



**Draft Business Plan  
October 22, 2013**

**A. Overview**

The oil and natural gas revolution represents a once-in-a-century opportunity for the United States -- and for Colorado, too. The dramatic increase in natural resource production has recast the economic fortunes of North Dakota and Pennsylvania and redoubled the prosperity of traditional energy producers such as Texas and Oklahoma. This energy boom similarly creates great opportunity for the state of Colorado, but only if we take advantage of it.

Unfortunately, the energy discussion in Colorado has devolved into a bitter “us” versus “them” dialogue, with a spate of one-off attempts to ban or unreasonably regulate energy development in Boulder County and other communities throughout Colorado. This “all or nothing” approach to regulating sensible energy development in Colorado foreshadows bigger fights on a wider scale.

While some might be tempted to view these high-stakes energy fights as problems for only the oil and gas industry, such a view ignores the unprecedented opportunities and economic security for all our Nation’s citizens that can be derived from sensible energy development. Energy has long been a key driver of Colorado’s economy. If we manage these challenges in a thoughtful and careful way, all of Colorado’s citizens will benefit.

It is vital for Colorado’s business and economic development community to advocate on behalf of the opportunities associated with energy production. The discussion should be beyond simply environmentalist verses industry interests and rather should focus on the widespread economic impacts and competitive implications which affect all Coloradans. The voice of the “rational middle” in the state of Colorado has long been claimed by the state’s business leaders. It is time for the business community to exert its voice in this important debate as well.

In an effort to fill this gap and bring attention to the broader benefits of sensible energy development in Colorado, a broad coalition of business and economic development leaders have come together behind Vital for Colorado, a 501(c)(4) entity<sup>1</sup>, in order to:

- Promote the benefits of sensible energy production in Colorado and to our nation’s overall national security, with the goal of energy independence;
- Help support and advocate for a competitive environment for the energy production, scientific reasoning, and a safe environment for Coloradans in which the state can benefit from the economic development opportunity of a lifetime;
- Uphold our traditional values of sensible production, in which energy development and the West have a long history of co-existence; and
- Be a local and statewide voice to stand up to outside forces trying to influence major economic and political decisions in this state.

In addition to promoting the widespread economic health of all corners of this state, every state and locality shares in at least some of the responsibility to ensure our nation isn’t entangled

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<sup>1</sup> The application is being prepared and has not yet been submitted.

by the dictates of dependence on foreign oil. Colorado can play a real role in promoting greater energy freedom. This is a responsibility we should embrace.

## **B. External Analysis**

Colorado has a long history of oil and gas development, with the first oil well dating back to 1862.<sup>2</sup> Colorado now ranks fifth in the country in U.S. natural gas production and 11th in oil production,<sup>3</sup> with over 50,665 active wells. The majority of these wells are located in the following six counties; Weld, Garfield, Yuma, La Plata, Las Animas, and Rio Blanco,<sup>4</sup> but the industry's reach is far beyond the six highest producing areas.

The industry is a key part to the State of Colorado and the overall health of its economy. The oil and gas industry in Colorado directly employs over 40,000 people and supports over 111,000 jobs in the state and provides \$5.8 billion in total labor income and \$29.6 billion in economic output annually.<sup>5</sup> And, in 2012 the oil and gas industry paid over \$163 million in severance taxes, or 93% of the \$175 million severance tax total.<sup>6</sup>

While primary regulatory oversight for this industry is performed by the state, through the Colorado Oil and Gas Conservation Commission (COGCC), numerous discussions have been raised throughout Colorado at the local government level during the last eighteen months about the regulatory role of oil and gas development in small communities. Many of these discussions have brought industry, local officials, and local citizens to the same table to discuss specific needs surrounding oil and gas impacts in a way that puts local governments in control of local impacts, but omits industry oversight and regulatory authority with state officials who are experts in their field. Others have used the local government process in a way that preempts state law and transfers authority away from state regulators. The culmination of these discussions is represented through the 2012 local ballot initiative in Longmont, Colorado, in which local voters by a 60-40 margin banned hydraulic fracturing in an effort to ban oil and gas development in their area. The City of Longmont has since been sued by the State of Colorado and Colorado Oil and Gas Association for this overreach.<sup>7</sup>

Most of Colorado's 50,000 oil and gas wells rely on the completion process of hydraulic fracturing to be viable.<sup>8</sup> Similar efforts to ban the process in other communities, if successful, could effectively negate large swaths of the economic opportunity that the shale oil and gas boom promises.

## **C. Mission**

To promote the benefits of energy production in Colorado, highlight energy resource extraction as a critical part of Colorado's state economy, and support a rational, well-regulated, and competitive regulatory environment which allows energy production in the state to thrive responsibly.

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<sup>2</sup>[http://cogcc.state.co.us/Announcements/Hot\\_Topics/Hydraulic\\_Fracturing/Director\\_Neslin\\_Senate\\_Testimony\\_041211.pdf](http://cogcc.state.co.us/Announcements/Hot_Topics/Hydraulic_Fracturing/Director_Neslin_Senate_Testimony_041211.pdf)

<sup>3</sup> <http://www.coga.org/index.php/FastFacts/EconomicsTaxes#sthash.SfNeTXJW.OjQO4gXY.dpbs>

<sup>4</sup><http://cogcc.state.co.us/Library/Presentations/NWForum20130606/COGCC.pdf>

<sup>5</sup>B. Lewandowski and R. Wobbekind, *Assessment Of Oil And Gas Industry, 2012 Industry Economic And Fiscal Contributions In Colorado*, Business Research Division, Leeds School of Business, University of Colorado Boulder, July 2013.

<sup>6</sup>[http://www.coga.org/index.php/Newsroom/COGAOriginalContentArticle/total\\_state\\_severance\\_tax\\_revenue#sthash.IRaXMiRl.dpbs](http://www.coga.org/index.php/Newsroom/COGAOriginalContentArticle/total_state_severance_tax_revenue#sthash.IRaXMiRl.dpbs)

<sup>7</sup> [http://www.denverpost.com/breakingnews/ci\\_23643679/state-joins-suit-knock-down-longmont-fracking-ban](http://www.denverpost.com/breakingnews/ci_23643679/state-joins-suit-knock-down-longmont-fracking-ban)

<sup>8</sup>[http://cogcc.state.co.us/Announcements/Hot\\_Topics/Hydraulic\\_Fracturing/Director\\_Neslin\\_Senate\\_Testimony\\_041211.pdf](http://cogcc.state.co.us/Announcements/Hot_Topics/Hydraulic_Fracturing/Director_Neslin_Senate_Testimony_041211.pdf)

## **D. Short-Term Goals**

- Formalize a group of like-minded business and economic development opinion leaders concerned about the direction of Colorado's energy economy.

## **E. Long-Term Goals**

Advocate and educate in support of rational, competitive business policy in upcoming Colorado legislative sessions and local policy discussions across the state. Persuade the broader community of voices in the state of Colorado that energy issues are more than just about oil and gas – they are about the prosperity and opportunities of an entire state.

## **F. Directors, Advisors, and contracted staff (under formation)**

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**G. Target Audience(s)**

- Coloradans interested in learning about the benefits of the industry and impact of the industry on the local economy and business environment in Colorado.
- Business and Opinion Leaders that support responsible, competitive energy development in Colorado.