

**OFFICE OF GOV. BILL RITTER, JR.**  
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**GOV. RITTER TOUTS NATURAL GAS AS KEY PART OF NEW ENERGY ECONOMY**

Gov. Bill Ritter today touted clean-burning natural gas as a vital part of Colorado's New Energy Economy and a key element of his strategy to position Colorado for a strong economic recovery.

"Natural gas is a vital part of the New Energy Economy, a permanent part of the New Energy Economy - not a bridge fuel, not a transition fuel, but a mission-critical fuel," Gov. Ritter told hundreds of industry officials during the Colorado Natural Gas Association's 21st annual Rocky Mountain Natural Gas Strategy Conference and Investment Forum at the Colorado Convention Center.

Click here to listen to Gov. Ritter's complete remarks.

"We can't begin to address climate change in a meaningful way without using more natural gas," the Governor said. "We can't begin to address energy security in a meaningful way without relying significantly on U.S. natural gas. And we certainly can't meet Colorado's future energy needs without producing more Colorado natural gas through the hard work of you and your employees.

"Natural gas is an essential part of the state, regional and national New Energy Economy."

Below is the text of Gov. Ritter's address as prepared:

Thank you, Don McClure, for that introduction. Thanks to all of you for being here, and thank you for the invitation to join you this morning. Hosting a conference like this takes a lot of work from a lot of people ... and I'd specifically like to thank Fred Julander, who deserves much credit for the idea of getting the industry together to reflect back and to look ahead.

This has obviously been a challenging year for the energy industry. Natural gas is selling for a fraction of what it was a year ago. The number of rigs is about half of what it was last year. The meltdown of credit markets has hurt you as much as everyone else. And

it'll be a while before things get better.

So it's more important than ever for us to work together, to realize the full promise of natural gas, to expand pipeline capacity, to increase natural gas as both a transportation fuel and as a baseload energy fuel. Let me share with you my vision for how we can do all that and get this economy moving again.

As Governor, I'm extremely proud of the work we're doing to build a 21st century New Energy Economy and lead Colorado to a new energy future. Energy is obviously one of the Colorado's economic sweet spots. And natural gas is a vital part of the New Energy Economy, a permanent part of the New Energy Economy - not a bridge fuel, not a transition fuel, but a mission-critical fuel.

As Don noted in his op-ed piece the other day, we can't begin to address climate change in a meaningful way without using more natural gas. We can't begin to address energy security in a meaningful way without relying significantly on U.S. natural gas. And we certainly can't meet Colorado's future energy needs without producing more Colorado natural gas through the hard work of you and your employees. Natural gas is an essential part of the state, regional and national New Energy Economy.

That's why it's one of my top priorities to help you build markets for Colorado gas both here in Colorado and elsewhere around the country. Here are just a few things we're working on:

A couple months ago, I signed legislation that expands tax credits to include both CNG vehicles and CNG vehicle conversions. And there is new federal legislation that would increase and extend tax incentives to promote the development of natural gas as a transportation fuel. I strongly support that bipartisan bill.

My Energy Office has partnered with Clean Energy, a major supplier of CNG, on a \$10 million federal grant application to help expand CNG as a transportation fuel. Think of it. Colorado natural gas powering Colorado vehicles. We'd be creating a new local market for natural gas that doesn't need thousands of miles of pipelines. This would also help address the ozone-pollution issue the Denver area is still struggling with.

My team also is working with Xcel and Tri-State to encourage the increased use of natural gas. I'm hopeful that by bringing industry and utilities together we can solve some of the challenges around the volatility and unpredictability of the price of gas, which has been a big barrier to long-term stable contracts.

One of the biggest obstacles facing Colorado gas producers is the lack of pipeline capacity. That's why I am urging the Federal Energy Regulatory Commission to expedite the certification for the Ruby Pipeline Project. I'm doing everything I can to help facilitate the construction of pipeline infrastructure so that we can move Colorado gas to lucrative regional markets, such as California and the West Coast.

I also understand the need to maintain a robust level of investment. As Peter Dea has so often and so eloquently explained, in many fields the decline rate for gas wells mean we have to maintain a constant level of new development.

We cannot afford to stand still. So when Don McClure explained the harm that would come from repealing the federal IDC deduction, I urged Congress to leave the deduction intact.

Also at the federal level, there's been a great deal of discussion about the regulation of hydraulic fracturing, which you know is essential to the development of Colorado's gas resources. The Colorado rules are an excellent example of how states can and should act. I appreciate the American Petroleum Institute and the Colorado Oil and Gas Association for recognizing how Colorado has responsibly addressed this issue with its new rules and regulations.

I don't for a moment discount the concerns of those who worry about protection of drinking water supplies. But I also believe that we have to understand the problem and the risks before we act.

That's why I've encouraged Congresswoman DeGette to consider authorizing a comprehensive study of this issue instead of jumping directly to a new and potentially intrusive regulatory program.

So what's the bottom the line in all this? Natural gas is a vital part of our strategy to build a strong economic future for Colorado, and I want us to work as a close-knit team to get us there.

I know we haven't agreed on every issue in the past, and we'll probably disagree on a few in the future. But I am committed - as I know you are - to ensuring a healthy industry, a healthy economy and healthy communities. And I'm encouraged by some of what we're seeing out in the gas fields.

ExxonMobil, Williams, Chevron, Bill Barrett and Noble Energy have all made recent announcements about major projects and major investments. Yes, there are incredible challenges facing your industry. But there are also incredible opportunities.

Climate change is one of them. The vast majority of greenhouse gases come from two areas: electricity generation and the transportation sector. Natural gas can play an important role in each. America spends \$700 billion a year to buy oil from repressive regimes when we have natural gas reserves right here in Colorado.

Low-carbon natural gas can be a big part of the national strategy for addressing climate change while securing our economic future. And as you know, and as you heard from Tim Wirth yesterday, the federal government is moving quickly on this. I urge you to get involved and weigh in now.

The Waxman-Markey - or something like it - is going to be the playbook for America's future energy policy. If you want to be in the game, if you want the playing field to be level, then you need to help write the playbook. We all need to be part of this conversation, and there are things we can do to improve this legislation. I'll be talking with Senators Udall and Bennet about making sure it includes appropriate incentives for the use of clean-burning natural gas, and if you have suggestions, I'm happy to entertain those as well.

And rest assured, Washington is listening to what we have to say. Last month at the Western Governors Association meeting, I asked Energy Secretary Chu point blank to make sure he includes natural gas in his strategy for building a national New Energy Economy. He said he would.

We have a number of golden opportunities in front of us. We can't let them pass us by. You have my commitment that I will continue to work closely with the federal government and with you to make sure natural gas is part of the vision and part of the strategy.

And at the state level, we're looking closely at how we can more fully develop our New Energy Economy strategy -- including how we expand consumption of natural gas. This may involve tapping someone within the Governor's Office or the administration to act as a point person.

Over the past few months, we've been asking industry for its ideas and suggestions on how to increase usage and boost demand. I look forward to getting those ideas, and if there are other things we can be doing together to lead the industry forward, I want to know about them.

My door is always open and I am always willing to listen as we lead this state and this country back to solid economic footing. Colorado's natural gas producers are a vital partner to get our economy moving again and to build a sustainable New Energy Future for all of America.

Thank you.

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