

## **News Articles On Valle Vidal & Economies of Nearby Communities**

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Santa Fe New Mexican

### **Economist: Preserve Valle Vidal**

STACI MATLOCK | The New Mexican February 17, 2005

Drilling for natural gas in Valle Vidal, a popular area of Northern New Mexico for fishing and other recreation, would be bad for business in surrounding communities, a University of Montana economist says.

A 28-page report claims coal-bed methane development would provide a limited, short-term gain to local governments, provide few local jobs and have little impact on other businesses in the area.

Texas-based El Paso Corp. has submitted a request to drill for natural gas in the area. Carson National Forest must first amend its forest plan for the 100,000-acre Valle Vidal, northeast of Taos and then determine if oil-and-gas developments will be allowed.

As part of the process, national forest officials are collecting public comments on how the Valle Vidal should be managed and hosting an open house in Raton next week.

Any jobs created by development of coal-bed methane wells would likely go to highly specialized temporary workers who have homes elsewhere, says the report by Thomas Michael Power, who chairs the university's economics department.

Some of those workers could come from a nearby project, the El Paso Corp. gas development at Vermejo Park.

New jobs and the payroll created through natural-gas development in Valle Vidal would equal less than 1 percent of the area's current employment and the current personal-income level of the local economy, according to the economic report.

The report was paid for by the William and Flora Hewlett Foundation, a philanthropic organization, and The Energy Foundation, which advocates alternative energy.

Raton-area rancher and Colfax County Commissioner James Marchetti is one of several local officials against drilling in Valle Vidal. "I have some very strong reservations with drilling in the Valle Vidal," Marchetti said from his ranch headquarters. "It is some of the most choice land we have in Colfax County. It is of great benefit to the people who live here and people who visit."

Marchetti wasn't surprised by the report. The economy of the area, long dependent on mining and ranching, will struggle with or without drilling, he said. He isn't sure where his two fellow county commissioners stand on the issue, but he said a resolution opposing development of Valle Vidal will come up for discussion soon before the commission.

Raton, Cimmaron and other small villages close to Valle Vidal have been through periodic booms and busts from the heyday of the railroad to mining. Local businessmen like Marchetti and Raton car dealer Alan Lackey say the land's beauty offers a better

option for long-term economic stability by attracting retirees, sportsmen and outdoor recreationists.

Power's report agrees. "Expanding sectors of the local economy rely on the attractiveness of the region as a place to live or visit," Power writes in the report summary. "High quality natural landscapes contribute significantly to regional attractiveness and, through it, competitiveness. Valle Vidal is an important part of Colfax County's economic base."

Drilling would industrialize the landscape for short-term gains, Power notes.

Royalties and taxes from oil and gas represent a hefty percentage of the state's revenue, used for building schools, roads and other infrastructure, Power notes. But the industry contributes little to local jobs or personal income across the state, according to 2001 statistics from the U.S. Department of Commerce and the New Mexico Bureau of Geology.

Coal-bed methane development in Valle Vidal would contribute little to the revenue stream for local governments, Power writes. He estimates if 191 proposed wells were developed in Valle Vidal, it would add about \$102,000 to the county's \$7.2 million budget.

Efforts to reach Bob Gallagher, executive director of the New Mexico Oil and Gas Association, were unsuccessful.

The full report is available at <http://www.vallevidal.org/about.html> and click on Local Economic Impacts of Gas Developments.

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## **Debate Over Valle Vidal Shifts to Economics**

[http://www.abqjournal.com/santafe/306249north\\_news02-17-05.htm](http://www.abqjournal.com/santafe/306249north_news02-17-05.htm)

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By Adam Rankin

Journal Staff Writer

A coalition formed to fight drilling in the Valle Vidal is now turning to economics to make its case, rather than relying solely on environmental or sentimental arguments to sway public opinion against a proposed natural gas development.

A report released Wednesday by the Coalition for the Valle Vidal contends that drilling the 40,000-acre section of the Carson National Forest will bring only minor short-term economic benefits to the region, and suggests those benefits could ultimately be outweighed by negative impacts from environmental degradation and the loss of tourism, recreation and real estate tax revenues.

"Committing the spectacular natural landscapes of the Valle Vidal to commercial mineral development will not bring real economic development to Colfax County," wrote

Thomas Michael Power, author of the 27-page report and chairman of the University of Montana Economics Department.

Instead, Power asserts that energy development "will condemn the region to the ongoing boom, bust, and systematic decline that it has wrestled with over the last quarter of a century and which characterizes other mineral-dependent regions."

After reviewing Power's report, Bob Gallagher president of the New Mexico Oil and Gas Association, questioned the validity of the study's findings and the author's bias.

"A report like this, you can come to any conclusion you want," he said, arguing Power included no independent, outside sources in his analysis. "To be honest, I think he wrote the study to justify his conclusion."

Power's report, which is part of a larger socioeconomic study evaluating the impacts of energy development across the West, estimates drilling 191 wells in the Valle Vidal would generate about 94 jobs with a \$4.5 million payroll, accounting for about 0.5 percent of the region's job base. Another 28 jobs and about \$640,000 in income might be created through secondary employment opportunities.

Overall, Power figures that even under the most ideal drilling and economic scenarios, revenues from energy development in the Valle Vidal will only represent 1 or 2 percent of Colfax County's budget. Currently, mineral extraction accounts for about 4 percent of Colfax County's income base, whereas tourism generates about 8 percent, according to Power's report.

The Oil and Gas Association's Gallagher said he thought Power "underplayed" economic benefits from the oil and gas industry. He said the industry contributed \$98 million in ad valorem taxes directly to New Mexico county coffers in 2004.

"That is no small potatoes," he said.

Gallagher also argued that it was too early to discuss in great detail the pros and cons of development in the Valle Vidal before the U.S. Forest Service completes planning work of the area, which is expected to be complete by late 2006.

Colfax County Commissioner James Marchetti said he agreed with the report's findings and thought if energy development were to go forward, the effect on the county would be a wash between jobs gained and revenue lost.

"But I do think that in the long term that with the problems it (energy development) will create... we will be better off without having the drilling on the Valle Vidal itself," he said.

In his report, funded by grants from the Flora Hewlett Foundation and the Energy Foundation, Power noted that his findings track closely the results of other studies analyzing economic impacts of energy development in the region.

La Plata County, Colo., commissioned an economic impact report in 2002 that found a natural gas drilling project would generate an increase in jobs of less than 1 percent and that "there would be little impact to employment, per capita income, population, or housing." And a Bureau of Land Management review on the local economic benefits of

drilling on New Mexico's Otero Mesa found a "less than significant" impact, Power reports.

Power's report concludes that Colfax County would do better to nurture its growing retirement community and tourist-based economy, which can provide a sustainable revenue over the long term, than risk degrading its natural resources by supporting a down trending, boom-bust development.