

Transcript of CRED Interstate Oil and Gas Compact Commission (IOGCC) Annual Meeting September 2015 in Oklahoma City

Remarks by Mark Truax of PAC/WEST Communications, [introduced](#) as the Director of Operations and Coalitions, Coloradans for Responsible Energy Development

Recording and transcript made by *Greenpeace* and given to *The Colorado Independent*

So in 2012, the industry was taking on water, the oil and gas industry was taking on water from all sides. Facing a frack ban in the city of Longmont and lost 60 40. The best way I can describe that is that was Colorado's version of what happened in Denton last year. And that was the wake up call for the industry to go uh-huh we're not isolated from these attacks and we've got some big problems that we have to correct. So Noble and Anadarko came together and thanks to their leadership and commitment, said, we've got to do something different. We're facing four ballot initiatives in four municipalities. In November of 2013 Boulder, Brunefield, Lafayette and Fort Collins – for those of you familiar with Colorado geography, those are all municipalities that are just on the edge of oil and gas development. So they were kind of in the back yard but they weren't in the belly of the beast like Firestone and Greeley and some of those others. So fortunately all four of those measures lost. CRED had started a few months before. We did not have, we didn't work on those measures and that's Ok. We used them to do a little research. And what we found is in August of 2013, 88 percent of Coloradans knew about fracking.

I forgot to ask my standard question, how many engineers do I have in the room – all right I'm going to offend all of you right now. Is fracking spelled with a k? There is the collective grumble. It's not hydrofracking, it's not hydraulic fracturing it's not hydro fracking. We had to, and I do plug PR, we had to get to what the opposition was saying and how they were saying it. And they got to the word and the word is fracking spelled with a k. And we had grunts and grumbles much like we all just had in this room – with the execs all the way up to the Tim Browns, the Brown Hollys and Noble and Anadarko, as to how we were going to spell this word.

I said guys, 88% of Coloradans know this and they are receiving their information 2 to 1 from the opposition with that word. This is how we have to do it. We cannot rebrand this word it is virtually impossible for any of you that have done branding and marketing activities – you can't overcome 88% brand awareness. Now, as we've learned, we scratch that surface a little bit it's like a scratch card at the gas station for your lottery ticket, that's about their level of understanding on fracking. Kinda scratch the surface and brush it away and that's as far down as it goes. So we had to really come in, put on helmet and shoulder pads and develop an education effort and that's what we've done. And it has been a remarkable ride the last 26 months. So CRED, again started by Noble and Anadarko, we are a 501c(6), very similar to a trade association, I've learned more about 501c tax law than I care to know about,

and we are here, we are not designed to be based on election cycles. A lot of these types of efforts, Wednesday after election day, go into the office, clean out your desk, turn off the lights, make sure the office is tidy and go home. We are a continual multi year education effort. And we started CRED and started our research on August 1st, we actually launched on September 5th 2013, and that date always stands out in my mind because it was the Thursday night, we launched about 3 o'clock in the afternoon, during the Thursday night football broncos ravens game. For those of you that have spent any time in Denver, if you want to get people's attention start during a Denver Broncos game, everybody will be listening. So we launched, see the ad there, or the story from Catherine Proctor(SP) from the Denver Business Journal "Are you ready for some fracking?" And it was that kind of tease campaign that asked alright, who is this new group? And what are they going to be talking about? Coloradans for Responsible Energy Development. Sounds kind of interesting.

So we've done an extensive amount of research, so for all those engineers in the room that I just offended I'm going to be back in your good graces because I have charts and graphs in my presentation. Looking at this everyone loves their oil and gas industry and everyone loves oil and gas production, in Colorado, to the tune of 70%. Most recently in September 2015 we are at 76%. Can anyone tell me what word is missing from this slide? Fracking. When you add the word fracking - you guys are a good bunch the coffee must be kicking in - when you add the word fracking that number drops. You can see in September of 2013 that number had dropped down to 55% support for fracking. Very high numbers for the opposition. And I can walk through, I'd be happy to walk through - I don't have time to do it today, each one of these benchmarks, and why we were at the numbers and where we were. And we can see in July and September of 15, we are down to 59%. Overall this is a very very good number. We are hovering around 60%, number 1, number 2, they now have the information from us on fracking. Whereas the 59% number in August of 2013, it had all been received by messages from the opposition. They did not understand what was in fracking fluid, they did not understand we were regulated as an industry, they don't know how deep fracking goes, that it doesn't pollute air and water, things of that nature. So as we've gone through here, we've not only kept that awareness up, but we've been able to make sure folks have more information, accurate information. Rather than from the opposition, who is often unencumbered by the truth.

Couple organizations that I want to pick on, and get through today, to highlight. Food and Water Watch - how many of you have heard of Food and Water Watch? How many of you are concerned about Food and Water Watch and the activities that they do? We are as well. However, 76% of Coloradans have never heard of them. So while we spend a lot of time working and focusing on this, we're not going to chase their message down around them, because only 10-13% have focused and actually heard of Food and Water Watch. So we want to make sure we counter those types of concerns, but we don't spend all of our time directly countering these types of organizations. Same with the Environmental Defense Fund, little bit better, Environmental Defense Fund yeah it sounds good, sounds like a really good

organization, we absolutely need a fund to defend our environment, even still you have half of Coloradans never heard of them. Still a little bit concerning, but ones that we're not going to spend a lot of time, chasing them around.

This slide is Commissioner Lepore's favorite slide that I give in my presentations. And it shows awareness of the Colorado Oil and Gas Conservation Commission, the COGCC. And this is likely true in trend line with many of the other states around the country. People do not understand that there is a state regulator that actually regulates the oil and gas industry. They also don't understand that the EPA regulates the oil and gas industry. Same with the BLM and the Forest Service to an extent and the Energy Department and I could go on and on. This is why we have to spend time, and Mr. Lapore and I have had this conversation multiple times, how do we change these numbers? And flip the number heard up into the favorables. So we have people that know and have a favorable opinion of the COGCC. How do we really drive this home? We have now spent, now that we've built the level of understanding with fracking, and our fracking techniques and tools and processes, now we need to talk about regulations. Everything we've done, since about February of this year, has really has home that regulations (inaudible). We've highlighted that engineers in our tv and radio ads. Hey I'm an engineer, this is what I do. Let me tell you about my job, let me tell you what I spend 40 hours a week at Andarko or Noble or SM Energy doing. We absolutely have to drive that point home. And I share this with you to make sure that you all as regulators in this room and folks that work with regulatory industries, and agencies, drive this point home man. Talk about this. Make sure we are able to combat this. Without this, this is where we are going to have the biggest issues.

So now that we have gone through some of the numbers, I want to talk a little about this and I encourage you if you don't have one on the back table there I've left several copies of our 2014 annual report. I'm not going to walk through everything that we've done, 2014 was a very busy year for us. Everything we do is built off of this state-wide model. So we took and did a number of, did some research, both polling, we did mail testing and phone testing, we also did digital testing. All of that has now been verified by an (inaudible) To build a statewide model so that I know, if go to mr. Lepore's door, what his opinion is going to be on fracking. No I already know what his opinion will likely be, but if I go to him as a Colorado voter, vs. if I go to Ashley with Anadarko as another Colorado voter, she might have a little bit of a different view. And they will have different scores. We have scored 3.9 million Colorado voters in our databases, on their opinion of fracking. Everything we do then gets fed back in to this database. So that we can use it at a later time. We've knocked on 1.7 million doors, we've don 9 statewide surveys, we have done extensive phone research, and mail research, all of that information if I ever have contact it's fed back in to that file. And we continue to market to make sure we know our scores. So if I have you marked as a somebody that I think we can move, and you tell me when we knock on your door that you hate fossil fuels and you hate fracking, you hate everything about the oil and gas industry, I'm never going to talk to you again. Have a nice day. Appreciate your opinion, we are going to mark you as

opposed, never going to send you another piece of mail, no digital advertisement, we are going to focus the dollars and resources where we know they will make a difference.

So that really is our true backbone. So some of the tools that we've used – this was one of our early direct mail pieces, the nice lady on the right is Annabelle Idorado (sp) she is an energy employee in the land department for Noble Energy, and was kind of our first face of CRED. On the left, you'll see former interior secretary Gale Norton. She is also a good Coloradan. I would send this to probably 80% of you in this room. Because it has Gale Norton and she is a republican. I would probably not send this ad to many people in this room. Or this mailing. With President Obama. However when we saw and did our testing, his statement on natural gas that its able to help the environment – when sent and delivered to the right democrats, we moved democrats 9 points in our favor. So the industry had this mentality oh we are just going to talk to republicans. Big Picture, we are going to focus on republicans, we're going to stop them. But we looked at it were like guys, Colorado is like 1/3 democrat, 1/3 republican, and 1/3 independent. I am not an engineer, I am a political hack, I can tell you that 100% of 33% does not equal 51% percent. The math just doesn't work. So we had to go alright, how do we talk to independents, how do we talk to democrats, and how do we talk to republicans. How do we talk to moms, how do we talk to hunters and anglers, there is a lot of movement that we have – so we are really making sure we have the right message for the right folks. Same with our digital ads, here are a couple of examples of our digital ads, talking about jobs, see that on the left, the one in the back there – nevermind Vladimir Putin we will talk about him in just a moment – really focuses on hunters and anglers. And there are hundreds of thousands of folks in Colorado that either have a hunting license or a fishing license and they turn out to vote. And they are also very good when it comes to our issues. So when you tell them in Colorado 82 million dollars in severance tax went to Commissioner Lepore's boss Mike King, and the Department of natural resources and go into wildlife restoration and habitat restoration, maybe the oil an gas industry isn't so bad. We've got to walk them to that edge and explain to them why that actually matters, and why this matters to us.

I love this particular graphic with Vladimir Putin, a little over a year ago when Russia and Ukraine crisis was going on for lack of a better term, we transitioned our entire digital asset for about 3 weeks to an energy security message. The US had recently surpassed Russia as the #1 natural gas producer (inaudible), and Vladdy looks pretty tiffed. But we were able to move very quickly #1, and adjust with the times and the media, and #2 it was a hit and became our best producing message. So we could do real time testing and see how this actually responds and how folks are able to respond. So very very fascinating.

Finally we've also done a number of inserts, this one is from the Colorado Business Magazine, very similar to kinda the brochure, in our annual report, this would be an insert into the Co Biz magazine, which gets mailed out. And its under their brand but it ahs all of our content. Its what we call an advertorial.

And we'd overprint that by about 50,000 and send this as a direct mail piece to targeted households around the Denver metro area. So really some very interesting tools, really the best way that I can describe it is to walk into Sears craftsman and tell the floor manager alright I want one of everything and put in the truck out in the parking lot. We really truly do have been able to test a lot of things, that have only been done in concept only been done paper wide, by political strategists around the country, but put it in play, put it in motion and demonstrate that it can be done.

What I like to call my NASCAR slide, all our different organizations. We have built a coalition of everyone outside of oil and gas that is second to none in my opinion anywhere in the country. Over 40,000 names, and you can see this is farm bureaus, the chambers of commerce, the county organizations, the cattlemen's groups, other business entities, pheasants forever, sportsman's groups. All of these groups come together and say Colorado and the oil and gas industry here in the state is absolutely vital for our existence. And we want to partner with them, and they want to partner with us, so we put this together. And this is where we are able to activate at least 40,000 folks at a moments notice if something's going on in a municipality. We'll talk about that here in just a moment. So we have this information now, that we continue to build on, and continue to do the maintenance on, even though we are in an off election year. As soon as we need to activate it we are able to see it happen. We are also facing continuing increased opposition,

We saw 4 municipal actions in Colorado in the 1st quarter of 2015. So while 2015 is the year of the ram on the Chinese calendar, I'd have to say it's the year of the whack a mole. If you are familiar with the game of chucky cheese. Because they just come back up and we have to keep bumping them back. It's because we have this increased opposition and all these groups have popped up in the last 12 months, with the exception a couple of the big ones, Western Priorities. 350 Colorado. Don't Frack Denver, Conservation Colorado, Protect our Colorado, (inaudible). All these have continued to pop up, very local grassroots. But if you track the money back, it all goes back to the same four or five, 6 entities.

So 2014 victories, I encourage you to also take a look at this, this is Protect Colorado, which is kinda the political arm we work with, the political entity, CRED stays strictly educational. This document that I have on the back counter really outlines kinda timeline everything that happened. In Loveland, in June of 14, the industry saw our first victory. And we moved the needle 10 points in 2 months, from having the measure pass 60-40, to defeating it 52-48. This was the industry's first victory to date. We were 0 and 5, going in to this and we really needed to change the tide. At this point, also starting two opposition ballot measures in the face, local control, 200 foot setback no exceptions, in Colorado. Which if you run the numbers in Weld County, low end 85% high end 95% would be shut down in Weld County with a 2000 foot setback. Thanks to a lot of effort, 13 pieces of direct mail, 7 campus passes, and over 12.2 digital impressions generated which averages 185 impressions per resident in Weld County, we moved it 10 points in two months. This

is what set off the wave with the opposition – Whoops the oil and gas industry got organized and they figured out how to defeat us. And so we saw at 6:00 on August 4th the withdrawal of the 2 opposition measures, the 2000 foot setback and a local control measure, which also we withdrew ours, which was a fiscal responsibility measure, fiscal impact, you cannot ban oil and gas in Colorado and receive the revenue for it in your municipality. Can't have your cake and eat it too. All of those came down, the governor created the oil and gas task force, and then spent the next six or seven months in that, and recommendations came out in February, commissioner Lapore is now implementing those recommendations, going through rule enhancements and things of that nature.

All of this really kind of changed the way that we work. Because the opposition figured CRED was going to stop. Measures came off the ballot, everything was going to go away, they'd go through this rule making process so that they could go back to continue the fight.

Noble and Anadarko, and our other funders with Protect Colorado, had a different idea. And we have continued to move forward. We've pulled down, we had 10 million dollars in media reserve for September and October, we pulled that down, but we kept going. We still did ads in September and October right in the heat of the Cory Gardner Mark Udall senate race, right in the middle of other hot political races in 2014.

The second time they thought we were going to stand down was when oil prices began to plummet, and PR campaigns and these kinds of activities are often the ones that are easily cut and then saving the bottom line with the oil and gas industry. Wrong again. We've been fully funded for 2015, and continue to move forward, thanks to commitments from about 15 companies in Colorado and around the country. They really do see the value of this. We've been able to move forward. And the opposition has been on its heels.

We've had these four municipalities, as I mentioned, Erie, there was a local race, or a local initiative put forth before city council that ran and they were trying to put in an emergency moratorium. That 40,000 number I shared with you, we had 400 people we had in the town of Erie that we mobilized in 24 hours. Before I ever put one boot on the ground. We then put canvassing on the ground, did some door to door canvassing, flipped the vote and were able to defeat it 4 to 3. In Windsor, pro-active canvassing there was rumor they were going to put a ballot measure on, a community bill of rights, so we did have the data in Windsor, knowing that that fights going to come back.

Even more of a preemptive strike in Fort Collins, looking at electing a pro city council, and making sure that the right city council members got elected to the city council to stop a potential fracking ban. And finally in Denver, this was kind of a one two punch. In February we had some op-eds and editorials go out, John Fielder who does beautiful Colorado landscape photography I'm sure many of you have seen it.

He did an anti-fracking rally on the steps of the city council. We countered that and took the wind out of their sails in about a total of seven days. Including two meetings with the editorial board at the Denver Post, and a subsequent editorial saying this is ludicrous. We then also elected a pro city council, a pro-energy city council 7-6 on the conservative count, my count is like 9-4 in our favor for Denver City Council. To try and push something through there, which the opposition was trying to do, is now very difficult. So we have been very very (inaudible). And We've been able to keep municipal ballots and municipal ballot measures off in every city and county across Colorado in 2014.

So steps moving forward – really continuing our standard activities. We want to rack up on broadcast, Tv and radio in early September, continuing to do heavy outreach. We do about 150 events a year, we have a very aggressive events staff at booths and fairs and festivals, with 300 days of sunshine in Colorado, it's easy to be outside getting folks to man booths. Also the door-to-door canvassing, we will knock on about 400,000 doors total this year, and then broad coalition building adding to that NASCAR network.

Looking at 2016, trying to determine and understand what is going to happen, what is the opposition going to do, now that they have been down for the count for 12 months, and (inaudible) trying to see if they are going to run any statewide ballots. Simultaneously, we have to be ready for that strike in the even they do play that card, so we are doing a fair amount of polling and research on our own ballot measures. And there's not only on the oil and gas side, but also on fiscal impacts, on good government, on ballot reform. And I can tell you as far as this goes its going to be a fairly crowded ballot in 2016 with a lot of these initiatives, and others that the business community is running. So this is where I spend a good portion of my time, but it has been a remarkable journey for lack of a better term running these programs, to really create this from the ground up, and be able to demonstrate its usefulness, and how we can fight back and make sure the oil and gas industry is able to thrive and able to thrive responsibly.

With that I'm happy to take questions

Just a quick question on the legal challenges on those four initial ones, could you comment on where that stands?

Sure – I will do my best as we are not intimately involved with that and Mr. Lepore, feel free to jump in there. No... Matt Take it away

[Matt Lepore describes legal challenges]

A very impressive multi-faceted approach, obviously that takes money and supporters, can you speak to your funding?

On the CRED side that's a 50/50 joint venture between Noble and Anadarko. And I will tell you that their investment in the last 2 years has been north of 8 figures. They have invested considerable resources.

On the Protect Colorado side, there has also been considerable investment, not as much as the CRED side. Seeing as we didn't have a ballot initiative and legally that is the sole purpose of that organization, to advocate for and against certain ballot measures. And we have supporters to 100 dollars to larger contributions from ¼ of a million dollars to a million dollars. And Protect Colorado – Whiting, PVC, Pioneer CalFrack, Phase Water Exploration, Black Hills, Bill Bearant, about 15 total operators have a seat at the table and have contributed.

Just a followup to that, Have you have had to deal with the opposition saying you are funded by oil and gas?

We took that head on, on day one. Our press release said this organization is funded by Anadarko and Noble and why wouldn't two companies in Colorado with thousands of employees each want to make sure that Coloradans know what they are doing? And with ten of billions of dollars of capital expenditure going to be happening in Colorado, we want to make sure we educate Coloradans. So we able to inoculate that attack very very quickly.

Why wouldn't a group like COGA do what you are doing?

Great question, trade associations have a little bit of a different role, and really focus more on the regulatory and legislative side, versus really truly fighting against ballot measures. We work hand in hand with them, but Noble and Anadarko came together and said we want to have control of this, make sure we do it, given the investment we are putting in to Colorado, so I work with COGA, speak with them almost daily, but we have just a couple of different plans.

Yes Ashley?

So just kind of a comment, maybe you can add more color to it, one of the things that was so great about CRED, was that it was education to the public, but it was also a pretty intense education to employees within Anadarko and we were sort of enabled to do sort of the grass roots effort there, can you talk a little bit about sort of that advocate training?

Absolutely, Anadarko has been a great leader in that project, when we started this and you all on the company side know, having your employees go out and speak is not normally encouraged, how I should say. And you say yep, here are all the great things we do in our industry but you are not allowed to talk about it. We polled it and the only people who beat oil and gas employees as being a good messenger are landowners with wells on their property. So we looked and said guys, you have to train your employees. You have to train them to have conversations, you have to

give them approved content, and be able to walk through this. Anadarko and Noble both have built a great ambassador and advocate program, to train their employees. Here are the approved talking points, here is a handout with everything in it. And someone went to Robin Olsen who Ashley and I work with regularly, she was here yesterday, and said Robin, I'm not going to carry this around with me to be able to answer all of the questions, is there an app for that? So then apparently I became an app developer and Anadarko has an internal app, but so does Coloradans for Responsible Energy Development. I know when I am out in meetings like this I don't always have this or more importantly if I am sitting at a watering hole, having a cold beer, someone asks me what I do I say I work on fracking and they say oh fracking is terrible, well I can pull out my app and say, well actually here are all the things derived from fracking, so really really encourage you to build some employee engagement programs and I'm happy to speak with you after words, if that is of any interest to you or your companies.

Have you had any discussion about changing the actual ballot process itself?

Yes, we are in the process of evaluating that right now, including working with the greater business community because there also a movement afoot in the greater business community, a number of long time Colorado leaders who are increasing the number of signatures required. Right now we are 5% of the Secretary of State, it takes 94,000 signatures to get on the ballot in Colorado, and there is no requirement for it to be diverse according to geography, so I can go camp in downtown Denver and get 94,000 signatures and be done. There is no proportion requirement by Congressional district or by county. So looking and seeing how all those (inaudible)

Is this being done in any other state other than Colorado? Your model or the model that has been developing?

We have been working a little bit in Texas with the company I am working for, PacWest, we are a consulting firm, we have been working with the Texas Oil and Gas Association, but no it has not been replicated to this level. Unfortunately now that we have validation, that it works, oil has taken a dive so these types of efforts, given that they are funded by you all in this room and by the industry itself, it is very very hard to do with commodity prices the way they are. Thank you all very much