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February 17, 2009

Members of the House Agriculture and Natural Resources Committee

Dear Members:

We are writing today to ask for your support to clarify the Colorado Oil and Gas Conservation Commission (COGCC) rules currently under review by the General Assembly. As community leaders here on the Western Slope, we are concerned that the new rules are vague and open-ended, and that they unnecessarily put at risk one of the most important pieces of our economy, which takes on a new sense of urgency given the current economic climate that we find ourselves in today.

Energy production is critical to the economic vitality of many Western Slope communities. The energy industry, as well as the contractors and small businesses that support it, create thousands of good paying jobs. Energy production allows our towns and counties to make important public investments to build strong, family-based communities.

Unfortunately, the new oil and gas production regulations will jeopardize the numerous and substantial benefits derived from the energy industry, creating significant economic unrest here on the Western Slope. Too often, the proponents of the new regulations simply say that commodity prices and the economic slowdown are solely to blame for the industry's slowdown. It is unreasonable to deny the role that the new rules will have on the industry's capital-deployment decisions.

The significant uncertainty for operators brought on by the new rules are now forcing many oil and gas companies to lay down rigs and, through the ripple effect, lay off employees and contractors. Our communities cannot afford for this to continue. We are asking that you please consider sensible, targeted revisions to the COGCC rules that will allow energy companies to once again increase their investments in Colorado.

House Bill 1255 is a serious policy option for addressing the current investment uncertainty. HB 1255 will tackle the lack of clarity around the Division of Wildlife (DOW) consultation process contained in the new regulations. As currently proposed, the DOW will soon have decision-making authority never before granted to the division. This authority goes far beyond what the General Assembly envisioned when it enacted the legislation in 2007 to provide a consultative role for the DOW regarding wildlife.

The current COGCC rules provide no parameters or timelines for the DOW's expansive new role in the oil and gas permitting process. The rules also allow the DOW to appeal decisions made by the director of the COGCC to the full commission, setting up intra-department turf battles that would likely add further delay and confusion to the permitting process set forth under the new rules.

HB 1255 will enable the COGCC, Division of Wildlife, oil and gas operators, and other stakeholders to avoid these pitfalls. This legislation simply affirms the Division of Wildlife's

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consultative role in the COGCC permitting process, with regulatory and decision-making authorities still vested at the Colorado Oil and Gas Conservation Commission. HB 1255 is sensible and necessary policy, providing a needed framework in which all stakeholders may work.

Making the changes within HB 1255 is a reasonable step toward addressing a vague and damaging provision within the new COGCC rules. Additionally, giving HB 1255 a fair hearing follows the intent of the original 2007 legislation that required the General Assembly to review the new rules. Please vote Yes on House Bill 1255 to provide needed certainty and balance to responsible mineral development in Colorado.

Respectfully,



Janet Rowland
Commissioner



Craig J. Mels
Commissioner

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