

Thank you, Chairman Fischer, for allowing me to address you today. Members of the Agriculture Committee:

I am Marion Wells, a resident of Rulison in Garfield County and a graduate of Grand Valley High School. We came and went with each oil shale project since the 40's. I live on 235 acres, which my family has owned for decades, with deer, elk, wild turkeys, red-tail hawks and other animals. I participate in numerous wells, have 20+ multi-well pads nearby, and can see the bright lights from seven rigs from my bedroom 24/7. I am also a citizen representative to the Garfield County Energy Advisory Board whose mission is to advise the commissioners about the impacts of oil and gas development in the county. I am here today to implore you to pass House Bill 1194 regarding the statute of limitations on oil and gas payments. Corrections on many wells, going back years, affecting many royalty owners is extremely common.

As a mineral owner, I began receiving royalties 2 years ago, even though production began 8 years ago. Based on the limited information available, in this reconciliation it shows they underpaid on three wells about \$36,000, about half-again the payment. Let me start with the premise I live with every day. Energy companies hold all the information and do not share it without persistent requests often requiring costly legal intervention. Nor do they correctly pay the royalty they do report. Since there is incomplete, company self-reporting of production to COGCC, there is no way of detecting these errors by mineral owners. Currently, 54% of my wells have no production data available even though many have been producing more than three years. I asked COGCC, who has done nothing. In the last year, 10 statements contained corrections that went as far back back as 2001. Statements are complicated enough. Corrections have over doubled the number of pages in a statement and there is no explanation available for the reason to correct.

We hold no cards in royalty dealings. The energy companies take every advantage they can and we may not find out for years if ever. The industry can time corrections for their best fiscal advantage, and with their inside information, legally prevent the royalty owner from their just due. Since production is highest at the start, being able to eliminate questions for the first year or two of production using a statute of limitation legality deprives the royalty owner their legal right to be properly compensated. In one instance, despite letters and legal intervention, a company delayed decimal interest correction payments to 30+ royalty owners on one well that the company knew was wrong at least three years earlier. By current law, we lose the ability to claim the first 18 months of production. Adding insult to injury, then the company forgets to pay the interest on the delayed payment and still haven't done so a year later.

We have no way to know if the quantities are really correct. Most information has no checks or balances so there is no way I can verify price, quantity, or deductions except by costly legal action. In fact, my company locked me out of my metering sheds which they read remotely to their computers. Despite the legal success in recent years, no royalty owner yet receives parity required by law. We have to trust the fox in charge of the hen house. There are "adjustments," always negative, on the COGCC reports that just vanish. In August of last year, 80+ barrels of oil disappeared from the tally of my wells alone. And there is still 54% of my wells without records so I can't tell how many more "adjustments" were made. Imagine how many others disappeared for many mineral owners. This is a practice that has been around forever.

Energy companies can hold you in suspense without notice. I have lived with the same address and phone number for decades and am listed in directories. Still, an energy company stopped sending royalties, didn't respond to my letters and emails, even though they had placed me in suspense without notice. I only found out when a cousin wrote me with their letter saying they couldn't find me and had placed me in suspense. When they paid up last fall, they had gone back to 1999 and made corrections, and no interest on the late payment.

Please allow this legislation through. Eliminate the loophole that unjustly gives the advantage to those who control all the information. Give those of us who are disadvantaged already to at least be able to seek fair restitution when we finally obtain the underpayment information we deserve.