

Johnston, McNulty say stable oil, gas rules needed

BY CATHERINE TSAI Associated Press | Posted: Wednesday, February 1, 2012 6:52 am

DENVER | A stable regulatory environment makes it possible for energy developers to do business, two state legislators said at a luncheon Tuesday for a group of independent oil and natural gas producers in the West.

Colorado revamped its statewide drilling rules in 2008, but as oil and gas operations move closer to urban areas, more counties and cities, including El Paso County and Commerce City, are exploring whether to adopt local regulations on issues such as noise and other effects of drilling.

"A patchwork of regulations from county to county, city to city, from town to town, will kill additional investment in Colorado," Republican House Speaker Frank McNulty said at the Western Energy Alliance luncheon.

Over the years, companies have filed lawsuits challenging local rules, like those in La Plata and Gunnison counties. Judges have ruled that under Colorado law, there's a place for both state and local regulation, National Wildlife Federation attorney Michael Saul said.

The Colorado Oil and Gas Conservation Commission has domain over regulating what happens underground and technical issues like well spacing, and local governments can't ban drilling within their boundaries or adopt rules that create an "operational conflict" with state rules, he said. However courts have said there's room for communities to regulate local impacts.

This year, some state senators have sponsored a bill that would spell out that local regulation of oil and gas operations is pre-empted by state law.

Saul questioned whether local regulation would really drive energy developers away when other industries, like the retail sector, have been able to handle state laws along with local zoning and land-use rules.

"I don't know that there's a real crisis here," Saul said.

Attorney Barbara Green, who is representing Gunnison County as it defends its regulations, said it makes sense that communities adopt different rules to reflect concerns specific to their communities.

Colorado is home to some of the top natural gas and oil fields in the U.S., and developers of those resources have helped boost state revenues.

Legislative economists have estimated that severance tax revenues will reach about \$181.8 million in fiscal 2013-2014, up from \$149.4 million in fiscal 2010-2011 and \$170.5 million in fiscal 2011-2012.

Sen. Michael Johnston, D-Denver, said oil and natural reserves are a core asset that Colorado should use.

"It doesn't make any sense to leave Tebow on the bench if that's your key asset," Johnston said, referencing the Denver Broncos quarterback.

Johnston said at the Western Energy Alliance lunch that he's interested in exploring ways to boost demand for natural gas vehicles and whether there should be standards for using natural gas to generate electricity, similar to standards for using renewable energy.

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