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Striking a compromise

Hickenlooper, Polis offer up a balanced deal on local control of Colorado's gas, oil.

By Mark Jaffe The Denver Post

Gov. John Hickenlooper on Monday unveiled a delicately balanced compromise on local control of oil and gas drilling that will remove all the initiatives on the issue from the November ballot.

The ballot battle was shaping up to be the most expensive campaign in the state's history.

U.S. Rep Jared Polis, D-Boulder, agreed to drop two measures he supported aimed at requiring drilling rigs to be set back 2,000 feet from homes and bolstering local control by adding an environmental bill of rights to the state constitution.

Backers of two industry-supported measures — Initiative 121, which would have withheld state oil and gas revenue from communities banning drilling, and Initiative 137, which required a fiscal impact note for all initiatives — said they, too, would pull back.

"We are celebrating our victory and withdrawing 121," said state Rep. Frank McNulty, R-Highlands Ranch, a co-sponsor of that initiative .

More than \$10 million had already been raised for the initiative campaigns, and estimates were that more than \$20 million would have been spent — mainly by the oil and gas industry.

"It would have been scorched earth," said Pat Hamill, president of Oakwood Homes and chairman of Colorado Concern, the group backing Initiative 137.

The papers have already been filed to withdraw the initiative, Hamill said.

Hickenlooper said he will appoint a commission to make recommendations to the legislature on ways "to minimize land-use conflicts that can occur when siting oil and gas facilities near homes, schools, businesses and recreational facilities."

"For the first time, this puts citizens on an equal footing with industry," Polis said in an interview.

University of Denver political science professor Peter Hanson said creating a commission was "a pretty smart move by the governor to lower the temperature on this issue and take it out of election-year politics."

The compromise drew support from the state's two largest operators, Anadarko Petroleum Corp. and Noble Energy Inc.

"We feel this is a win for Colorado," said Brad Holly, Anadarko vice president of operations for the Rockies.

Added Noble Energy spokeswoman Paula Beasley: "Noble Energy supports the governor's creation of a task force to avoid adverse ballot initiatives." Noble is Colorado's largest producer. Within minutes of the announced compromise, shares of the two Texas-based companies jumped 5 percent on the New York Stock Exchange. The deal, however, drew criticism from grassroots groups opposed to drilling. "You feel used," said Therese Gilbert, a member of Weld Air and Water, who spent weeks collecting signatures for two ballot measures. "I don't see that this protects anyone." At a statehouse news conference Monday, Hickenlooper and Polis outlined the compromise.

The governor plans to create an 18-member task force, which will make recommendations to the legislature — by a two-thirds vote. It will be chaired by La Plata County Commissioner Gwen Lachelt and XTO Energy president Randy Cleveland.

"Citizens have always been at a disadvantage on these issues, but will have a level playing field in this commission," Lachelt said in an interview.

Under the compromise, the Colorado Oil and Gas Conservation Commission will also drop its lawsuit against the city of Longmont over its oil and gas ordinance.

The ordinance includes a ban on drilling in residential areas, and the state sued in 2102 contending that the city had overstepped its authority.

“The agreement recognizes Longmont’s process,” Polis said.

Mike King, director of the state Department of Natural Resources and a member of the state oil and gas commission, said the group will vote on dropping the suit in the next 72 hours.

“There will be no heartburn over dropping the lawsuit,” King said. “The commission wasn’t enthusiastic about it.”

In another element of the compromise, the state will initiate a review of how its setback rule is implemented, King said.

The state’s minimum setback for a drilling rig is 500 feet, but the rule also states that multiple-well pads must be located “as far as possible” from buildings.

The centerpiece of the deal, however, remains getting the four initiatives off the ballot.

“The governor showed great leadership in getting this done,” Colorado Concern’s Hamill said.

The campaign of Republican gubernatorial candidate Bob Beauprez, who is challenging Hickenlooper in the fall, criticized the compromise.

“What happened is that this just creates more uncertainty” in the business community, Beauprez spokesman Allen Fuller said.

The deal, however, drew support from the American Petroleum Institute and the American Natural Gas Association, two national trade groups.

Hickenlooper had tried for months to broker a legislative compromise, but that effort collapsed in July.

“This may be the template for what happens in the rest of the country,” Hickenlooper said, noting similar conflicts are roiling in Texas, Wyoming and Pennsylvania. “This is the way we do things in Colorado. We work through our differences and difficulties. Maybe no one is perfectly happy, but it serves all parties.”

Polis said it was “better to address these issue in rule or by legislation, but if that doesn’t work, you’ve got to go to the ballot box.”

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Staff writer Steve Raabe contributed to this story.