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Campaign Against Setback Unites Colorado Industry

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DENVER—The double-digit electoral defeat of a drilling setback initiative was not only a political victory over determined opposition, but also an unprecedented unifying and energizing force for Colorado's oil and natural gas industry, declared leaders of the Colorado Oil & Gas Association at the group's 2018 annual meeting, held Nov. 14 at the Hilton City Center, in Denver.

According to COGA leaders, the industry must sustain that vitality and apply it to an enduring effort to inform and educate Coloradans about the industry's key contribution to the state's economy and the communities in which its workers live and work.

Proposition 112, a ballot measure that sought to impose 2,500-foot setbacks from drilling sites to buildings and so-called vulnerable areas, "was designed by the opposition to create a wedge dividing our industry. It did the opposite," declared COGA outgoing Chairman Chip Rimer, who, media reports indicate, accepted the chief operating officer position at Denver-based Whiting Petroleum one day after COGA's meeting.

During the industry-supported campaign to defeat Prop 112, oil and gas workers from field sites and downtown offices "were unified and aligned across the state," Rimer described. "We saw a passion and energy that our industry had not witnessed in a long time."

Maintaining Momentum

Rimer expressed pride at the industry's well-rounded campaign against Prop 112. "We cannot be quiet any longer," he suggested. "We must use every avenue of communication to tell our story, from social media, television, radio and one-on-one conversations, we must talk about the hard work we do every day to supply the energy the people of this state rely on. We must talk about what we do, not because we have to, but because we care about this state and its people."

The energy and enthusiasm built in the weeks preceding the 2018 mid-term

election must be sustained, maintained COGA President and Chief Executive Officer Dan Haley. "We can't let that go," he advised. "It is how we will protect our jobs and our state's prosperity."

Haley added that the rallies and volunteer events held during the campaign helped form new friendships and a sense of camaraderie among company staffers and field workers. Also remarking on the positive side-effect for morale was incoming COGA President Rich Frommer, president and CEO at Great Western Oil & Gas, in Denver. Frommer called the new camaraderie he saw at campaign rallies and volunteer events "a silver lining to one of the greatest challenges the industry in Colorado has faced."

"Across all companies and sectors, employees mobilized to talk to friends, neighbors and total strangers about the dire consequences of what Prop 112 would do to our state," Frommer said.

"Our effort gave us the opportunity to be leaders in our communities," he continued. "Where the activists failed, we succeeded. Now, we must drive the narrative and stand strong and proud of our industry because we know oil and gas

make peoples' lives better and our communities stronger."

Setback Rejected

A double-digit victory margin against Prop 112 sends a clear message that Coloradans support the jobs and economic strength the oil and gas industry brings, Haley reasoned. "We also must be aware that more than 1 million people voted for setbacks."

Governor-elect Jared Polis has deemed the oil and gas industry an important part of the state's economy and COGA will work with him to help maintain that, Haley pledged.

"The governor-elect has said he has many plans for making Colorado a better place," Haley recalled. "Supporting a healthy economic engine like the oil and gas industry will spur jobs, prosperity and tax dollars to support those plans."

Polis also takes the reins of an executive branch that has created numerous state oil and gas regulations, which, COGA notes, are recognized as some of the country's most comprehensive and rigorous. According to Haley, some of the important programs COGA has developed include an outreach program and an information platform that describes and catalogs those regulations for the benefit of political leaders, regulators and the public.

Now in its second year, Leadership Education and Development (LEAD), is a COGA effort that provides local and state elected officials "access to the latest, credible information and scientific studies of our industry," Haley described. "This summer, we held our first 'Oil & Gas 101' program for legislative candidates where we discussed our industry as a non-partisan issue."

Next Generation

COGA Vice President of Operations Sara Reynolds discussed COGA's ongoing programs to help members develop successful careers and become industry advocates in their communities.

She pointed to the Energy Generation Leadership Program (EnGen), a one-year, curriculum-based leadership development program tailored to emerging leaders.



Efforts to defeat Proposition 112 united oil and gas personnel across Colorado with visible passion and energy, recalls COGA outgoing Chairman Chip Rimer. Rimer offered his remarks during COGA's 2018 annual meeting, held Nov. 14 at the Hilton City Center, in Denver.



Former Colorado Governor Bill Owens (left) pauses with COGA President and Chief Executive Officer Dan Haley before the association's luncheon. During his remarks, Haley urged people working in the industry to sustain the enthusiasm they demonstrated during the 2018 election campaign.

According to the association, the program provides students "a unique forum and comprehensive approach to professional development through a series of educational seminars, social networking events, a community outreach project, and an end-of-year group project."

Reynolds recognized the 25 members of the EnGen 2018 graduating class in attendance at the annual meeting.

On the horizon, COGA will host its first member appreciation week beginning Feb. 4, Reynolds said. The weeklong event will feature incentives, prize drawings and giveaways. "All members are

eligible to participate, provided they have renewed their memberships by Jan. 4," Reynolds said.

Local Control

Prop 112 was merely the latest iteration of efforts to convince voters to restrict Colorado oil and gas development. According to the Colorado Secretary of State's office, a statewide amendment or initiative aimed at oil and gas has appeared on four of the state's past six biennial election ballots. That pace prompted some lawmakers to express weariness about the unremitting turmoil provoked by such battles.

On election night, once state election officials had declared the defeat of Prop 112, Representative and incoming Speaker of the Colorado House of Representatives K.C. Becker, D-Boulder County, told a statewide public radio program "we really need to put the oil and gas wars to bed. I think we can find a compromise that will keep communities feeling safer without putting the oil and gas industry out of business."

However, the leader of Colorado Rising, one of the groups behind Prop 112, declared the group would lobby for increased setbacks in the next legislative session, and failing that, would support another setback ballot measure in 2020.

Published reports noted that oil and gas opponents, although disappointed at Prop 112's defeat, expressed optimism that Democrats' wider House majority, new Senate majority and Democratic governor boded well for legislation that would provide local governments the tools needed to exert greater control of oil and gas development within their jurisdictions.

According to Haley, COGA stands ready to parley. "As we said from the beginning of the campaign, we are prepared to come to the table and talk with the governor-elect and the legislative leadership," he said shortly after the annual meeting.

"We keep hearing about the need for more local control," he added. "When you ask what that means, the details are



COGA's Energy Generation Leadership Program participants at the annual meeting are, front row, from left, Kyle Reed, QEP Resources; Drew Sendelbach, PDC Energy; Katie Tate, PDC Energy; Markley Schlegel, Hogan Lovells; Olivia Turner, Anadarko Petroleum; Patrick Travers, Dolan Integration Group; Cody Robinson, Whiting Petroleum; Jacob Eicher, Noble Energy; and Cole Walton, Caerus Oil & Gas. Second row, from left, Armando Trevino, Caerus Oil and

Gas; Steve Hockett, H2E Inc.; Brittney Kinney, Tallgrass Energy; Nicole Schoemer, Great Western Oil and Gas; Ryan Hutcherson, Freestone Midstream; Bryan Bugg, Felix Energy; Chelsea Grossi, Antero Resources; Matt Eden, Resolute Energy; Scott Szymanski, Whiting Petroleum; Jimmy Kopp, Whiting Petroleum, and Chris Noonan, Crescent Point Energy

lacking. We think it means different things in different communities; some want more and others say they already have what they need.”

Moreover, Haley observed, Democrats’ control of state executive and legislative offices may not provide the momentum industry opponents seek.

“When one party controls all levers, it can be difficult,” he said. “It may appear to be easy, but party leaders will have their hands full containing some of the more excessive ideas brought forward that are just too extreme and not good for Colorado.”

Interactive Overview

According to COGA, the association also has added a section to its website, where the association’s many fact sheets are cataloged covering regulations, ballot issues, emissions, community impacts and safety. Most recently, COGA consolidated the eight years of rule makings and legislation into an interactive page that graphically depicts how industry regulations protect health and the environment.

As visitors to the COGA site scroll through a Colorado-themed regulatory overview page, pop-ups highlight a different regulation or rule-making outcome and link to a pertinent fact sheet for additional information. Highlights include the:

- Governor’s Oil and Gas Task Force (2014-16);
- Methane emissions regulations (2014);
- Uniform 500-ft. setback, with 1,000-foot setback for high-occupancy buildings (2013);
- Regulations that require operators to provide base-line water quality data before and after drilling a new production or injection well (2013);
- Rule making to expand flowline registration and leak reporting (2018);
- Revisions to 300 series rules setting wellbore integrity standards, pre- and post-drilling reviews and testing (2011);
- Hydraulic fracturing disclosure regulations (2012);
- Legislation expanding Colorado Oil & Gas Conservation Commission enforcement authority with subsequent rule

making to increase per-violation penalties to \$15,000 from \$1,000 (2015); and

- Rule making to tighten spill reporting time and volume thresholds while expanding regulatory definitions to include drilling and production waste and any produced fluid (2014).

To emphasize the ongoing nature of Colorado’s regulatory updates, Haley noted that in the first 10 months of 2018, COGA had engaged in the stakeholder process for 13 regulatory reviews. Moreover, in December, COGCC was scheduled to discuss possible revisions to setback rules for schools. Current school setback distances are determined from the school building; the hearing will consider if that distance should be set from the school property line.

According to Haley, “2018 was a watershed year in Colorado. From enactment of the most comprehensive flowline rules in the country to engaging with the Air Pollution Control Division on cost-effective hydrocarbon emissions reductions, COGA and its volunteer committee members were kept busy this year.” □