

Colorado Industry Is Facing Unrelenting Opposition

By Dan Larson
Special Correspondent

DENVER—Despite years of progress improving safety, protecting the environment and reducing impacts on communities, the oil and natural gas industry in Colorado faces an intensified opposition that is well organized and emboldened, warned leaders of the state's largest industry trade group.

"We must stand up to those who vilify our work to fulfill their political agenda," declared Dan Haley, president and chief executive officer of the Colorado Oil & Gas Association as he addressed the group's annual meeting.

Held Nov. 9 at the Denver Marriott City Center, the COGA meeting gave the estimated 600 members in attendance a recap of events that affected the industry in 2017, a look ahead, and a call to action from a popular former governor.

The immediate future, however, could see some tough sledding, Haley warned. 2018 will be a demanding year and

COGA members should expect the protests and disruptions of the past few years to intensify, he said. "Make no mistake," Haley advised. "Our industry is under attack."

He cited a rise in community activism, opposition tactics that were more aggressive and rhetoric that was more inflamed.

"When there is a 'die-in' protest against the industry at a Boulder County Commission meeting, you know things are getting heated," Haley said as a news media photo of protestors disrupting an October meeting was projected on the screen.

Haley said his concern was intensified when defamatory and profane language hurled at the industry during public testimony in the state Capitol "was not gavelled down or told they were out of order."

And when a local newspaper published an op-ed condoning acts of violence against oil and gas workers last spring, "That was just irresponsible," Haley stated.

"This is the world we live in today," Haley observed. "This is why we must commit to being more engaged. We must

categorically reject the caricature they have created of the oil industry as villains.

"We will not be bullied, and we will never apologize for defending our industry or defending private property rights," he asserted.

Haley said he expected the coming legislative session to be difficult, with anti-oil bills and contentious hearings on both sides of the Capitol. He predicted bills would be introduced again to increase setback distances, a return of line-location and flowline mapping bills, restrictions on operators' ability to pool mineral owners, and an expansion of local governments' authority to restrict development. Haley added there was a good probability one or more ballot measures would be pushed to expand local control.

"It is important for us to inform elected officials about what we do, the safety of our practices and the value we bring to all Coloradans," Haley said.

In 2015, COGA launched its Leadership Education and Development program "to provide access to the latest studies, white papers, industry programs, rig tours and one-on-one interaction with industry leaders," Haley recalled.

The association added a location tour program last year that examined how leak detection and repair efforts were having a positive effect on emissions. "When (people) can see the millions being spent on LDAR to keep our air clean and keep the product within the designed infrastructure, it makes a difference," he assured.

Saving The World

With an election year ahead, the importance of being involved in local political discussions and communities was a common theme for COGA speakers.

Former Colorado Governor Bill Owens, who delivered the convention's keynote address, reminded the membership that it was but 10 years ago that people were talking about peak oil.

"We were asked what would happen when the world ran out of oil," recalled Owens, a Republican who was Colorado's governor from 1998 to 2006. "Some were



Serving as Colorado Oil & Gas Association officers and committee chairmen for 2017 are, from left, Terry Peltas with Energes Services LLC, Vendor Engagement Committee co-chair; Craig Rasmuson of SRC Energy, Vendor Engagement Committee co-chair; Elizabeth Dahill of The Dahill Group, COGA Connect Committee chair; Stuart Francone of Olsson Associates, Environment, Health and Safety Committee co-chair; Sarah Bartlett with PDC Energy, Environment, Health and Safety Committee co-chair; Dan Haley, COGA president and chief executive officer; Patsy Landaveri with Noble Energy Inc., Community Outreach and Investment Committee vice-chair; Susan Fakharzadeh of PDC Energy, Community Outreach and Investment Committee chair; Brian Macke with SRC Energy, Environment, Health and Safety Committee co-chair; Karen Pratt of XTO Energy Inc., Environment, Health and Safety Committee co-chair; and Sarah Sandberg, COGA chief operating officer.

eight weeks to comply, prompting Haley to comment that the “deadline was a heavy lift.”

“COGA members leapt into action when the governor issued his notice,” Haley remarked at the annual meeting. “Within hours, operators were testing more than 120,000 flowlines across the state, and within weeks we learned that nearly every single line—99.65 percent—passed inspection. Of the tiny fraction that did not, no significant leaks were reported.

“That level of response is what we would expect from this industry,” he commended.

The Firestone incident was a reminder for all that “our social license to operate depends on people feeling safe,” Haley remarked. “There is not an operator in this room who doesn’t believe that safety comes first and that all work must be done to the highest safety standards.”

However, tragic events such as the Firestone explosion mean that “it no longer is enough to say we are safe. We have to prove we are safe day in and day out,” he asserted, adding that opponents “are watching, critiquing and criticizing more than ever.”

Although last-minute legislation aimed at increasing flowline setbacks and creating comprehensive mapping of flowlines was defeated last spring, the incident prompted the governor to issue a policy statement in August and the COGCC to conduct a regulatory rule making in the fall, Haley recalled.

In October, the commission released draft revisions to the state’s flowline definitions and to its Series 1100 rules on flowlines. The revisions include removing the operator exemption for integrity testing low-pressure lines, additional steps for installing lines as well as normal operation and abandonment procedures, and GPS location data for all flowlines and domestic taps. The revisions also call for strengthening the state’s 811 “one-call” line-location program.

A final hearing on the flowline revisions was scheduled for Dec. 11-12 in Denver.

Tomorrow’s Leaders

Haley also cited the continuing success of COGA’s new-leader development series. The mission of the Energy Generation Leadership Program (EnGen), now in its sixth year, is to “educate and empower the next generation of oil and gas leaders,” according to a curriculum.

“This group of up and coming leaders really is committed to this industry and the state of Colorado. Running EnGen is a highlight of my job,” declared COGA Chief Operating Officer Sarah Sandberg.

Sandberg said this year’s EnGen cohort

included 36 graduates whose program work was to be recognized at a capstone ceremony Nov. 16 at the Brown Palace Hotel in Denver.

In addition to its annual crop of new leaders, Colorado’s oil and gas industry continues to make remarkable contributions to the state’s economy. However, the industry “does not do enough talking about our community investment,” Sandberg said. “The thousands of hours volunteered, the in-kind donations and the direct contributions to charities across the state need to be highlighted.”

To document the industry’s wide-ranging community support, she said COGA had started contacting its members to seek information about contributions companies made in 2017. “This industrywide community impact report will show clearly the amazing contributions we make to this state,” Haley allowed, adding that the report would be released during the Rocky Mountain Energy Summit next summer.

Energy Outreach

In what has become COGA’s most successful fundraiser, the 2017 Mardi Gras Ball last winter drew a crowd of 400 people and raised \$100,000 for Children’s Memorial Hospital of Denver, according to an association report.

The next Mardi Gras Ball is scheduled for Feb. 16 in the United Club Level at

Sports Authority Field at Mile High Stadium in Denver. The COGA Board of Directors decided funds raised at the event would be contributed to the Tennyson Center, a nonprofit shelter for youth in Denver.

Drawing attention to the important community programs COGA supports, Haley highlighted four individuals whose lives were touched by Colorado’s oil and gas industry. One, a woman who was having trouble keeping up with utility payments, found support through Energy Outreach Colorado (EOC).

Launched by Governor Owens in 2002, EOC relies on a portion of oil and gas severance taxes in addition to revenues from companies and charitable foundations. “Since the governor came up with the idea of using a portion of our severance taxes to help the less fortunate among us cover their utility bills, more than \$72 million in severance taxes from our industry have helped keep the lights on and homes warm in the winter,” Haley revealed.

COGA was a strong supporter of a bill that passed the 2017 legislature authorizing funding of EOC through 2024.

“It is through support of programs such as this that we show we are an industry that cares,” Haley held. “We care about our state and the environment because we live here, too. Colorado belongs to all of us, not just to the loudest voices heard in the public meetings.” □