum shall consist of any four of the six Commission members.

(E) Recusal of UTERO Commission Members.

1. No member of the UTERO Commission shall participate in any action or decision by the UTERO Commission directly involving himself/herself, or a member of his/her immediate family, or any person, business or other entity of which he/she or a member of his/her immediate family is an employee, or in which he/she or a member of his/her immediate family has a substantial ownership interest, or with which he/she or a member of his/her immediate family has a substantial contractual relationship.

2. Nothing in this section shall preclude a Commissioner from participating in any action or decision by the UTERO Commission which:

   a. Generally affects a class of persons, regardless of whether the Commissioner or a member of his/her immediate family is a member of the affected class; or

   b. Affects the Tribe, a tribal enterprise, or a person or entity in a contractual relationship with the Tribe or a tribal enterprise, regardless of whether the Commissioner is a member of the Tribe.

3. A Commissioner may voluntarily recuse himself/herself and decline to participate in any action or decision by the UTERO Commission when the Commissioner, in his/her discretion, believes:

   a. that he/she cannot act fairly or without bias; or

   b. that there would be an appearance that he/she could not act fairly or without bias.

(F) Compensation, Mileage and Per Diem. Members of the UTERO Commission shall be reimbursed for their services at the rate of $75.00 per day. Members of the UTERO Commission that are in the employ of the Tribe must take leave without pay from their respective jobs to receive the compensation provided under this Ordinance. Members of the UTERO Commission shall also be entitled to receive, upon presentation of proper vouchers, such mileage and per diem payments as are in effect for members of other Commissions of the Tribe or such other compensation as the Tribal Business Committee may provide.

(G) Commissioner Qualifications. Each candidate for Commissioner must meet one (1) of the following two (2) requirements:

1. A high school diploma; and at least six (6) years’ work experience in business or industry, preferably in the field of business management, compliance, or regulation; OR

2. A Bachelor’s degree from an accredited university or college, preferably in Business Administration, Management, Accounting, Marketing, Law, or another relevant field, with a preference given to candidates with a relevant graduate degree; and at least two (2) years’ work experience in business or industry preferably in the field of business management, compliance or regulation.
(H) No member of the UTERO Commission shall serve simultaneously as a member of the Tribal Business Committee.

(I) No member of the UTERO Commission may own or possess an interest in a certified firm.

4.3 General Powers of the UTERO Commission

(A) Organizational Authority. The UTERO Commission may hire UTERO staff, including a UTERO Director, UTERO Assistant Director, and four (4) Compliance officers, obligate funds appropriated by the Tribal Business Committee, and secure and obligate funding from Federal, State or other sources to carry out its duties and functions under this Ordinance. The UTERO Commission is further authorized and directed to adopt such organizational bylaws, rules or regulations, and structure as are necessary to enable it to carry out its duties and functions under this Ordinance. The UTERO Commission shall report directly to the Tribal Business Committee.

(B) UTERO Director; Qualification; Staff; Duties.

(1) The UTERO shall consist of the UTERO Director and other personnel hired by the UTERO Commission to assist in the administration of the UTERO Commission's duties.

(2) The UTERO shall be headed by a Director who shall serve as the chief executive officer of the UTERO, who shall be hired by the UTERO Commission, and shall report directly to the UTERO Commission and operate under its direction.

(3) The UTERO Commission shall have the primary authority to hire, direct, suspend and remove the Director, but the Business Committee reserves the right to review any such decision of the UTERO Commission and otherwise affirmatively act to hire, direct, suspend and remove the Director on its own authority. Any such action by the Business Committee shall be final and not subject to further review or determination by the UTERO Commission. The UTERO Commission shall conduct annual evaluations of the Director. If at any time the Tribal Business Committee or the UTERO Commission believes the Director is failing to properly carry out his/her responsibilities, the Tribal Business Committee or the UTERO Commission shall take such action as it deems necessary to direct, suspend or remove the Director.

(4) The Director shall have such administrative ability, education and training as the UTERO Commission determines.

(5) The Director shall have authority to hire staff, to expend funds appropriated by the Tribal Business Committee pursuant to a budget submitted to the Tribal Business Committee by the Director after review and comment by the UTERO Commission, and approved by the Tribal Business Committee, and, subject to the approval of the Tribal Business Committee, expend funding from federal, state and other sources to carry out the purposes of this Ordinance.

(6) The Director shall enforce all decisions and orders duly adopted by the UTERO Commission.

(7) The Director shall be the investigating agent for the UTERO Commission responsible for investigating, researching, reporting and documenting any relevant information required by the UTERO Commission. The Director shall monitor and investigate complaints, concerns and inquiries regarding Indian preference.

(8) The Director shall have the authority to approve and issue temporary UTERO licenses valid for fifteen (15) calendar days from the date of approval not to exceed one temporary permit per company each year. Temporary UTERO licenses shall be subject to a fifty dollar ($50.00) processing fee. All other UTERO licenses must be approved by the UTERO Commission. The Director shall notify the UTERO Commission at the next regularly scheduled meeting of any temporary licenses that have been issued.

(9) The UTERO Assistant Director shall serve as the Dispatcher of the UTERO Office, shall assist the Director to implement the UTERO Ordinance as directed by the Director and shall maintain close communications with the UTERO Director at all times. The UTERO Assistant Director shall serve as the Director in the absence of the Director.

(C) UTERO Compliance Officers; Duties and Responsibilities. The Compliance Officers main function is to make sure that all covered employers operating on and within the exterior boundaries of the Reservation are in compliance with the UTERO Ordinance. Compliance Officers are primarily responsible for providing compliance enforcement support for the UTERO Commission, UTERO Office and the UTERO Director. Duties of Compliance Officers shall include conducting inspections of employers, employees, contractors and prime operators to ensure proper compliance with the UTERO Ordinance and issuing citations for non-compliance. Compliance Officers are also responsible for conducting investigations as may be assigned by the UTERO Director and/or UTERO Commission and performing all further duties as may be directed by the UTERO Director and/or UTERO Commission in accordance with this Ordinance.

(D) Regulatory Authority. The UTERO Commission shall promulgate rules, regulations, interpretations of law, and guidelines for Indian preference that are necessary to implement this Ordinance. Such rules, regulations, interpretations of law, and guidelines for Indian preference shall become effective upon Tribal Business Committee approval of a resolution adopting said rules, regulations, interpretations of law, and guidelines for Indian preference. Tribal Business Committee approved rules and regulations shall be codified in the Code of the Uintah and Ouray Tribe, and the UTERO Commission shall take other reasonable steps to insure that the general Reservation community is on notice of all Indian preference and applicable employment related laws.
The UTERO Commission shall maintain an Indian Skills Bank as a means of providing qualified Indian employees to employers, contractors, and subcontractors. The UTERO Commission shall actively recruit Indians for listing in the Skills Bank. The UTERO Commission shall also actively recruit and certify Ute Tribal and Indian firms as eligible for Indian Preference in contracting and sub-contracting. The Indian Skills Bank shall be shared monthly with the Tribal Human Resources Department.

The UTERO Commission is authorized to issue access permits to employers seeking access to Reservation Lands in accordance with the requirements of the Ordinance to Establish Access Permits for Access to Land and Through Lands of the Reservation, as amended. The Tribe's Energy and Minerals Compliance Officers, Fish and Game law enforcement and other law enforcement officers of the Tribe and of the Bureau of Indian Affairs shall assist the UTERO Commission in the enforcement of such access permits.

(F) Cooperative Agreements with Other Governments. The UTERO Commission, is authorized to enter into cooperative relationships with federal employment rights agencies, such as Equal Employment Opportunity Commission and Office of Federal Contract Compliance Programs, in order to eliminate discrimination against Indians on and off the Reservation and to enter into cooperative relationships with federal agencies, such as the Bureau of Indian Affairs, Department of Housing and Urban Development, Federal Highway Administration and Indian Health Service, in order to implement any federal Indian preference employment or contracting requirements as such agency may lawfully delegate to the Tribe.

(G) Cooperative Agreements. The UTERO Commission may also enter into cooperative agreements with agencies of state government in order to implement the intent of this Ordinance and eliminate unlawful discrimination against Indians.

Training by UTERO Commission. The UTERO Commission is hereby authorized to provide basic life/work skills training consistent with the needs of the community and implementation of the Tribal, state, or federal program; to establish a Tribal Employment Rights training center; to enter into agreements with labor unions and other persons or entities to provide work skills training and education opportunities; and to generally provide employment training to members of the Tribe and residents of the Uintah and Ouray Indian Reservation through means deemed appropriate by the Tribal Business Committee.

(I) Employment Rights Fee. The UTERO Commission shall be allocated sufficient funds as determined by the Uintah and Ouray Tribal Business Committee derived from the Employment Rights Fee as described in Section 6 of this Ordinance for implementation, conduct, and fulfillment of the UTERO Commission's purposes.

SECTION 5. INDIAN EMPLOYMENT PREFERENCE POLICY AND PROCEDURES

The requirements set forth in this Ordinance shall apply to any employer engaged in work on and within the Reservation, including work performed on non-tribal fee lands to develop tribal minerals within the Reservation, pursuant to a contract with or lease, permit, development agreement or other authorization issued by the Tribe. In those cases where a contract, lease, development agreement or other document requires that preference be given in subcontracting with Indians, the requirements set forth below and the rules, regulations and directives of the UTERO Commission shall define the minimum obligations of said employer under such contract, lease or other document, unless the content of such contract, lease, development agreement or other document clearly requires otherwise.
All employers shall extend a preference to qualified Indians, as provided herein and in accordance with any contract, lease, permit, or development agreement entered into by and between the Tribe and the Employer in all aspects of employment, including but not limited to recruitment, hiring, promotion, lateral transfers, retentions, training, contracting, and subcontracting. No employer may recruit, hire, or otherwise employ any non-Indian for any employment position covered by this Ordinance; unless and until the UTERO Commission has furnished written notice to such employer that no qualified Indians are available for such position.

All employers, contractors, subcontractors and employees shall comply with all laws of the Ute Indian Tribe.

5.1 Applicability. Unless clearly and expressly prohibited by federal and other tribal laws or Tribal Business Committee action, this Ordinance shall apply to all employers, including but not limited to: The Tribal Business Committee and all its programs, departments, and chartered entities or enterprises; Indian-owned employers, private employers and independent contractors and subcontractors, including those performing work for the Tribal Business Committee, the State of Utah, or the United States.

5.2 Covered Positions. The Indian Employment Preference Policy of this section shall apply to each and every job classification, skill area, or craft recognized or utilized by an employer, including administrative, supervisory, and professional classifications.

5.3 Qualified Indians; Employment Criteria. An Indian shall be qualified for employment in a position if he or she meets the minimum threshold requirements for such position, and such Indian shall be accorded the preferences to which he or she is entitled under this Ordinance. No employer may utilize any employment criterion that is not legitimately related to the performance of the position.

5.4 Eligible Indians

(A) Uintah and Ouray Tribe, its Entities, and Private Employers Contracting with the Tribe. The Uintah and Ouray Tribe, its programs, departments, chartered entities and enterprises, and private employers contracting with the Tribe, shall extend a preference to qualified Indians according to the following priorities:

1. Enrolled members of the Uintah and Ouray Tribe;
2. Indian spouses of enrolled members of the Uintah and Ouray Tribe;
3. Indians residing on and within the exterior boundaries of the Uintah and Ouray Indian Reservation.
4. Indians not residing on and within the exterior boundaries of the Uintah and Ouray Indian Reservation.

If this section conflicts with any applicable federal laws or regulations, the Uintah and Ouray Tribe and its programs, departments and chartered entities and enterprises, and private employers contracting with the Tribe shall extend Indian preference according to the requirements of said federal laws and regulations.

(B) Private Employers Not Contracting with the Uintah and Ouray Tribe. Private employers not contracting with the Uintah and Ouray Tribe and doing business on and within the exterior boundaries of the Uintah and Ouray Indian Reservation shall not be subject to the priority requirements of Section 5.4(A), but shall extend a preference to qualified Indians residing on or near the exterior boundaries of the Uintah and Ouray Indian Reservation. Private employers operating under contracts with the Uintah and Ouray Tribe shall be required to provide Indian Preference according to the requirements of Section 5.4(A).

5.5 Notice of Employee Rights. All employers subject to this Ordinance shall prominently display a notice to all employees and applicants for employment of their rights under this Ordinance.

5.6 Employer Retaliation Prohibited. It shall be a violation of this Ordinance for any employer to take any adverse personnel or hiring action, or to retaliate in any way, against any person who attempts to enforce the requirements under this Ordinance. Employers found by the UTERO Commission, pursuant to an adjudicatory hearing, to have engaged in retaliation shall be subject to appropriate sanctions to be imposed by the UTERO Commission. The UTERO Commission may in its discretion either hold a hearing or file an action in Tribal Court to review an allegation of unlawful retaliation. The Tribal Court is authorized to issue temporary injunctions for enforcement of this provision to prevent unlawful conduct.

(A) Indian Preference

1. Any employer engaged in work on and within the Reservation shall give preference in awarding all contracts and subcontracts to be performed on and within the Reservation to Ute Tribal and Indian owned businesses certified by the UTERO Commission according to the specific terms and requirements of the regulations adopted by the UTERO Commission implementing this Ordinance.
(2) In all instances an employer engaged in work on and within the Reservation shall give first preference to Ute Tribal Firms and then to other qualified Indian Owned Firms. An employer engaged in work on and within the Reservation may not enter into a contract or subcontract with a firm that is not certified by the UTERO Commission.

(3) Once an employer has entered into a contract with a certified firm, the UTERO Commission may not intervene in any way in the relationship between the parties unless a certified firm demonstrates, by a preponderance of the evidence, that action taken against it by an employer is primarily designed to circumvent the provisions or intent of this Ordinance.

(4) Any employer planning to issue a bid, request for proposal, or other action leading to the employment of a contractor/subcontractor who would be covered by this Ordinance shall notify the UTERO Director of its plans no fewer than twenty (20) calendar days prior to issuing notice to bidders or other potential contractors/subcontractors. The employer shall also obtain from the UTERO Director a list of Indian preference certified firms and shall send a copy of the bid notice or other notice setting out the contract/subcontract opportunity to each Indian preference certified firm engaged in the field of commerce in which the contract/subcontract work will take place. The UTERO Director shall identify such firms according to the order of preference set out in this section. An employer that fails to comply with this requirement shall be subject to the sanctions set out in Section 11.6 of this Ordinance.

(5) Any employer planning to hire a contractor/subcontractor for hourly work or on a time and material (T&M) basis without following the bidding process must first contact the UTERO Director to obtain a list of Indian preference certified firms and shall contact each firm engaged in the field of commerce in which the contract/subcontract hourly work or T&M will take place. The UTERO Director shall identify such firms according to the order of preference set out in this section. An employer that fails to comply with this requirement shall be subject to the sanctions set out in Section 11.6 of this Ordinance.

(B) Evaluation of Technical Qualifications of Certified Firms

(1) The UTERO Commission shall certify Ute Tribal and Indian-owned businesses based upon their technical qualifications. An employer may challenge the UTERO Commission’s findings regarding technical qualifications; provided, that before challenging that an Indian-owned firm is technically qualified, the employer must first:

a. interview the principles in all available certified firms to determine their knowledge and expertise in the area; provided, that for certified firms that do not yet have an established record, the employer shall evaluate the basis of the individual qualifications of the principles in the firm(s), their equipment and other factors which provide guidance on the firm(s) ability to perform the work; and

b. provide to the UTERO Commission and to each certified firm that is thought to lack the technical qualifications to perform the work a description, in writing, of the area(s) in which it believes the firm is weak and the steps it could take to upgrade its qualifications.

(C) Determination of Reasonable Price

(1) An employer may use any non-discriminatory process it chooses for determining a reasonable price, including, but not limited to, competitive bidding (open or closed) or private negotiations; provided, that:

a. before an employer may reject a certified firm on the basis of price, it must offer the certified firm an opportunity to negotiate price; and

b. if there is only one technically qualified certified firm, an employer must enter into negotiations on price with such firm and contract with that firm if a reasonable price can be negotiated.

(2) No employer may reject a certified firm on the basis that a reasonable price could not be negotiated and then contract with a non-certified firm at the same or higher price.

(3) If the lowest bid from a technically qualified, certified firm is not more than 20 percent higher than the bid from a non-certified firm, the employer must permit the certified firm an opportunity to meet the non-certified firm’s price. If the certified firm is willing to meet the bid of the non-certified firm, the employer must contract with the certified firm.

(4) The UTERO Commissioners, the UTERO Director and/or the UTERO staff shall be allowed to be present at bid openings but shall act solely as independent observers to ensure that the bidding process does not violate the requirements of this Ordinance. The UTERO Commissioners, the UTERO Director and/or the UTERO staff shall not otherwise interfere with the administration of the bidding process by any company.

(5) In the event a bid changes after a firm is selected by an employer following the bidding process, the employer must notify the UTERO Office of the change immediately. Deliberately under-bidding to secure an award of a contract and changing such bids through revised change or work orders following the award of a contract or subcontract is strictly prohibited and such activity shall be subject to oversight and enforcement by the UTERO Commission.
5.7 Development Agreement; UTERO License. No new employer may commence work on and within the Reservation until it has consulted with the UTERO Office to meet the obligations under this Ordinance by entering into a Development Agreement with the UTERO Commission and obtaining a UTERO license to work on and within the Reservation.

SECTION 6. EMPLOYMENT RIGHTS FEE

6.1 Establishment of Employment Rights Fee. There is hereby established an Employment Rights Fee, to raise revenue for the operation of the UTERO, UTERO Commission and Ute Tribal Court. The Employment Rights Fee shall be paid to the Uintah and Ouray Tribal Business Committee by each prime contractor or by each employer, and contractor(s) and subcontractor(s), other than those engaging in oil or gas production, exploration or development, operating on and within the exterior boundaries of the Uintah and Ouray Reservation, whose total contract or annual gross revenues is $1,000.00 or more. Prime contractors or Employers engaging in oil or gas production, exploration or development (“Producers”) shall pay to the Tribal Business Committee as set forth in Section 6.2 below. Contractor(s) and subcontractor(s) engaging in oil or gas production, exploration or development for and on behalf of a Producer shall pay to the Tribal Business Committee as set forth in Section 6.3 below.

For all other prime contractors and employers, other than those engaging in oil or gas production, exploration or development, the Employment Rights Fee shall be calculated according to the total gross value of any contract performed on and within the Reservation or of the total annual gross revenues, whichever is less. The following shall be the percentage rates owed by prime contractors and Employers on the gross value of any contract performed or of the total annual gross revenues generated on and within the exterior boundaries of the Reservation, whichever is less:

<table>
<thead>
<tr>
<th>Gross Value/Gross Revenue</th>
<th>Percentage Owed</th>
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</thead>
<tbody>
<tr>
<td>$0.00-$999.99</td>
<td>0%</td>
</tr>
<tr>
<td>$1,000.00-$199,999.99</td>
<td>.50%</td>
</tr>
<tr>
<td>$200,000.00-$499,999.99</td>
<td>.75%</td>
</tr>
<tr>
<td>$500,000.00-$1,999,999.99</td>
<td>1.0%</td>
</tr>
<tr>
<td>$2,000,000.00 and up</td>
<td>2.0%</td>
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</tbody>
</table>

The Employment Rights Fee shall be paid in full by October 31 of each year, however installment payments may be paid upon prior written approval of the Tribal Business Committee. The proceeds of the Employment Rights Fee shall be used in implementing this Ordinance, financing the costs associated with operating the UTERO and providing funding for the Uintah and Ouray Tribal Court’s processing and hearing of employment termination cases. The Tribal Business Committee shall authorize the appropriate amounts of the Employment Rights Fee to be utilized by the UTERO Commission, UTERO and the Tribal Court according to proof of budgetary needs provided by each department. A contractor or employer failing to pay the Employment Rights Fee shall be subject to sanctions imposed by the Commission. The Uintah and Ouray Tribal Business Committee when it is determined to be in the interests of the Uintah and Ouray Tribe reserves the right to waive the Employment Rights Fee for any contract or contracts.

6.2 Oil and Gas Employment Rights Fee. Prime Contractors engaged in oil or gas production, exploration or development shall pay an Employment Rights Fee in accordance with this Section 6.2; provided that, in no event shall a Prime Contractor be required to remit to the Tribal Business Committee an Employment Rights Fee exceeding $500,000.00 annually. The oil and gas Employment Rights Fee paid by the Prime Contractor shall be the only Employment Rights Fee incurred by the Prime Contractor.

(A) New Oil or Gas Wells. For each well drilled by a Prime Contractor (a “New Well”), the Prime Contractor, as applicable, shall remit to the Uintah and Ouray Tribal Business Committee a one-time per New Well Employment Rights Fee of $5,000.00. Such New Well Employment Rights Fee shall be due and payable by a Prime Contractor upon the commencement of actual drilling operations for a New Well.

(B) Existing Oil or Gas Wells. For each oil or gas well existing upon the date of this Ordinance (an “Existing Well”), a Prime Contractor, shall remit to the Uintah and Ouray Tribal Business Committee a one-time per Existing Well Employment Rights Fee of $2,500.00. Such Existing Well Employment Rights Fee shall be due and payable by a Prime Contractor, upon the commencement of any form of drilling, reworking or other activities intended to enhance or increase oil or gas production from an Existing Well.

(C) Effect of New Well or Existing Well Employment Rights Fee Payment. Payment of the Employment Rights Fee for a New Well or Existing Well shall thereupon relieve, as applicable, a Prime Contractor performing future work on the New Well or Existing Well from the payment of any further or additional Employment Rights Fee for any and all work, construction or other activities reasonably related to such New Well or Existing Well.
6.3 Contractors and Subcontractors. The Employment Rights Fee shall be paid to the Tribal Business Committee by each contractor(s) and subcontractor(s), engaging in oil or gas production, exploration or development, for a Prime Contractor operating on and within the exterior boundaries of the Uintah and Ouray Reservation, whose total contract or annual gross revenues is $1,000.00 or more. The Employment Rights Fee that applies to contractor(s) and subcontractor(s) shall not be passed onto the Prime Contractor.

The following shall be the percentage rates owed by contractor(s) and subcontractor(s), engaging in oil or gas production, exploration or development, on the gross value of any contract performed or of the total annual gross revenues generated on and within the Reservation, whichever is less:

<table>
<thead>
<tr>
<th>Gross Value/Gross Revenue</th>
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</tbody>
</table>

The Employment Rights Fee shall be paid in full by October 31 of each year, however installment payments may be paid upon prior written approval of the Tribal Business Committee. The Tribal Business Committee when it is determined to be in the interests of the Tribe reserves the right to waive the Employment Rights Fee for any contract(s) or subcontract(s).

6.4 The Uintah and Ouray Tribal Business Committee and the UTERO Commission can amend the fee structure of the Employment Rights Fee based on market rates and any other economic interests.

6.5 Government Commercial Enterprises and Ute Tribally Owned Firms shall be exempt from the application of the 2% Employment Rights contract based fee set forth in this section.

SECTION 7. SPECIAL REQUIREMENTS FOR CONTRACTORS AND SUBCONTRACTORS

The requirements of this Section apply to all employers engaging in commercial or employment activities on and within the exterior boundaries of the Reservation pursuant to public or private contracts/subcontracts. If this section's contracting requirements conflict with applicable federal law or regulations, the applicable federal laws or regulations shall supersede this section. If this section or other terms and requirements relating to Indian Preference set forth in this Ordinance conflict with the specific terms and requirements set forth in any applicable leases, contracts, subcontracts or agreements with a Governmental Commercial Enterprise, the terms and requirements set forth in such agreements shall control and supersede the terms of this Ordinance.

7.1 Certification by UTERO Commission. Any contractor or subcontractor claiming eligibility for Indian preference under this Ordinance shall submit documentation acceptable to the UTERO Commission, pursuant to its authority under Section 14 that it is a Ute Tribal or Indian-owned firm as defined in Section 3.

7.2 Requirements in Contracting/Subcontracting. Preference shall be given to Ute Tribal or Indian-owned certified firms in the award of all contracts/subcontracts. An employer may select its contractor/subcontractor in any manner or procedure it so chooses. Provided that:

(A) Competitive Award:

(1) If the employer uses competitive bidding or proposals, competition shall be limited to Ute Tribal and Indian-owned certified firms. If the employer is unsure if there are any qualified Ute Tribal or Indian-owned certified firms, it may first publish a prior invitation for Ute Tribal and Indian-owned certified firms to submit a Statement of Intent to respond to such a limited advertisement when published and to furnish, with the Statement of Intent, evidence sufficient to establish their technical qualifications.

(2) If the employer fails to receive any Statement of Intent from a technically qualified Ute Tribal and Indian-owned certified firm, it may, after so notifying the UTERO Director, advertise for bids or proposals without limiting competition to Ute Tribal or Indian-owned certified firms and may award to the low bidder, provided that, if the bid submitted by a Ute Tribal or Indian-owned certified firm is within 10% above the low bid, award shall be made to that firm if it is technically qualified to perform the work.

(3) If only one Ute Tribal or Indian-owned certified firm submits a bid or Statement of Intent, the employer (unless otherwise prohibited by federal law or regulation) shall enter into negotiations with that firm for a period not to exceed ten (10) calendar days and shall award the contract to that firm so long as the firm is technically qualified and is willing to perform the work at a reasonable price.
(B) Negotiated Award: If the employer selects its contractor/subcontractor through negotiations or other informal process, it may not enter into a contract with a non-certified firm unless it has contacted every Ute Tribal and Indian-owned certified firm in the relevant field and has determined that there is no certified firm available that is technically qualified to perform the work required at a reasonable price. So long as a certified firm meets the minimum threshold qualifications, no non-certified firm may be selected.

(C) Sole Source Negotiations with Tribal Contracting Firms by Tribal Entities and Programs: Notwithstanding subsections (a) and (b) of this Section, all tribal programs and tribal entities shall give a right of first refusal for the work on any project funded by tribal or Tribal entity dollars and/or PL 93-638 funds to a Tribally-owned contracting firm qualified to perform the work on the project (unless otherwise prohibited by federal law or regulation). The Tribal program or entity that is letting the contract on the project shall engage in negotiations with the qualified Tribally-owned contracting firm to negotiate a price and terms of a contract for the work. If good faith negotiations do not result in a contract within thirty days after commencement of negotiations, the Tribal entity letting the contract may put the contract out for competitive bid in a manner consistent with subsections (a) and (b) of this Section.

(D) The term “reasonable price” as used in this Section shall mean as a general rule, a price that is within ten percent (10%) of the amount the awarding employer has estimated it would spend on that contract or subcontract.

7.3 Indian Preference Plan. Each employer shall include in its bid an Indian Preference plan for the master contract and any subcontracts. The plan shall indicate the name of the proposed contractor(s) and subcontractor(s), whether it is a Ute Tribal or Indian-owned certified firm and if not, information on the good faith steps taken to identify Ute Tribal or Indian-owned certified firms for the contract/subcontract. A contractor may not refuse to employ a certified firm for the reason of price so long as the Ute Tribal or Indian-owned certified firm's price is within ten percent (10%) above the lowest bid, calculated by multiplying the lowest bid by 110%. An employer may not refuse to employ a Ute Tribal or Indian-owned certified firm for the reason that a non-Indian firm is more qualified so long as the Ute Tribal or Indian-owned certified firm satisfies the threshold requirements for technical qualifications.

7.4 Failure to Submit Indian Preference Plan. An apparent successful bidder who fails to submit an Indian preference plan prior to award of the contract shall be considered a non-responsive bidder for the purpose of awarding the contract.

7.5 Amendments to Plan. If awarded the bid, the contractor may not deviate from the plan or add or delete any existing new subcontracts or subcontractors without the written consent of the Contracting Officer or his designee and notice to the UTERO Commission. Any amendments to the Indian Preference Plan must be in writing and approved prior to the date of implementation.

7.6 Bid Shopping Prohibited. An employer is prohibited from engaging in bid shopping as a means of avoiding its Indian contract/subcontract preference obligations. Bid shopping is defined as any practice which an employer informs a prospective contractor/subcontractor that it will receive a contract/subcontract only if it offers a price lower than that proposed by another firm.

SECTION 8. JOB CATEGORIES

Employers or subcontractors employed by a primary contractor under one or more contracts totaling at least $10,000 shall not participate in more than one area of the overall project for which such employer or subcontractor is employed. A superintendent or any person in a similar capacity employed by the primary contractor shall not be employed in any other aspect of said project.

8.1 Identification of Regular, Permanent Employees. Prospective contractors and bidders shall identify regular, permanent employees, including those included in subcontractors, in the bid package. Such employees may be employed on the project whether or not they are Indian. A regular, permanent employee is one who is and has been on the contractor's or subcontractor's annual payroll, or is an owner of the firm. The fact that an individual has worked for the contractor on previous projects shall not of itself qualify that individual as a regular, permanent employee. Exceptions for superintendents and other key personnel may be granted by the UTERO Commission on a case-by-case basis. Any contractor or subcontractor which fills vacant employment positions in its organization immediately prior to undertaking work pursuant to a contract on and within the exterior boundaries of the Uintah and Ouray Reservation shall provide evidence acceptable to the Contracting Officer and the UTERO Commission that such actions were not intended to circumvent the provisions of this Ordinance.

8.2 Lay-Off. In all lay-offs and reduction in force, no Indian worker shall be terminated if a non-Indian worker in the same job classification is still employed; the non-Indian must first be terminated if the Indian possesses the qualification for the position at question. Qualified Indian workers shall be transferred to a crew to be retained so long as non-Indians in the same job classification are employed elsewhere on the job site.
8.3 Promotion. Every employer shall give Indian preferential consideration for all promotion opportunities and shall encourage Indians to seek such opportunities. For every supervisory position filled by a non-Indian, the employers shall file a report with the UTERO Commission stating what efforts were made to inform Indian workers about the position, how many Indians applied for the position, and the reason why an Indian was not hired for the position.

8.4 Summer Students. Every employer shall give Indians preferential consideration for summer student employment. The employer shall make every effort to promote after-school, summer and vacation employment for Indian students.

8.5 Existing Contracts, Employers. Any existing contracts or other work presently operating under an existing agreement with the Ute Employment Commission will continue under the same written guidelines and rules. Each employer shall provide to the UTERO Commission a list of employees and their Indian affiliation, if any, as part of the implementation of this Ordinance.

8.6 Reporting Requirements. Each employer shall submit reports and other information requested by the UTERO Commission. The reports and information may include monthly reports to the UTERO Commission on a form provided indicating the number of employees, including a separate tally of Indians, it has on its work force, monthly hires and fires, contractors/subcontractors, hourly work and time and material contracts awarded to Indian preference certified firms, and other information as may be identified on the form. An employer who fails to submit reports shall be subject to sanctions provided under this Ordinance. The UTERO Commission may inspect and copy all relevant records and job-sites of all employers or entities engaged in business on and within the exterior boundaries of the Reservation pursuant to a lease, contract or other authorization during normal business hours in order to ensure compliance with this Ordinance and may talk to any employee and conduct investigations on job sites, so long as it does not pose a safety hazard or interfere with the operations of the business.

SECTION 9. IMPLEMENTATION

In implementing the requirements of this Ordinance, the UTERO Commission may:

9.1 Hiring Goals and/or Hiring Directives. Enforce any and all terms and provisions addressing hiring goals and/or hiring process in any contract, lease, development agreement or other document executed by and between Employers subject to this Ordinance and the Uintah and Ouray Tribal Business Committee, including any timetables that specify the minimum number or percentage of Indians an Employer must hire. In the absence of such terms, Employers shall ensure that at least 50% of their new hires performing work on and within the exterior boundaries of the Reservation are enrolled members of any federally recognized tribe. A specific process to hire Tribal Members may be implemented, but only upon mutual agreement by and between an Employer and the UTERO Commission.

9.2 Training Programs. Require employers to establish or participate in such training programs as the Commission determines necessary in order to increase the pool of qualified Indians on the Uintah and Ouray Reservation. Such training programs must have prior approval from the Contracting Officer and should preferably be included in the bid package. If training programs are not included in the bid package, the UTERO Commission shall give due consideration to the increase in cost, if any, for performing the program.

9.3 Attend and monitor all job interviews as a non-voting participant.

9.4 Prohibit an employer from establishing extraneous qualification criteria or other requirements that serve as barriers to Indian employment.

9.5 Enter into agreements, subject to approval by the Uintah and Ouray Tribal Business Committee, with unions and other employers to insure compliance with this Ordinance.

9.6 Require employers to give preference in the award of contracts and subcontracts first to qualified Ute Tribal-owned firms and businesses as defined in Section 3 and then to other Indian-owned firms and businesses according to the terms and provisions of regulations implementing this Ordinance established by the UTERO Commission.

9.7 Establish programs to provide counseling and support to Indian Workers to assist them to retain employment. Employers may be required to participate in and/or cooperate with such support and counseling programs.
SECTION 10. ENFORCEMENT BY UTERO COMMISSION

In implementing this Ordinance the UTERO Commission shall have the following powers of enforcement:

10.1 Issue Notices of Non-Compliance and Compliance Orders. To issue notices of non-compliance and compliance orders with the Indian preference provisions of this Ordinance and other applicable provisions of this Ordinance.

10.2 Citations, Subpoenas, and Penalties. To issue citations and subpoenas to employers regarding violations of the Indian preference provisions of this Ordinance, and to impose such civil penalties, including fines, as may be reasonably necessary to remedy the consequences of a violation of the Indian preference provisions of this Ordinance or to deter future violations.

10.3 Hearings. To hold such hearings as may be necessary to resolve complaints, enforce the provisions of this Ordinance, and hear concerns regarding issues pursuant to the UTERO Commission's authority under this Ordinance.

10.4 File and Defend Cases in Tribal Court. To bring or defend a complaint or other action in Ute Tribal Court for enforcement of the Indian preference provisions of this Ordinance, against any employer on and within the exterior boundaries of the Uintah and Ouray Reservation.

SECTION 11. GRIEVANCE AND HEARING PROCEDURES

11.1 Individual Complaints. Any certified firm, group of certified firms, or other person or entity which believes that an employer has failed to comply with the requirements of this Ordinance or any rules or regulations promulgated hereunder by the UTERO Commission may file a complaint with the UTERO Commission, whether or not the complaining party can demonstrate that it has been personally harmed by the alleged noncompliance.

(A) If, in the discretion of the UTERO Commission, the complainant makes an adequate showing of cause, then the UTERO Commission shall notify the employer, in writing, of the specific allegations.

(B) If the complaint is lodged against a contractor or subcontractor, notice of the allegations shall also be provided to the entity which holds the permit, lease or authorization under which the contractor or subcontractor is operating, and such entity shall be a party to all further negotiations, hearings, and appeals.

(C) The complainant and the notified parties shall have twenty (20) days from notification to pursue an informal voluntary resolution of the problem. If no resolution is reached within the allotted time, the complainant shall notify the UTERO Commission. The UTERO Commission shall hold a formal hearing on the matter within twenty (20) days of receipt of such notice.

11.2 Commission Complaints.

(A) When, based upon its own investigation, the UTERO Commission believes any employer is or may be in violation of this Ordinance, any rules or regulations promulgated hereunder, or any permit, lease or other authorization to engage in business on and within the exterior boundaries of the Reservation, it shall so notify the employer in writing of the alleged violations.

(B) The employer shall have twenty (20) days to reach an informal resolution with the UTERO Commission.

(C) If no resolution is reached, the UTERO Commission shall set a formal hearing date.

11.3 Rights of Parties Before UTERO Commission. At all formal hearings before the UTERO Commission, all participants shall have the following rights:

(A) to be represented by counsel, at their own expense;

(B) to be present at the hearing;

(C) to present relevant sworn testimony and documentary evidence; and

(D) to call and to cross-examine witnesses.

11.4 Rules of Evidence. All hearings before the UTERO Commission shall be conducted in an orderly manner, but formal rules of evidence need not be observed.
11.5 Decision of the UTERO Commission. Based on a preponderance of evidence presented at the formal hearing, the UTERO Commission shall decide, by majority vote, if an employer is in violation of this Ordinance, any lease, permit or other authorization by which the employer is conducting business on and within the exterior boundaries of the Reservation, or any rules and regulations promulgated under this Ordinance.

11.6 Sanctions. If the UTERO Commission finds that an employer is not in compliance with this Ordinance, rules and regulations promulgated pursuant to it, or any lease, permit or other authorization by which an employer is conducting business on and within the exterior boundaries of the Reservation, the UTERO Commission may impose any or a combination of the following sanctions upon the non-complying employer:

(A) award attorneys' fees to the complaining party;

(B) fine of $10,000.00 to $20,000.00 per calendar day of noncompliance;

(C) suspension of the contract letting process, or the work on the contract until the employer is in compliance, or until a plan for compliance is developed;

(D) ban the employer from eligibility to receive a lease, contract or other authorization to engage in work on and within the exterior boundaries of the Reservation indefinitely or for a specified time, including suspension or revocation of access permits; and

(E) award monetary relief against the employer in favor of any Indian or contractor who was harmed by the employer's violation.

The UTERO Commission shall send written notice of sanctions to by certified mail, to the employer and any individual complainant.

11.7 Seizure of Property and Security.

(A) Any equipment, motor vehicle, construction equipment, or other property in the actual or constructive possession of an employer cited for violation of this Ordinance may be seized and held to secure payment of any fine and/or damage assessment, to secure such person's appearance before the UTERO Commission, or to be forfeited as provided in Section 11.8. Unless a forfeiture proceeding is initiated as provided in Section 11, property seized as security shall be released to its owner upon payment of any fine and/or damage assessment imposed by the UTERO Commission and applicable impoundment fees or upon a finding by the UTERO Commission that the person in possession of the seized property at the time of the seizure did not violate this Ordinance.

(B) Persons Authorized to Seize Property. Property subject to seizure under this Section may be seized by any UTERO Compliance Officer, Energy and Minerals Compliance Officer, by any Fish and Game law or Police Officer of the Tribe, by any law enforcement officer of the Bureau of Indian Affairs or upon an order by the UTERO Commission or without an order of the UTERO Commission if the seizure is incident to a sanction under this Ordinance.

(C) Custody of Seized Property. Property seized under this Section shall be held in the custody of the Tribe's Fish and Game Department, subject only to the Orders of the UTERO Commission, which may include orders for the sale of the seized property at public auction to collect fines and damages imposed under this Ordinance, and orders issued in a forfeiture proceeding.

11.8 Forfeiture of Property

(A) Property Subject to Forfeiture. Property seized under this Ordinance, including any liens or other interests in such property, shall be subject to forfeiture when the property is used to facilitate the commission of the actions in violation of this Ordinance, whether or not the owner of the property or holder of an interest in the property participated in, had knowledge of or consented to the use of such property on Tribal land in violation of this Ordinance.

(B) Innocent Owners of Interests in Forfeited Property. The UTERO Commission may deny forfeiture of an interest in seized property held by a person who did not participate in, or have knowledge of or consent to the prohibited use of the property if the person demonstrates to the Commission that he/she took all reasonable measures to prevent the prohibited use of the seized property, or demonstrates to the Court that the person performing the prohibited action obtained possession of the property without his/her consent.
Civil Forfeiture Proceedings.

1. Complaint. Forfeiture proceedings shall be initiated by the Tribal Prosecutor filing a civil complaint in the Court in an in rem proceeding against the property. The complaint shall describe with reasonable specificity the property at issue and the basis for forfeiture, and must be filed within thirty (30) days after the property is seized.

2. Notice to Owners of Interests in Property. The Tribal Prosecutor shall give written notice of the forfeiture proceeding to all persons known to have an interest in the property, including a lien interest, and all persons whose interest is reasonably ascertainable. All such persons shall be required to answer the complaint and file any claim to the property within twenty (20) days after notice is given. Notice under this Subsection shall also be given by:

a. Publication in a newspaper of general circulation within the State of Utah for a period of not less than three (3) days; or

b. In the event the person cited for violation of this Title is a non-resident of the State of Utah, in a newspaper of general circulation within the area of such person's residence for a period of not less than three (3) days.

3. Hearing and Judgment. Upon notice as required under Subsection 2, above, the Court shall conduct a hearing to determine whether the property and any known interests in the property should be forfeited to the Tribe, and shall enter an appropriate Judgment.

4. Disposition of Forfeited Property. Property forfeited to the Tribe, or the proceeds from the sale of forfeited property, shall be retained by the Tribe and used to equip and finance enforcement activities under this Ordinance.

11.9 Third Party Collection Agent/Impoundment.

A. Collection Agent. The Business Committee shall engage, or authorize the Tribal Court and/or any of its Departments to engage, a third party collection agency to collect any amounts due the Tribe from any person issued a citation hereunder.

B. Impound Facility. The Business Committee shall, as it sees fit, either engage a third party impound facility or establish a tribal impound facility for the purposes of carrying out the duties and obligations set forth in this Ordinance.

11.10 Appeal. Notwithstanding any other provision of tribal law, any party may appeal the decision of the UTERO Commission in Ute Tribal Court in an action captioned [plaintiff] v. Ute UTERO Commission.

A. A notice of appeal must be filed within ten (10) business days of receipt of the UTERO Commission's decision. Appellant/plaintiff's initial brief shall be filed within twenty (20) business days of filing of the notice of appeal, and the UTERO Commission's reply brief shall be filed within twenty (20) business days of receipt of the initial brief. Regardless of any other law, rule or precedent, the notice of appeal and brief deadlines shall not be extended or enlarged by the Ute Tribal Court for any reason whatsoever.

B. Notice of appeal shall be personally served upon all members of the UTERO Commission and the UTERO Director.

C. On appeal, the UTERO Commission shall represent the interests of the Tribe.

D. The Ute Tribal Court, for purposes of this Ordinance, shall not have any sua sponte powers, nor shall the Court assume any powers not expressly and specifically herein granted.

E. The Ute Tribal Court shall not reverse the decision of the UTERO Commission unless it finds the decision arbitrary and capricious.

F. With the exception of ordering the return of fines or penalties collected by the UTERO Commission improperly or illegally, decisions of the Ute Tribal Court shall not award monetary damages of any kind (i.e., attorneys' fees) against the Tribe, its officers, agents or employees or against the UTERO Commission, its officers or employees.

G. The decision of the Ute Tribal Court shall be final and shall not be appealable to any other body.

11.11 Statute of Limitations. Any complaint filed under this Section must be filed in writing with the UTERO Commission and stamped by the UTERO Secretary within two years after the date on which the action upon which the complaint is based occurred.
SECTION 12. LEGAL REPRESENTATION

In carrying out its responsibilities under this Ordinance, the UTERO Commission may consult with the General Counsel of the Tribe.

SECTION 13. PRINCIPLES OF CONSTRUCTION; SEVERABILITY; JURISDICTION; LIMITED WAIVER OF SOVEREIGN IMMUNITY

13.1 This Ordinance is remedial legislation intended to rectify the long-standing problems of severe under-employment of Ute tribal members and other Indians living on and within the exterior boundaries of the Uintah and Ouray Reservation. Accordingly, it is to be construed liberally to achieve its purposes.

13.2 If any part of this Ordinance is found to be invalid for any reason, it is the intent of the Tribal Business Committee that the remaining provisions remain in force to the maximum extent possible, and that they continue to be construed according to the provisions of this Section.

13.3 The Tribe hereby authorizes a limited waiver of the sovereign immunity of the UTERO Commission for the sole and limited purpose of permitting the Ute Tribal Court to hear appeals filed under Section 11 of this Ordinance. This waiver is expressly limited to prospective declaratory relief with respect to appeals under Section 11 of this Ordinance and does not include monetary damages. No suit under this section shall be combined with any other cause of action, nor shall it name as a respondent any person or entity other than the UTERO Commission. This limited waiver is not, and should not be construed as a blanket waiver of the Tribe's sovereign immunity and shall not be construed as a waiver of the sovereign immunity of any other instrumentality of the Tribe. Under no circumstances shall the tribal funds of the Tribal Treasury be subject to any award for damages. This limited waiver of immunity shall: not apply to any arbitration or judicial proceeding brought by any third party against the Tribe.

SECTION 14. CERTIFICATION POLICIES AND PROCEDURES

14.1 Criteria for Indian Contract Preference Certification. The UTERO Commission shall be responsible for certifying both Ute Tribal and Indian Owned Firms. To receive certification as a business eligible for Indian preference, an applicant must satisfy all of the following criteria.

(A) Ownership. The proprietorship, firm or joint venture must be fifty-one percent (51%) or more Ute Indian Tribe, Tribal Member or Indian owned. The applicant must demonstrate the following:

(1) Formal Ownership. That the Tribe, an Enrolled Member of the Tribe or an Indian or Indians owns fifty-one percent (51%) or more of the sole proprietorship, partnership, corporation, joint venture, or other arrangement for which the application is being submitted. Such ownership must be embodied in the firm's organic documents, such as its stock ownership or partnership or joint venture agreement, or, in the case of a sole proprietorship, such documents as the UTERO Commission may require.

(2) Financial Ownership. An Indian(s), the Tribe, or an Enrolled Member of the Tribe must own fifty-one percent (51%) or more of the assets and equipment, and must receive fifty-one percent (51%) or more of the firm's assets upon dissolution.

(3) Profits. The Tribe, an Enrolled Member of the Tribe or an Indian owner(s) must receive fifty-one percent (51%) or more of all profits. If there is any provision that gives the non-Indian owner a greater share of the profits, in whatever form and under whatever name, such as through management fees, equipment rental fees, bonuses tied to profits or other vehicles, certification will be denied, unless the applicant can demonstrate that such costs, fees or payments are necessary to reimburse the party receiving the same for activities directly related to the reasonable costs and expenses of the business or are acceptable practice in other businesses of a similar nature. Salary scales will be reviewed to ensure the relative salaries being paid Indian and non-Indian owners are consistent with the skills of the parties and are not being used to circumvent the requirement that Indian owners receive fifty-one percent (51%) or more of the profits.

(B) Integrity of Structure. There must be good reason to believe that the firm was not established solely or primarily to take advantage of the Indian preference program. In evaluating an applicant under this criteria, the UTERO Commission will consider the factors set out below. The UTERO Commission shall exercise broad discretion in applying these criteria in order to preserve the integrity of the Indian preference program and, in questionable cases, shall deny certification.
(1) History of the Firm. Whether the history of the business provides reason to believe it was established primarily to take advantage of the Indian preference program; particularly, whether the business, a portion of the business, or key factors of the business originally associated with a non-Indian owned business gained little or no business value in terms of capital, expertise, equipment, etc., by adding Indian ownership or by merging with a Ute Tribal or Indian Owned firm.

(2) Employees. Whether key non-Indian employees of the applicant are former employees of a non-Indian business with which the Indian business is or has been affiliated through a joint venture or other arrangement, such that there is reason to believe the non-Indian business is controlling the applicant. Whether Tribal Members and other Indians are employed in all or most of the positions of the business for which qualified Tribal Members or Indians are available. A high percentage of non-Indian employees in such positions will provide reason to believe the business was established primarily to benefit non-Indians.

(3) Relative Experience and Resources. Whether the experience, expertise, resources, etc., of the non-Indian partner(s) is so much greater than the Ute Tribe, Tribal Member or Indian partners that there is little sound business reason for the non-Indian to accept a junior role in the firm or venture other than to take advantage of the Indian preference program.

(C) Minimum Insurance Requirements for All Contractors and Subcontractors. Applicant shall comply with all Federal and tribal safety rules and regulations, which shall be more particularly identified and discussed in the UTERO regulations, and shall take all precautions to prevent injury to persons or property during the progress of work conducted on and within the exterior boundaries of the Uintah and Ouray Reservation. Any contractor and/or subcontractor meeting the minimum requirements of this section are hereby deemed qualified for insurance coverage purposes to conduct work on and within the exterior boundaries of the Uintah and Ouray Reservation. To ensure proper compliance with this section, applicants shall provide certificates of insurance to the UTERO Commission along with the Indian preference application required under this Ordinance as follows:

(1) General Liability: Including Contractual and Pollution Liability with limits of not less than $1,000,000;

(2) Automobile Liability: With limits of not less than $1,000,000 combined single limit;

(3) Workers’ Compensation: With limits of not less than: $1,000,000 each accident; $1,000,000 disease policy limit; and $1,000,000 disease each employee;

(4) Umbrella Liability and additional insurance as may be required at the sole discretion of the Tribal Business Committee.

14.2 Certification Procedures

(A) A business seeking certification as a firm eligible for Indian preference shall submit a completed application to the UTERO Commission on a form provided by the UTERO Commission. Within thirty (30) days after receiving an application, the UTERO Commission shall review the application, request any additional information it believes to be appropriate (computation of the 30-day period shall be stayed during the time any request for additional information is outstanding), conduct any investigation it deems appropriate, and submit an analysis and disposition to the applicant. The UTERO Commission shall issue a decision on the certification no later than thirty (30) days following submission of the application.

(B) An applicant granted certification shall be issued a six (6) month probationary certification. During that period, the UTERO Commission shall monitor the business’s activities to ensure that it is operating in the manner described in its application. During the probationary period, the UTERO Commission shall have the right to request and receive such information and documents as it deems appropriate.

(C) At the end of the probationary period, the UTERO Commission shall either, grant full certification, continue the probationary period for up to an additional six (6) months, or deny certification.

14.3 Withdrawal of Certification. From information provided in the change notices or annual reports, on the basis of written grievances filed by any other business or person, or on its own initiative, the UTERO Commission may initiate proceedings to withdraw or suspend certification for any firm. The UTERO Commission shall notify the firm, specifying allegations in writing. There shall be a twenty (20) day period to reach an informal resolution. If no resolution is achieved, the UTERO Commission shall hold a formal hearing within forty (40) days of the original notification. At the hearing, the firm shall have the opportunity to present witnesses and evidence as to why certification should not be withdrawn or suspended. After the hearing, the UTERO Commission may:

(A) withdraw certification;

(B) suspend certification for up to one (1) year;

(C) put the firm on probation; and/or

(D) order corrective action be taken within a fixed period of time.
The decision of the UTERO Commission may be appealed in accordance with the appeals process outlined under Section 11 of this Ordinance. A firm whose certification is withdrawn may not reapply for certification for a period of one (1) year from the effective date of the withdrawal of certification.

14.4 Firms Certified Prior to the Adoption of These Criteria. Each firm holding Indian preference certification from the Tribe at the effective date of these requirements shall submit an application as required under these criteria to the UTERO Commission within thirty (30) days after the effective date of this Ordinance. If the UTERO Commission determines that such firm qualifies under the new criteria, if the UTERO Commission requires additional information from the firm, or time to conduct a further investigation, the twenty-one (21) day period may be extended. If the UTERO Commission determines the Firm is ineligible for certification, there shall be a fifteen (15) day grace period within which the firm may demonstrate to the UTERO Commission that it has made such changes as are necessary to come into compliance. If, after the fifteen (15) days grace period, the UTERO Commission finds the firm has not come into compliance, then the firm’s prior certification shall be withdrawn.

14.5 Change Notices and Annual Reports. Each certified firm shall report to the UTERO Commission, in writing, any change in its ownership status within sixty (60) days after such change has occurred. Each certified firm, on the anniversary of its receipt of permanent certification, shall update the information provided in its initial application on the Annual Report form provided by the UTERO Commission. Failure to provide information pursuant to these requirements shall constitute grounds for withdrawal of certification.

SECTION 15. REPEAL OF INCONSISTENT ORDINANCES

Resolution No. 02-088 providing for the monitoring and enforcement of Ute preference in contracting by the Jurrius Group, L.L.P. is specifically repealed as are all other resolutions and ordinances inconsistent with this ordinance. This Ordinance supersedes and amends in part the Amended Ordinance to Establish a Procedure Governing Appointments of Persons to Boards, Committees and Commissions of the Ute Indian Tribe, Ord. No. 10-003.

Enacted this 12th day of June, 2018.

ABSENT
Luke Duncan, Chairman
Ron Wopsock, Member

ABSENT
Tony Small, Vice-Chairman
Shaun Chapoose, Member

ABSTAINED
Edred Secakuku, Member
Sal Wopsock, Member

CERTIFICATION
I HEREBY CERTIFY THAT THE FOREGOING Amended Ordinance was adopted by the Tribal Business Committee of the Ute Indian Tribe of the Uintah and Ouray Reservation pursuant to the Constitution and By-Laws of the Ute Indian Tribe of the Uintah and Ouray Reservation at a duly called meeting in Ft. Duchesne, Utah, on the 12th day of June, 2018, at which time a quorum was present and votes 3 for, 0 against, 1 abstaining and 2 absent.

Juliana A. Thompson
Tribal Business Committee - Secretary