Oil and Natural Gas Development: The View from Colorado

Crude Oil Quality Association and Canadian Crude Quality Technical Association

Presentation by Dan Haley, CEO, COGA
Colorado Oil & Gas Association

- Founded 1984
- Nationally Recognized Trade Association Focused on Issues in Colorado
- Four affiliated chapters across the state
- Over 275 Member Companies
  - Major and Independent Oil & Gas Companies
  - Service Companies
  - Mid-Stream Companies
  - Support Services
COGA’s vision is to promote the development of Colorado’s oil and natural gas resources for the betterment of society. This vision is achieved through COGA’s three fundamental pillars of strategy: regulatory, legislative, and outreach.

Our 2018 objectives include:

• Ensure oil and gas operations can continue in Colorado within a stable, cost-effective regulatory environment;
• Lead a unified industry that speaks with one voice, while promoting and embodying positive industry core values;
• Help inform industry and vendor employees about 2018 election; mobilize.
• Continue to improve member engagement and value; and
• Ensure COGA is the premier education and outreach organization representing oil and gas across the state.
Economic Impact in Colorado

- 52,000+ active wells
- 102,700 direct and indirect jobs in Colorado
- Average annual wage for direct employee is $105,000 – 50% higher than the state average for all industry
- $31.7 billion in total economic output
- $1.2 billion in public revenue
- $15.8 billion production value in 2014
- $4.1 billion in employee income to CO households in 2014
- $160 million in state royalties, rents, and bonuses in 2014

Sources: University of Colorado Boulder Leeds School of Business Research Division Oil and Gas Industry Economic and Fiscal Contributions in Colorado by County, 2014- Published December 2015
Stringent Oil and Gas Regulations

- Hydraulic Fracturing Disclosure
- Groundwater Monitoring
- Setbacks and Mitigation
- Spill Reporting
- Air Emissions/Methane
- Local Control/LUMA
- Flowline Rules

- 14 Major Rulemakings in 9 Years
Good Stewardship

• Fracturing Disclosure – First in the country
• Colorado operators use only one-tenth of 1 percent of state’s total water consumption
  • Recycling/re-use projects
  • Pre- and post-drilling groundwater monitoring
  • Clean Water Watch
• Emissions have gone down while production goes up
  • Green completions
  • Reg 7 Air Rules – First Methane Rules in Country
  • Voluntary Industry Actions During High Ozone Warning Days
Clear the Air: The Facts on CEO

- Multi-Month Social Media Campaign
- Creation of CEO branding
- Developed original content, including 12 short videos, an infographic and shareable graphics for social media
- Executed in partnership with the Regional Air Quality Council
- Success in traditional media
  - Feature on CBS 4 Denver News
  - Article in Colorado Politics
  - Letters to the Editor in the Boulder Daily Camera, Colorado Springs Gazette, & Grand Junction Daily Sentinel
  - Letter to the Editor from Kelly Brough placed in the Denver Business Journal
State Regulatory Engagement

COGA meets regularly with agency leadership and staff:

DNR Agencies
- Colorado Oil and Gas Conservation Commission
- Colorado State Land Board
- Colorado Parks & Wildlife

CDPHE Agencies
- Air Pollution Control Division
- Water Quality Control Division
- Hazardous Waste & Waste Management Division
State Regulatory Engagement

• Colorado Air Pollution Control Division
  • Reg. 7/CTG Rulemaking – stakeholder engagement
  • Storage Tank Working Group
  • Permitting
  • Inspections
  • Ozone planning

• Colorado Oil & Gas Conservation Commission
  • Operator Guidance Documents
  • DJ Basin Permitting Backlog in DJ Basin
  • Subsurface Unit Boundary Setbacks
  • Inspection issues
COGA LEAD is a program dedicated to increasing our outreach to state and local elected officials. Activities include:

- **New Legislator Reception** – Congratulating and welcoming incoming legislators;
- **Day at the Capitol** – COGA members visit with Colorado state legislators to strengthen relationships;
- **Education & Site Tours** – Specifically designed to provide elected officials and staff with latest information, studies, site tours, and news about the oil and gas industry;

You’re Invited to attend a Rig Tour at PDC Energy’s Evans, Colorado Facility
- **Legislative Seminars** – Monthly educational seminars hosted during the legislative session for legislators;
- **End of Session Legislative Review** – A bipartisan panel to discuss the previous session;
- **Legislator Q&A** – An Energy Summit program designed to provide COGA members with access to our elected officials;
- **LEAD Connect** – Engagement program pairing COGA Executive Board members with state legislators.
Local Regulatory Process

- Jurisdiction Monitoring & Tracking
- Local Relationship Building & Engagement
  - Local Elected Officials, Staff, LGDs
- Local Government Rulemaking
- Strategic Lead
- One Colorado Approach
  - Unified approach at statewide support and messaging
- Local Elections
- Local Regulatory Committee
Local Regulatory Stakeholder Engagement

• The Community Outreach team engaged with approximately 85% of elected officials from producing areas in 2017.

• COGA hosted its inaugural new Commissioner Reception in January 2017. There were over 30 newly elected Commissioners from across the state in attendance.

• COGA hosts regular operator group meetings for the following areas:
  • Adams County
  • Boulder County
  • Broomfield
  • Thornton
  • Weld County
  • West Slope via West Slope COGA

*Other groups added as regulatory changes arise.*
Steering Committees

Energy Proud
• The Energy Proud mailing list grew to over 250 recipients in 2017
• Energy Proud is working to expand its reach in 2018 with an updated, interactive website

CSPR
• First informational mailer went out in Fall 2017

CASE
• Partnered with Vital for Colorado
• Tripled attendance for annual candidate forum and BBQ
• Launched website, increased social media
There were over 600 attendees at this year’s Energy Proud, Energy Showdown.
CASE – Citizen Action for Safe Energy

• The CASE Candidate Forum and BBQ showcased Adams County candidates from both sides of the aisle.
Community Outreach & Investment Committee

Increased focus on investment and engaging with Colorado communities.

Organizations the committee has heard from:

- American Heart Association
- American Red Cross
- Boys & Girls Clubs of Weld County
- City Year
- Colorado Bioscience Institute
- Colorado FFA Foundation
- Denver Public Schools Foundation
- Energy Day Colorado
- Energy Outreach Colorado
- Epic Experience
- Greeley Area & Metro Denver Habitat for Humanity
- Greeley Stampede
- Junior Achievement
- Keystone Science School
- KidsTek
- Ray of Hope Cancer Foundation
- Strides for Epilepsy
- The Tennyson Center for Children
- USO Denver
- Velorama/Colorado Classic
- Weld County Fair
Community Philanthropic Efforts

- Industry Community Give Back Day
- In 2017, industry donated at least:
  - $5 million & 20,000 volunteer hours to Colorado communities
Mardi Gras Ball is COGA’s signature event. It focuses on positive community impacts of the industry by raising money and presenting three community impact awards.

• **Total Amount Raised** – $400,000+
  - $300,000+ to Tennyson Center in 2018; $100,000 to Children’s Hospital Colorado in 2017

• **Total Attendees** – 900
West Slope COGA Efforts

- Energy Scholar program netted nearly $300,000 in permanent scholarship endowments in 2016-17.
- Over past 30 years, WSCOGA Scholarship Program has contributed over $1.2 million for rural students.
- 8th Annual WSCOGA Bull Ride 'N BBQ raises money for the agriculture community, 4-H and FFA
- Piceance Proud program highlights corporate and personal philanthropy efforts, including:
  - Parachute Pickup & Community Picnic
  - Collbran Clean Up and Town BBQ
  - Rangley Roundup Town Service Project Event
  - WSCOGA at the Soup Kitchen
  - Holiday Charity Drives
  - Methane Monitor Distribution Program (DeBeque)
West Slope COGA Efforts

Industry partnering with Colorado Mesa University on economic contribution analysis to assess social contributions not typically measured by larger economic impact reports.
WHAT DID YOU DO FOR COLORADO’S COMMUNITIES IN 2017?

Let’s celebrate it!

COGA wants to highlight industry’s social responsibility and celebrate giving back.

The industry-wide community impact report will reflect the efforts of the industry and its employees in 2017.

If your company or organization gives back to Colorado’s communities, we want to hear about it!

For more information, contact info@coga.org
Residents and the industry can come out winning in these fights, and it’s important that we all keep working in the same direction for responsible extraction of an important resource that helps drive our economy.

MYTH BUSTER: Industry

Myth #1 – Spills often go unreported.

Any observable release of exploration and production (E&P) fluids or produced fluids spilled onsite is considered a spill, be it crude oil, condensate or salty water produced from a well, treatment fluids used during hydraulic fracturing, or diesel fuel used to power drilling rig generators. Rule 906 of the Colorado Oil and Gas Conservation Commission (COGCC) establishes requirements for spills and releases. Rule 906.a. requires operators investigate, clean up, and document impacts from spills to the COGCC and Rule 906.b. defines reportable spills and reporting requirements for spills/releases.
Future Challenges

• Local Regulatory Developments
• Governor’s race
• AG’s race
• Statehouse elections
• 2018 Ballot Initiatives?
  • 2,500-foot setback
  • Severance tax hike
• Martinez Ruling
• Commodity Prices
Why It Matters
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Questions?

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