



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240



AUG 08 2008

The Honorable Wayne Allard
United State Senator
Washington DC 20510

Dear Senator Allard:

I am writing to inform you that the Department of the Interior and the Department of Energy have certified that the requirements under Public Law Number 105-85 (the Transfer Act) regarding the treatment of receipts from leasing of the Naval Oil Shale Reserves Number 1 and 3 have been met. The State of Colorado will begin receiving revenues from existing leases in the area as well as revenues from future leasing activities, including bonus bids, rental payments and royalties.

Last winter, you asked that we review how we could meet the requirements under the law more quickly so that Colorado could receive the economic benefits of mineral revenues. The Department has been working diligently since your request. Through coordination and hard work, certification has occurred. I want to thank you for your leadership on this issue.

As you know, to address funding the cleanup, the Transfer Act established a special fund in the Treasury consisting of all receipts from mineral leasing and development from the Naval Oil Shale Reserves Number 1 and 3. In addition to the environmental clean up, the fund was also established to reimburse the Treasury for the cost to the United States from the past governmental activities. The law disallows distribution of mineral receipts to the State until the Secretary of Energy and the Secretary of the Interior jointly certify to Congress that the sum of the moneys deposited in the account is equal to the cost of clean up and cost of the past activities by the government.

Currently, approximately \$2.7 million in revenues are being generated from existing leases each month. The State will start to receive forty-nine percent of these revenues. Also, the State will receive 49 percent of the receipts from future leasing activities, including bonus bids, rental fees and royalties.

Again, thank you for your leadership. We know this has been a top priority for you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen Allred". The signature is fluid and cursive, with a large initial "S" and "A".

C. Stephen Allred
Assistant Secretary,
Land and Minerals Management