



June 1stth 2018

Testimony of the West Slope Colorado Oil & Gas Association

Submitted to the United States House of Representatives

Committee on Natural Resources

Regarding:

Examining the Natural Gas and Oil Shale Opportunities in Western Colorado.

Thank you, Honorable Chairman Bishop, and Congressman Tipton and Members of the Committee.

In 2016 the world changed for Western Colorado and for the Piceance Basin. After all, it's not every day that the United States Geological Survey announces the local Mancos Shale gas formation holds up to 100trillion Cubic Feet of Natural Gas. And while the Mancos Shale Gas revelation garnered international headlines, many folks forget that our community still has 20 years of drilling inventory in the existing and traditional producing formations of our region, at current rates of production.

Suffice to say, the Piceance Basin holds an astronomical, almost unthinkable, volume of recoverable natural gas.

In response to this game changing development Colorado Mesa University's Unconventional Energy Center and the Grand Junction Economic Partnership engaged in a market analysis called the Piceance to the Pacific Rim study. This document resulted in an initiative that resulted in our community and state coming to know the critical importance of energy exports to our future.

With enough natural gas to power the state of California for 50 years right here in our backyard, the need for our community to join the global energy market place has never been more urgent. This urgency, in fact, created the most diverse and bi-partisan energy coalition in the United States today. Indeed, the Piceance to the Pacific Rim Initiative, and its advocacy for West Coast Energy exports garnered a robust if not unlikely political coalition never before seen around an energy infrastructure project in Jordan Cove LNG. The Piceance to the Pacific Rim Initiative, and Jordan Cove LNG, in fact earned the support of Congressman Tipton, Senator Michael Bennett, Senator Cory Gardner, Governors Hickenlooper and Herbert, the Colorado Senate, the Denver Post, the Grand Junction Daily Sentinel, and near countless local governments in Western Colorado including Mesa, Garfield, Rio Blanco, Moffat, Routt, Delta and many other counties and municipalities in our region.

In fact, Governor Hickenlooper traveled to Asia with the white paper in hand informing U.S. allies in Asia about the opportunities Rocky Mountain Energy affords their countries in terms of air quality, and energy security.

Senator Gardner has done much the same extolling the virtues of Jordan Cove LNG during his travels in Asia and throughout the world.

Senator Bennett announced his support for west coast LNG exports and did so in a highly public endorsement of the project.

All the while Congressman Tipton nary delivers public remarks without mention of the importance of Jordan Cove to the future of the Asian Pacific and the Third Congressional District's Economy.

Recently, in 2014, the Former Energy Minister of Lithuania was in Grand Junction speaking to our community about the importance of the world's shale gas the future -in the context of the global community. His visit was met with some skepticism, but in 2016 both Lithuania and Poland received their first shipments of U.S. Shale gas silencing domestic curmudgeons, and initiating the erosion of Russia's monopoly in supplying European democracies with critical winter heating fuels.

And as some forces seek to stop west coast energy exports, dozens of countries are working to build liquified natural gas import terminals including the Philippines, Bangladesh, Pakistan, Indonesia, Singapore, Malaysia, Thailand, South Korea, Japan, China and numerous others in the Caribbean and South America.

With this backdrop in mind, a fundamental question rests before the United States Congress: Why has our country provided overseas export access to all other energy producing regions in the United States except the Rocky Mountains? This, despite that fact that the region currently have the most affordable gas in the world? A west coast LNG export terminal shaves critical days and costs off exports to Asia. A west coast terminal eliminates hurricane delivery risk. A west coast terminal reduces uncertainty and bottlenecks and fees associated with the Panama Canal. And yet proposed west coast terminals both in the U.S. and Canada have languished under crushing regulatory malaise. These projects have been delayed for decades based on parochial campaigns and narrow assessments of what connecting the Rockies to the Global

market place might do for local communities, the nation, and the stability of our world.

Today, the Piceance Basin of Western Colorado and the Uintah Basin of Eastern Utah have joined forces in an interstate Memorandum of Understanding Called the Western States Rural Natural Gas Initiative. This MOU was signed between the states in 2017 and continues gaining momentum today.

We ask that the Committee review this MOU and consider how the Congress might help Colorado and Utah in their effort to join the global energy marketplace. Today the east coast of our nation enjoys the benefits of energy exports at Cove Point Maryland. The Marcellus, Fayetteville, Utica, Eagle ford Shales as well as the Permian Basin all have direct access to Gulf Coast Exports. Yet our region is landlocked watching projects flounder under the slow churning of federal approval process and court proceedings.

With anti-infrasturue groups and their funders moving their investments to stopping projects at the state level how can our country build meaningful infrasturue projects if states can arbitrarily stop projects based on inconsistent application of regulatory standards in relation to some state level approvals. Congress must address this issue, or all progress made at the federal level in terms of allowing domestic energy production may be for not.

Finally, the current administration has moved to remedy the procedural roadblocks recently erected to stop energy development on Federal lands throughout the Rockies. However, the political pendulum swing of the Executive Branch creates uncertainty around the length and sustainability of such reforms. Therefore, we ask the Natural Resource Committee and the U.S. Congress to enact permanent and lasting reforms that ensure we not only have access to overseas markets but

that we have on-the-ground certainty that minerals owned by the American people are accessible, affordable and produced in a consistent cost-effective way that creates lasting and permanent good for the nation and world.

Thanks for being here in the Piceance Basin today and I look forward to addressing any questions you may have in relation to the opportunities afforded our nation as a result of Western Colorado's vast natural gas resources.