

APRIL 2012

William H Stallings

Department of Justice,

I am writing to request that you set aside the settlement in the case of Gunnison Energy and SG Interests and seek a harsher judgment. In 2004 and 2005, Gunnison Energy Corp., owned by Bill Koch, and a second gas company, SG Interests, agreed that only one of them would bid on four natural gas leases offered by the Bureau of Land Management (BLM) in the area east of the Paonia Reservoir in Colorado, thereby eliminating competitive bidding.

When a former vice president of Gunnison Energy named Anthony Gale filed a whistleblower lawsuit, the US Department of Justice (DOJ) entered the lawsuit on anti-trust grounds and has offered a settlement under which the two firms pay fines of \$275,000 each and keep the four gas leases. The companies continue to maintain their innocence, saying that they settled only to save on legal fees.

Therefore, the settlement has not served to deter further actions of this kind by them. These leases presumably will someday be drilled and fracked in Colorado's beautiful Ragged Mountain Basin.

GEC and SGI, under the terms of the proposed Justice Department settlement, get to keep the leases their alleged collusion allowed them to get at rock bottom prices. Meanwhile, a young man in Utah, Tim DeChristopher, who disrupted a BLM gas sale in his state, is behind bars for two years. Put there by the same Department of Justice that has slapped the wrist of two large corporations. The unequal application of justice by the same two federal agencies undermines respect for the law.

It is not fair that the two gas companies should violate the law and then get to keep the leases. The two companies own many leases in the area and so far as I can tell, the DOJ has not investigated whether they obtained those other leases properly. They remain in good standing with the BLM, and may be planning to bid on upcoming lease sales.

In sworn testimony, he said that his firm, GEC, and its "competitor," SG Interests, had signed memorandums of understanding that let

GEC stand by silently while SG Interests entered bids on gas leases in the Ragged Mountain Basin. After SG Interests won the bid, the two companies split ownership of the four leases. This agreement was in violation of federal anti-trust laws, according to the U.S. Department of Justice.

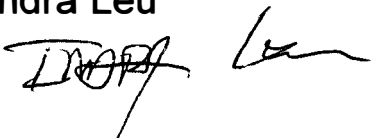
The Sherman anti-trust law allows the Justice Department to bring civil or criminal charges. In this case, Justice brought civil charges, and it allowed the two companies to get off easy.

The low bids that occurred meant that the federal government, the state of Colorado, and the local counties and municipalities got less money than they would have if the four lease sales had been conducted competitively. We all know that drilling for and production of gas puts a tremendous burden on government through roads, regulations, public health and the like. And now we learn that the companies that would put that burden on our communities acted to reduce how much money we would get to deal with these impacts. Then there are the larger questions: The BLM, in its attempt to sell 30,000 acres of leases in this area, is intending to hand us over to natural gas companies such as GEC and SGI. The BLM's Montrose office, which has the power and we think the duty to delay or stop this lease sale until it has completed a Resource Management Plan, is rushing toward the 30,000-acre lease sale as quickly as possible. This is the same BLM office that handled the four lease sales that left the federal, state and county governments here with less money than they should have earned.

I am asking you to investigate the other BLM auctions these companies have participated in, and at a minimum to revoke the four leases that the Department of Justice alleges were obtained in an illegal manner. Some or parts of those leases by the way, underlie Mr. Bill Koch's private Ragged Mountain ranches and the BLM land he is attempting to do a land exchange for.

Thank you for your consideration,

Indra Leu

A handwritten signature in black ink, appearing to read 'Indra Leu', with a stylized flourish at the end.