



COLORADO

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June 1, 2018

The Honorable Rob Bishop, Chairman
United States House of Representatives
Committee on Natural Resources
1324 Longworth House Office Building
Washington, D.C. 20515

RE: Testimony of Rose Pugliese, Mesa County (Colorado) Commissioner before the House Committee on Natural Resources on Friday, June 1, 2018, regarding the oversight hearing titled *"Examining the Natural Gas and Oil Shale Opportunities in Western Colorado."*

Dear Chairman Bishop, Ranking Member Grijalva and Committee Members:

Thank you for the opportunity to appear before you today to offer my views regarding *"Examining the Natural Gas and Oil Shale Opportunities in Western Colorado."* My name is Rose Pugliese, and I am a Commissioner in Mesa County, Colorado.

There are significant energy resources in our western Colorado counties. Mesa County is 72% federal lands. This means that the federal government controls our economy and the economies of many of our western Colorado counties. Congress and our federal agencies have the power to determine if Mesa County and our neighboring counties have a strong and viable economy. You get to decide if we succeed or fail. We are so grateful to see you in our community today listening to our suggestions on how to ease the federal regulatory burden on western Colorado natural gas development in order to improve our collective local economies.

Mesa County is home to approximately 150,000 people and is known as the hub of the energy industry in western Colorado. Many of the energy industry workforce and suppliers, and their families, live in Mesa County while they work in surrounding counties. The loss of energy sector jobs, not just in Mesa County, but in many of our western Colorado counties, has had the domino effect of significantly impacting numerous other areas of our economies. In Mesa County, we have lost over 10,000 jobs, largely due to layoffs in the natural gas industry.

While it is easy to focus on Mesa County's hardships alone, many counties in western Colorado are impacted by energy development and federal regulation. In Delta County, under the Obama Administration, the Department of the Interior's coal leasing moratorium had devastating effects on their economy. In just a few years, Delta County has lost about 900 of its once 1,200-strong coal mining workforce. The moratorium put at risk another 300 jobs at a mine in southwest Colorado. Anti-coal litigation threatens another 400 coal jobs in Rio Blanco and Moffat Counties.

As you can appreciate, western Colorado communities are not known for sitting back waiting for our fate to be delivered to us from places like Denver or Washington, D.C. Instead, we roll up our sleeves and seek out opportunities to capitalize on our strengths, assets and expertise in order to chart new paths for our constituents and our communities. With this in mind, our communities partnered with the Colorado Mesa University Unconventional Energy Center in 2015 to commission a white paper entitled

“From the Piceance to the Pacific Rim” to explore ways to develop new markets for our region’s massive natural gas reserves. Through this analysis, we all began to understand the tremendous potential of the Jordan Cove Liquefied Natural Gas (LNG) project. The Jordan Cove project is a liquefied natural gas export facility that will allow natural gas to be extracted in western Colorado before being exported via Coos Bay, Oregon.

The Jordan Cove project, if approved, will create hundreds of jobs throughout the Rocky Mountains that will aid in stabilizing regional economies for decades to come. President Trump’s former chief economic adviser, Gary Cohn, perhaps put it best when he described the potential for exporting natural gas from Jordan Cove “enormous” for the United States and our allies.

In June of 2016, the United States Geological Survey (USGS) released a report stating that the Mancos Shale deposit in the Piceance Basin of western Colorado is among the largest technically recoverable natural gas deposits ever measured in the United States. According to the USGS, the undiscovered technically recoverable resources in the Mancos deposit includes a mean estimate of 100 trillion cubic feet (tcf) of natural gas, up substantially from the 2002-2003 estimate of 1.6 tcf.

This is a “game changer” at more than 40 times the original estimate and one of the largest upward resource assessment revisions in the agency’s history. This new information further dispels the myth that we are running out of natural gas in this country and strengthens the case that the United States needs to export LNG, which is why we need federal approval of the proposed Jordan Cove LNG facility and associated connector pipeline in Oregon.

It has been estimated that a long-term Piceance LNG contract via Jordan Cove could result in a 10-rig drilling program for the life of the contract which could help compensate for the thousands of jobs lost in western Colorado. When coupled with traditional natural gas producing formations in the region, energy producers in the Piceance Basin argue that the Mancos, and other associated formations, combine to make the nation’s largest overall natural gas supply with potentially hundreds of trillions of cubic feet of gas. The USGS study makes Jordan Cove LNG the most important energy infrastructure project west of the Continental Divide, representing the only potential for direct West Coast export capacity to the Asian market. Jordan Cove is an infrastructure project that if not approved, leaves one of America’s most promising future economic opportunities wasted.

From a local government perspective, the opportunity afforded by pairing Jordan Cove LNG and the Mancos Shale of the Piceance creates a clearer and more stable economic future for western Colorado, and we can hopefully develop a more predictable fiscal planning environment when it comes to the business cycles associated with the oil and gas industry.

Senators Cory Gardner and Michael Bennet have joined Governor John Hickenlooper, the Colorado Senate, Congressman Scott Tipton and many western Colorado counties, including, Garfield, Rio Blanco, Moffat, Routt, Mesa, Delta and Montrose in a bipartisan political effort working toward achieving project approval. The ability of Colorado’s bipartisan elected officials to lift Jordan Cove from the depths of the Federal Energy Regulatory Commission’s (FERC) regulatory purgatory and back onto Colorado’s pedestal of economic promise has demonstrated a strong, uniquely bipartisan political vision for Colorado’s strong energy future.

Additionally, President Trump has been very skilled at identifying the needs of rural communities and working with those communities to capitalize on their assets. He has a true vision for not just energy independence and economic security for the United States, but also has focused on the geopolitical stabilization of our allies in Asia and Eastern Europe. Our western Colorado delegation of County Commissioners and community leaders are currently working with the Washington, D.C. office of the Japanese Ministry of Economy, Trade and Industry in a regional effort to market our western Colorado natural gas resources to Asia.

Many western Colorado counties and leaders have been advocating nationally for the Jordan Cove project to be approved by FERC and have been to Washington, D.C. several times to meet with high ranking Trump Administration officials. What was most interesting is that western Colorado's delegation has been advocating for Jordan Cove for years now, but most of the officials we met with were curious as to why western Colorado communities care about a project in Coos Bay, Oregon. They did not fully realize the connection between suppliers of natural gas (western Colorado and the abundance of resources we have here) and the end users overseas. It was helpful that our western Colorado delegation was able to offer different perspectives on the necessity of the Jordan Cove project and for Trump Administration officials to understand the similarities between the rural communities of western Colorado and those in Oregon. Economically, Mesa County is not like Denver, and similarly, Coos County is not like Portland.

If you truly care about the environment, then supporting the export of natural gas to Asia, India and other Eastern European countries makes sense. The air quality issues in those countries can be detrimental to our global environment, and natural gas is a clean fuel that should be promoted.

If you truly care about geopolitical stabilization, then supporting the export of natural gas to our allies should be a priority.

If you truly care about making the United States not just an energy leader around the world but also energy dominant, then supporting the export of natural gas to the global market is an important step and will benefit our country greatly. It will also help rural energy communities stabilize our economies and create long-term jobs.

This Committee has a key role to play in ensuring the benefits of Jordan Cove are realized. We need an efficient and rational permitting process, especially by agencies under your purview, including the Bureau of Land Management (BLM), US Fish and Wildlife Service (USFW) and NOAA Fisheries. The Trump Administration has done great work jumpstarting the permit streamlining process, but the reality is that federal agencies are under-staffed and overworked. Timely issuance of key permits requires these agencies to focus their limited resources on those projects that are most viable and will have the most impact, not only regionally, but from a national and international perspective.

While the Piceance Basin has the second largest natural gas reserves in the United States, it also has the largest oil shale reserves in the world, more oil than the oil reserves in Saudi Arabia. During the Oil Shale Environmental Impact Statement, under the Obama Administration, the leasable terrain was downsized from 1 million acres to 44,000, which basically destroyed the future of oil shale development on federal lands in Colorado. If we truly believe in an "all of the above" energy policy, it would be prudent to consider including oil shale development as well.

Thank you for the opportunity to submit these comments on behalf of Mesa County and many western Colorado County Commissioners, and I look forward to your questions.

Sincerely,



Rose Pugliese
Mesa County, Colorado
Commissioner