

To: Senate Finance Committee

From: Robert S. Boswell, CEO of Laramie Energy, LLC

March 7, 2019

Subject: SB-181

Honorable Members of the Senate Finance Committee:

The State of Colorado is fortunate to be endowed with substantial natural resources. Among these resources are natural gas and oil. These particular resources provide the state clean, affordable, and reliable energy to heat and light our homes, power our industries, and provide economic value throughout the state.

The proposed regulations under SB-181 are contributing to the "black cloud" over Colorado for future investment in the state. Despite defeating various ballot issues over the past elections aimed at decreasing development in the state of Colorado, we are now attempting to legislatively impose without due process or collaboration between government and industry new regulations which will hurt the general economy of Colorado and make it less attractive for new businesses.

While portions of the proposed regulations are appropriate as it relates to urban areas where industry and communities intersect, the proposed regulations have not been properly vetted as to either their effects or practical implications on other areas where no such intersections occur or how the regulations might affect or impede development on Federal lands. Problem areas of the new regulations that must be addressed are:

1. Indefinite Permitting/Drilling Moratorium – oil and gas development involve large equipment generally contracted from service companies that cannot be economically stopped and started based upon discretionary and subjective new powers given to local government that are ill defined and inconsistent with state and Federal regulations.
2. Technical feasibility and cost-effectiveness no longer must be considered. The lack of definition and factors that must be considered in determining the degree of regulation that can be imposed at the local level without consideration of technical and economic considerations is inappropriate and allows too much discretion at the local level.
3. Local politics – lack of definition as to the degree of discretion and process at the local level gives new subjective powers to local governments to create fees and impose prohibitions that may not be in the best interest of surface and mineral owners and provides no requirement that the local governments must demonstrate the expertise to manage their own oil and gas regulatory programs. Moreover, it creates duplicate regulations that add to the expense of local governments and operators trying to comply with overburdening and often duplicative regulations.
4. COGCC Composition – by its very name the COGCC is responsible for the myriad decisions that must be made for responsible oil and gas development. Therefore, expertise that involves industry specific knowledge such as land, operations, and the technical aspects of oil and gas development must reside on this commission to make the correct decisions.

Oil and gas development are capital intensive. The imposition of egregious new regulations without the proper parameters and definition will work against future investment in Colorado and create a poor reputation in the capital markets not only related to oil and gas but to other investment considerations. While this may be the objective of some people, it is not in the best interest of the State of Colorado.