



## OIL AND GAS LEGISLATION HARMFUL TO NORTHERN COLORADO ECONOMY

Energy development in the Northern Colorado region is advancing the economic health and well-being of Northern Colorado communities. By leading the northern Colorado economy out of an extended recessionary period, the energy industry is:

- Creating high wage employment opportunities,
- Investing in new production technology, and
- Providing new tax revenues essential to public infrastructure investments.

### **HB 13-1273: New Funding Local Governments Oil Gas Dev Impacts**

**House Bill 13-1273, by Representative Randy Fischer (D-Fort Collins) and Senator John Kefalas (D-Fort Collins)**, grants local governments authority to charge an impact fee for "environmental or public health and welfare oversight" and requires individual companies to additionally pay for an intermediary between local governments and the Colorado Oil and Gas Conservation Commission COGCC.

NCLA opposes HB 13-1273:

- Unnecessary because local governments already tax oil and gas by state law at the highest rate of any property tax payer.
- These tax revenues are intended to, and already, pay for the needs generated by the industry resulting in the industry paying its own way.
- Additional fees and costs borne by the oil and gas operators are an unnecessary burden upon the industry.

### **HB 13-1275: Front Range Oil & Gas Human Health Study**

**House Bill 13-1275, by Representative Joann Ginal (D-Fort Collins) and Senator Irene Aguilar (D-Denver)** directs the state to conduct a review of existing epidemiological data regarding the effects of oil and gas operations on human health in Larimer, Weld, Boulder, and Arapahoe counties that is funded by a mill levy increase. It also permits the report to recommend a cease and desist order if they deem an operation unfit.

NCLA opposes HB 1275:

- It attempts to create a correlation between adverse health effects and oil and gas operations.
- As science will tell you, correlation is not causation
- When coupled with an expansive police power to halt oil and gas operations, HB 1275 appears to place hurdles in front of continued growth of the energy industry rather than a sincere concern for health.
- Health concerns will be addressed by other independent studies already underway that explore oil and gas development and health
- HB 1275 is an unnecessary, duplicative and expensive mandate.



# *White Paper*

## *Northern Colorado and Energy Development*

Energy development in the Northern Colorado region is becoming an increasingly important industry in advancing the economic health and well-being of Northern Colorado communities. This new and emerging sector of economic growth and development does not come without controversy. This fact sheet presents the economic benefits and development issues of importance in establishing a sustainable energy industry in Northern Colorado.

### **BASIC ENERGY ECONOMY FACTS:**

The energy industry is helping to lead the northern Colorado economy out of an extended recessionary period by creating high wage employment opportunities, investing in new production technology, and providing new tax revenues essential to public infrastructure investments. The information that follows is based on information extracted from the following sources.

- *“Assessment of Oil and Gas Industry Economic and Fiscal Impacts in Colorado in 2010”*, Business Research Division, Leeds School of Business, University of Colorado at Boulder, December 2011
- *“2012 Abstract of Assessment, Assessed Valuation By Property Class and District,”* Weld County Assessor’s Office
- *“Colorado’s CleanTech Journey,”* Environmental Defense Fund and Collaborative Economics, November 2012

### **PRODUCTION VALUE**

1. Colorado holds the nation’s fourth-largest natural gas reserves
2. Colorado’s natural gas production has increased for the 25<sup>th</sup> year in a row
3. In 2010, Colorado’s oil and gas production value was \$9.2 billion dollars; Weld County’s oil and gas activity contributed \$2.379

billion dollars of production value; or 25.9% of the state's total production value

## **EMPLOYMENT & WAGES**

4. In 2010, the oil and gas industry accounted for 43,836 direct employment jobs in Colorado; Weld County had the largest number of oil and gas employees at 5,181; representing 5.4% of total Weld County employment
5. In 2010, the oil and gas industry accounted for nearly \$3.2 Billion in wages. The industry paid an average direct employment wage of \$103,010 and indirect employment wage of \$72,373 per year representing an annual wage approximately 115% and 51%, respectively, greater than the state average wage for all industries
6. In 2010, Weld County had the highest oil and gas wages in absolute terms totaling over \$316 Million annually, representing 8.4% of total county wages and a wage level 56% greater than the county's average wage for all industries

## **PUBLIC REVENUE**

7. In 2010, the oil and gas industry contributed more than \$1.1 Billion dollars in public revenues to state and local government, schools, and special districts
8. In 2010, the oil and gas contributed over \$81.4 million dollars in Weld County property taxes; representing approximately 23.7% of all property tax revenue collected.
9. In 2012 the total Weld County assessed value for oil and gas was \$3.382 billion dollars and represented 51.9 % of the county's assessed value by property class
10. In 2010, Weld County local governments received approximately \$1,819,000 in Colorado state severance tax distributions
11. In 2012, Weld County and its municipalities received approximately \$5.6 Million in state severance tax and \$2.6 Million from federal mineral leases
12. In 2012, more than \$61.9 Million dollars in severance tax and mineral lease revenues were distributed to regional and local governments throughout the state; previous year distributions were approximately \$54 million

## **INDUSTRY PRESENCE**

13. Weld County is home to 40% of Colorado's oil and gas wells; totaling over 17,000 active wells and 29,107 wells in total.

14. In 2012, over 1,500 new well permits were issued in Weld County and many more are planned for development in 2013
15. The oil and gas industry is clearly one of the area's major industries contributing significant production value, employment opportunities, household income, and public revenue streams essential to the continued growth of Northern Colorado communities.

### **CLEAN ENERGY SYNERGY**

16. The oil and gas industry is rapidly becoming an emerging component of the renewable energy development industry
17. Natural gas turbines are the perfect supplement for variable renewable wind and solar energy generation facilities
18. Northern Colorado has emerged as a leading force for natural gas vehicles
19. The Engines and Energy Conversion Laboratory at CSU is developing market driven engine efficiency and pollution reduction solutions for the 21<sup>st</sup> century and will soon be unveiling a \$16 million dollar expansion
20. The Colorado Renewable Energy Collaboratory, a research partnership between the Colorado School of Mines, CU-Boulder, CSU, and the National Renewable Energy Lab (NREL), is combining resources to perform research, develop, and commercialize renewable energy technologies
21. The clean technology renewable energy industry accounts for approximately 18,000 direct employment jobs with a 2010 average annual wage and salary of \$74,410
22. The region is at the forefront of national energy development due to its ability to recruit and retain senior scientific and management talent; its proximity to energy-related higher education programs; its access to the broad presence of federal laboratories and private research and development activities

### **DEVELOPMENT ISSUES ASSOCIATED WITH ENERGY DEVELOPMENT:**

Residential, commercial, or industrial consumers have collectively created an increasing demand for energy resources. As supply rises to meet demand we are faced with the challenge of producing energy resources in as sustainable a manner as feasibly possible. Economic, environmental, social, and political issues will invariably become a part of the energy development debate. Resolution of these issues should be based on sound scientific findings, practical production technologies, and the appropriate balance between federal, state, and local regulatory authority.

- In the interest of objective scientific research, communities are encouraged to stay abreast of the recent National Science Foundation grant awarded to a CU-Boulder research team studying ways in which to maximize the benefits of natural gas development while minimizing impacts on ecosystems and communities
- In the interest of advancing practical production technologies, the energy industry is encouraged to continue to employ sustainable drilling and extraction technologies by maintaining the highest possible integrity of well bore casings, hydraulic fracturing techniques, and natural gas and oil collection, storage and transportation mechanisms
- In the interest of maintaining precious western water resources, water resource providers and energy industry consumers are encouraged to employ sustainable water use/reuse, treatment, and water quality standards.
- In the interest of maintaining air quality standards, the energy industry is encouraged to employ the highest standard of measurement, capture and containment of methane and volatile organic compounds as practically possible.
- In the interest of consistent statewide standards while maintaining local land use control, the state oil and gas commission is encouraged to adopt reasonable regulatory standards capable of maintaining local growth and development objectives and wise land use patterns.
- In the interest of the highest and best utilization of land resources for agricultural production, municipal, and industrial uses, the state oil & gas commission is encouraged to adopt reasonable setback standards

### **COMMON GROUND:**

Although finding common ground can be difficult when addressing pressing issues, it must be the first and foremost goal among all parties to the discussion. Lasting solutions require thorough consideration and all involved are encouraged to approach the subject from an objective perspective and an open point of view, be prepared to dedicate as much time as needed to completely vet all ideas, discover accurate scientific alternatives, explore all avenues of best practices, develop efficient transitional regulatory policies, and minimally disruptive economic and marketplace ramifications.

For more information, go to [www.nclaonline.net](http://www.nclaonline.net).