



Energy and Transportation Committee, March 5, 2019  
**CAMRO Cannot Support SB19-181 and urges a no vote**

The Colorado Alliance of Mineral and Royalty Owners counts itself among the many affected and interested parties that were not included in the drafting of such an overreaching bill. While aspects of this bill rightly are purposed to protect Colorado's citizens from certain adverse affects that are associated with oil and gas development, most of the bill will have the opposite effect.

In the media rollout of this bill, starting after the 2018 election where proposition 112 was soundly defeated, and new leadership was elected in the house, senate, and governors office ,its proponents and supporters flatly stated that the state had no interest in establishing statewide setback standards. However, this bill gives local government authority over siting oil and gas locations, and allows local standards to exceed the State setback requirements. This shift from the will of the voters is both significant and deceptive. Extreme and unnecessary setback standards will be set, depriving mineral owners of their property. This will certainly lead to takings lawsuits that tie up resources and could bankrupt local government. The Act has evolved over time so the Commission can act to protect public health safety welfare and the environment along with mineral owners, royalty owners, and reasonable citizens from the capricious actions of local governments.

In undermining the imperative to minimize waste, and refusing to consider concepts of economic and technical feasibility in the development of the resource, the bill eviscerates critical concepts of oil and gas conservation relegating them to the dust bin. This feature undermines the value of private property and the market that supports it.

In its current configuration the Oil and Gas Commission has a diversity of expertise that is the envy of the nation. The three industry positions serve to inform fellow commissioners on the science of petroleum engineering and geology, and truly examining production practices. In the proposed reconfiguration the commission will be unable to perform many of the duties concerning correlative rights, payment of proceeds, legal analysis, and many more duties. If this bill is passed, the expertise critical to protect all the communities that do not have engineers and geologists on staff, but believe responsible development benefits their communities and our Nation will be lost, taking a back-seat to those communities that only care about stopping development in their back-yard.

Particularly concerning to CAMRO is the change in pooling. While CAMRO believes raising the statutory royalty rate is timely, CAMRO vigorously opposes setting any minimum threshold of participation in a pool, or the requirement that a local government be involved in the pooling process.

Specifically, establishing a majority threshold undermines correlative right, and will lead to coercive behavior between neighboring tract owners, and by local government toward its citizens and mineral owners. This is vicious policy, and delegates the state's police power to its citizens and local government. The mineral owner will have been stripped of the value of his minerals at the whim of special interest.

Sadly, the bill also reflects a significant step backward in terms of environmental justice. Ensuring some communities can prevent lawful and responsible oil and gas production with some expectation their rural neighbors, or perhaps other states, can figure out a way to produce the oil and gas they need, and that our Nation requires to continue to function. This reflects a sad and shortsighted view that is not characteristic of all Coloradans and is 100% objectionable to the CAMRO membership.

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The Colorado Alliance of Mineral and Royalty Owners (CAMRO) is the largest Colorado not-for-profit organization dedicated exclusively to representing the interests of Colorado mineral owners and royalty owners, representing two-thirds of the producing wells in Colorado. CAMRO engages in education, advocacy, and assistance to its members, to governmental bodies, and to the public on issues related to mineral interest ownership in Colorado. CAMRO mineral owners are part of the fabric of our state, and it is critically important for our membership to have the opportunity to voice its concerns.

CAMRO members represent a unique population segment including individual farmers, ranchers, family trusts and small producers who have inherited, reserved or acquired an interest in the mineral estate. As the leading organization for mineral and royalty owners in Colorado, with over one hundred ninety families as members, CAMRO is keenly interested in all legislation that impacts the CAMRO membership. Our members use the proceeds from their mineral interests and royalties to put children through college, pay for prescription medication for aging parents, care for sick relatives, and more. For many of our members, the modest royalties help provide financial stability and opportunity for their families.

CAMRO mineral owners have long recognized the delicate balance necessary to ensure responsible development of their resources, while still considering the public concerns related to health, safety and welfare, the environment and wildlife. In fact, CAMRO's membership includes many individuals who own both surface and subsurface rights who arguably have the best perspective, and greatest interest in the positive intersection between subsurface development and surface impacts. Accordingly, CAMRO membership has an important perspective on the consequences of legislation and regulation, and how it could impact CAMRO members for generations to come. In short, we are the original conservationists.

CAMRO welcomes the opportunity to provide both a historical perspective, and to consider long-term effects of legislation impacting the value of our private property rights.

This discussion is of critical interest not just to those individuals who may have acquired minerals via purchasing a subdivision lot, but perhaps even more so to those individuals, represented through the CAMRO membership, who have worked for years to protect and advance mineral owners' rights.

This letter serves as our introduction. We welcome a seat at the table to provide mineral owner comments on any legislative proposal that will impact our membership, and our state's economy.

Respectfully,

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President, Colorado Alliance of Mineral and Royalty Owners

cc: CAMRO Board of directors. Don Phend, Kathy Allen, Jake Shaeffer, Ben Clay, Travis Holland