

Colorado Energy Economics & Revenue

Energy & Environment Symposium

April 13, 2022



Meredith Moon

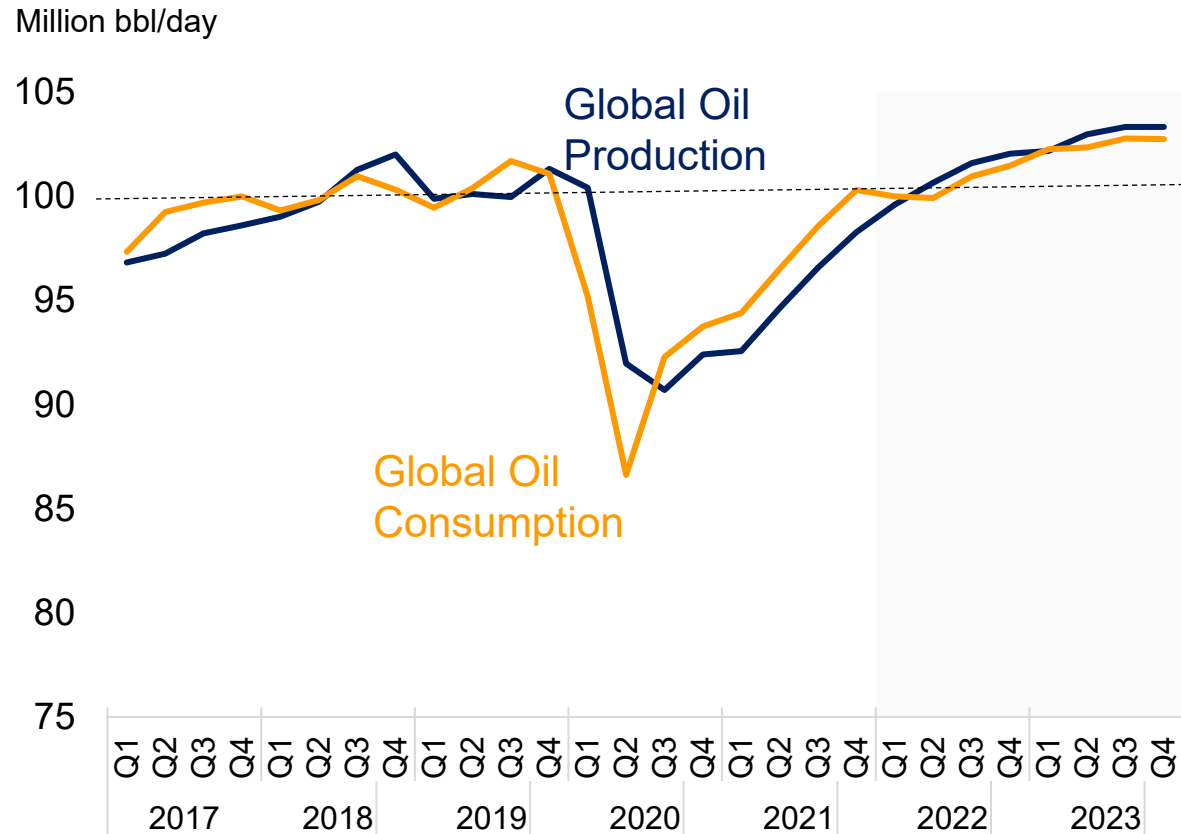
Deputy Director of Tax and Economic Development

Colorado Office of State Planning and Budgeting

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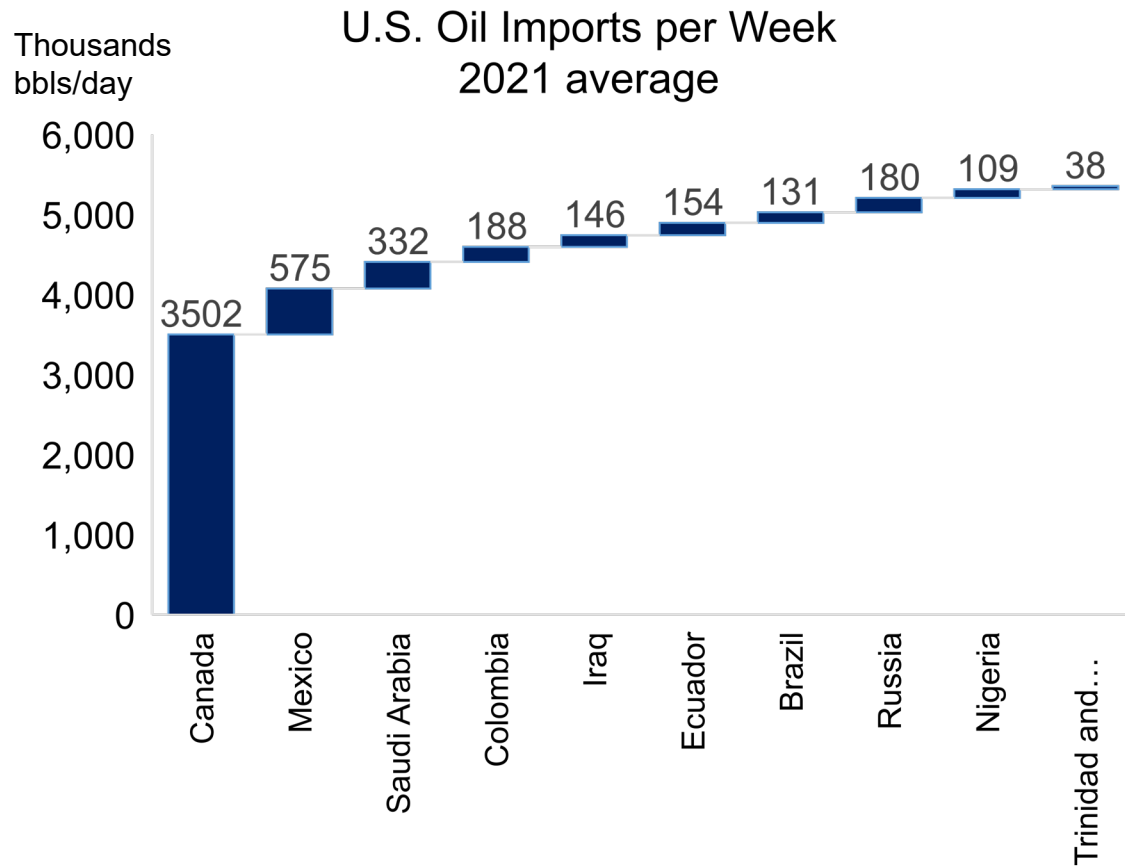
Global Oil Supply & Demand: Pandemic Effects



		Global Production	Global Consumption	Production / Consumption
2019	Bbl/day	100.34	100.67	-0.33
	Change	-0.2%	0.5%	
2020	Bbl/day	93.87	91.98	1.89
	Change	-6.4%	-8.6%	
2021	Bbl/day	95.55	97.48	-1.93
	Change	1.8%	6.0%	

Source: Energy Information Agency; shaded area denotes forecast period.

Ukraine War & Russian Energy Exports



Source: Energy Information Agency

Russian Energy Production & Exports: 2021

Russia Oil Production Bbl/Day 10.5M

Russia Oil Exports Bbl/Day 4.7M

- Exports to EU: 2.4M
- 10% of EU diesel demand from Russian exports

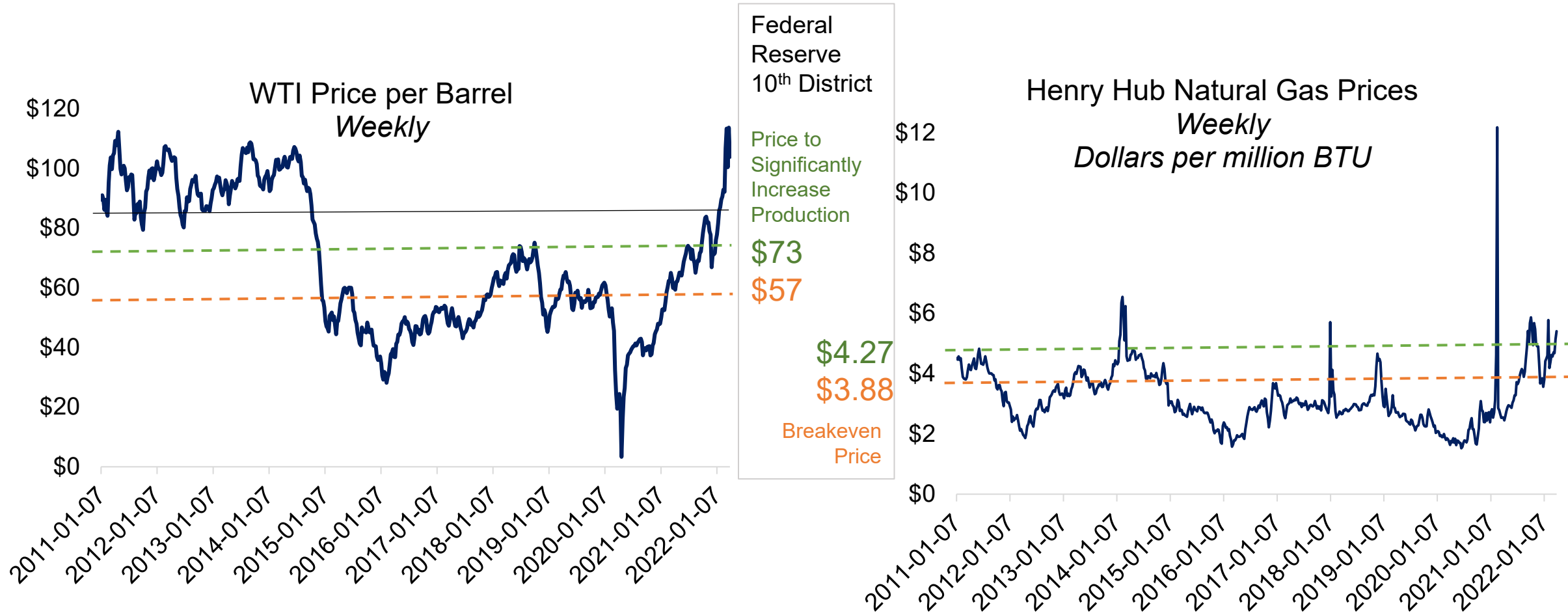
Russia Gas Production: 762 bcm

Russia Gas Exports: 210 bcm

- 40% of EU gas demand

Source: International Energy Agency

Oil & Gas Prices Exceed Breakeven Prices



Source: Energy Information Agency (WTI, Henry Hub prices. Federal Reserve Bank of Kansas City, 10th District Energy Survey, 2021 Q4.

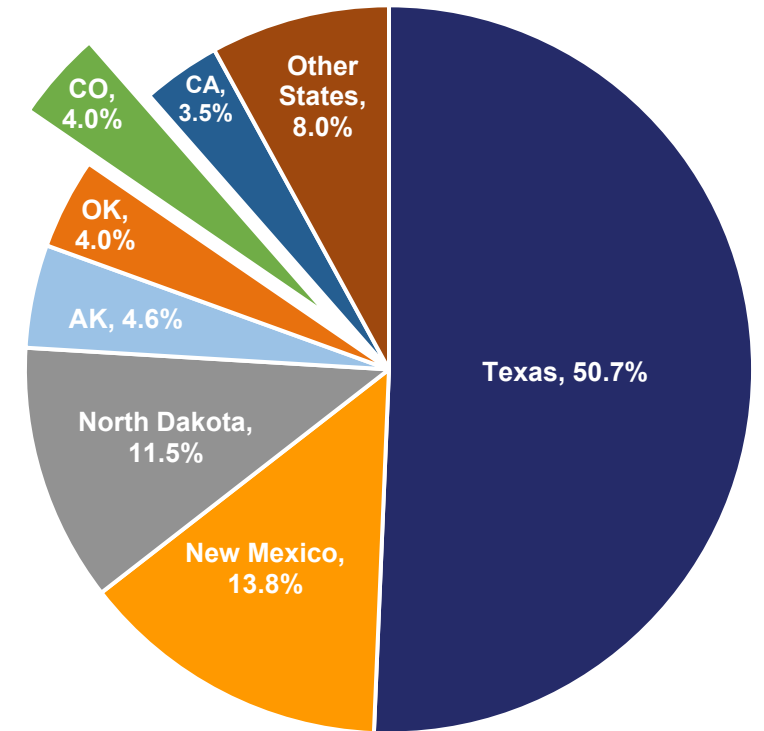


US Oil Production State Ranking

U.S. Oil Production State Rankings as of Dec. 2021

<u>Rank</u>	<u>State</u>	<u>12/2021 Avg. Barrels Per Day</u>
1	Texas	4,988,000
2	New Mexico	1,362,000
3	North Dakota	1,128,000
4	Alaska	451,000
5	Oklahoma	397,000
6	Colorado	393,000
7	California	343,000
8	Wyoming	236,000
9	Utah	116,000
10	Louisiana	88,000

December 2021 U.S. Oil Production By State



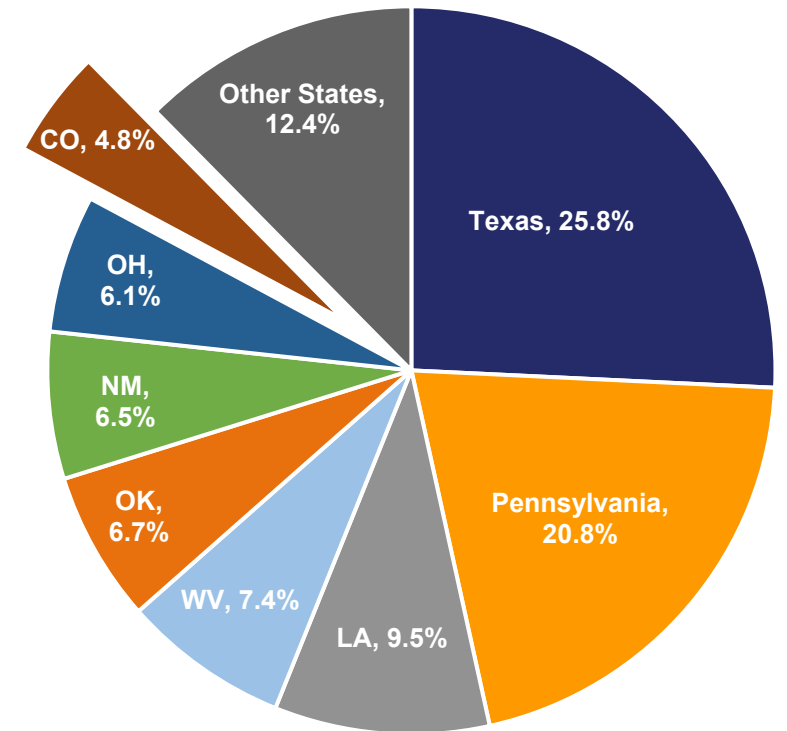
Source: Energy Information Agency

US Gas Production State Ranking

U.S. Gas Production State Rankings as of Dec. 2021

<u>Rank</u>	<u>State</u>	<u>12/2021 MCF Production</u>
1	Texas	843,633,000
2	Pennsylvania	680,706,000
3	Louisiana	312,720,000
4	West Virginia	242,327,000
5	Oklahoma	219,187,000
6	New Mexico	213,755,000
7	Ohio	200,174,000
8	Colorado	156,530,000
9	Wyoming	102,767,000
10	North Dakota	83,883,000

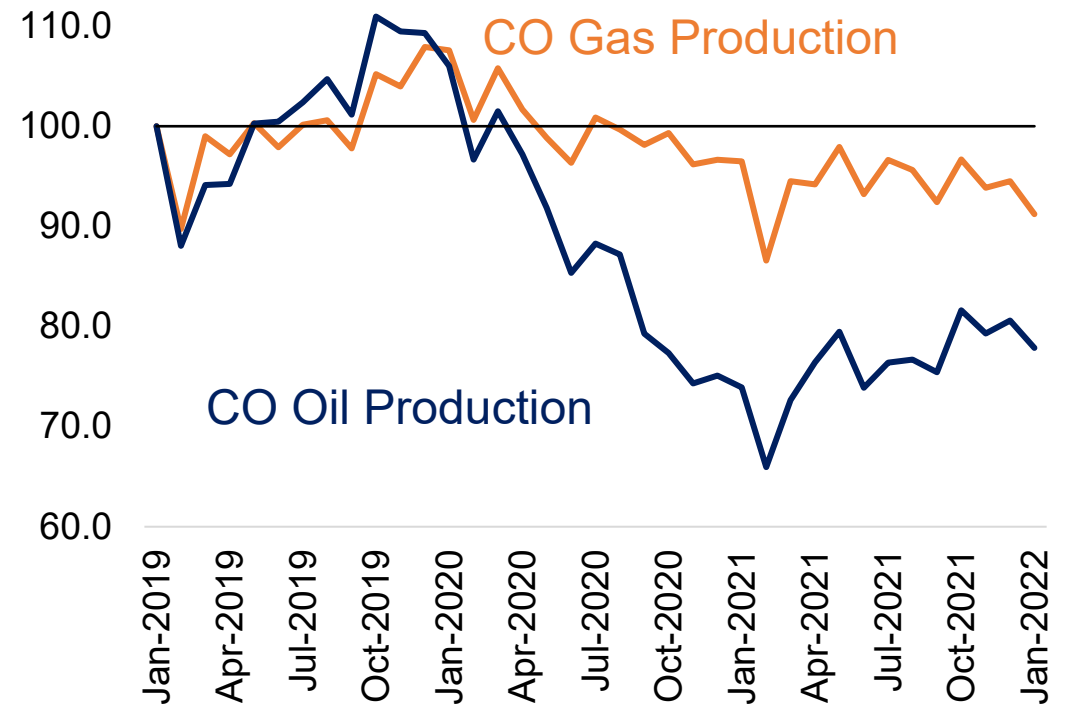
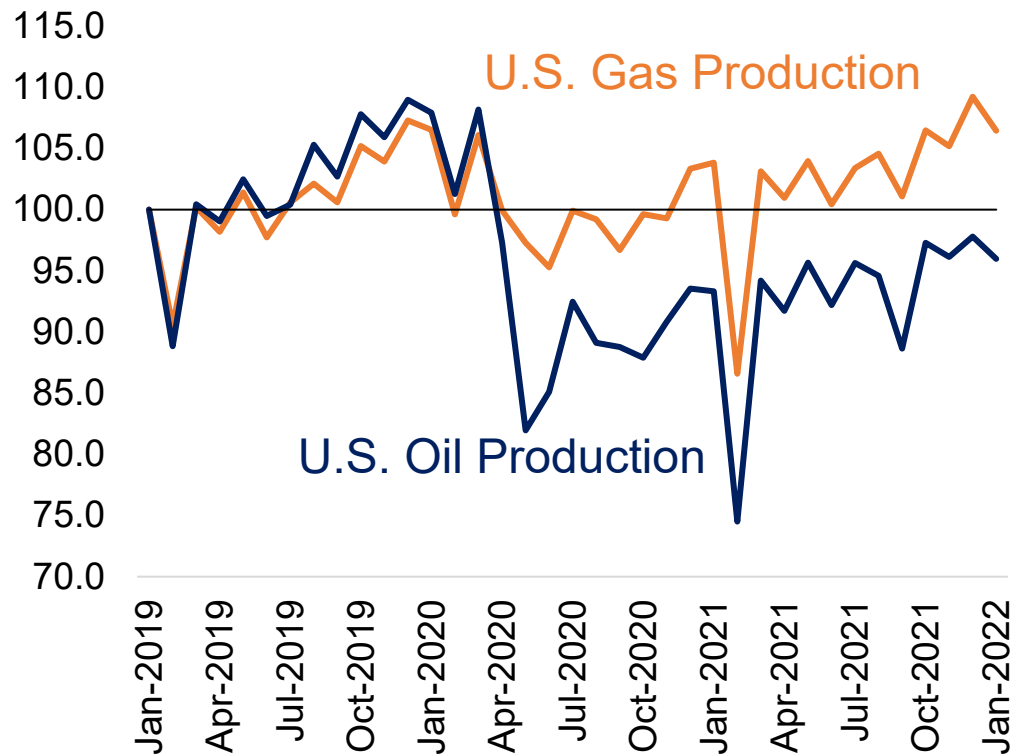
December 2021 U.S. Gas Production By State



Source: Energy Information Agency

US & CO Oil & Gas Production Recovery

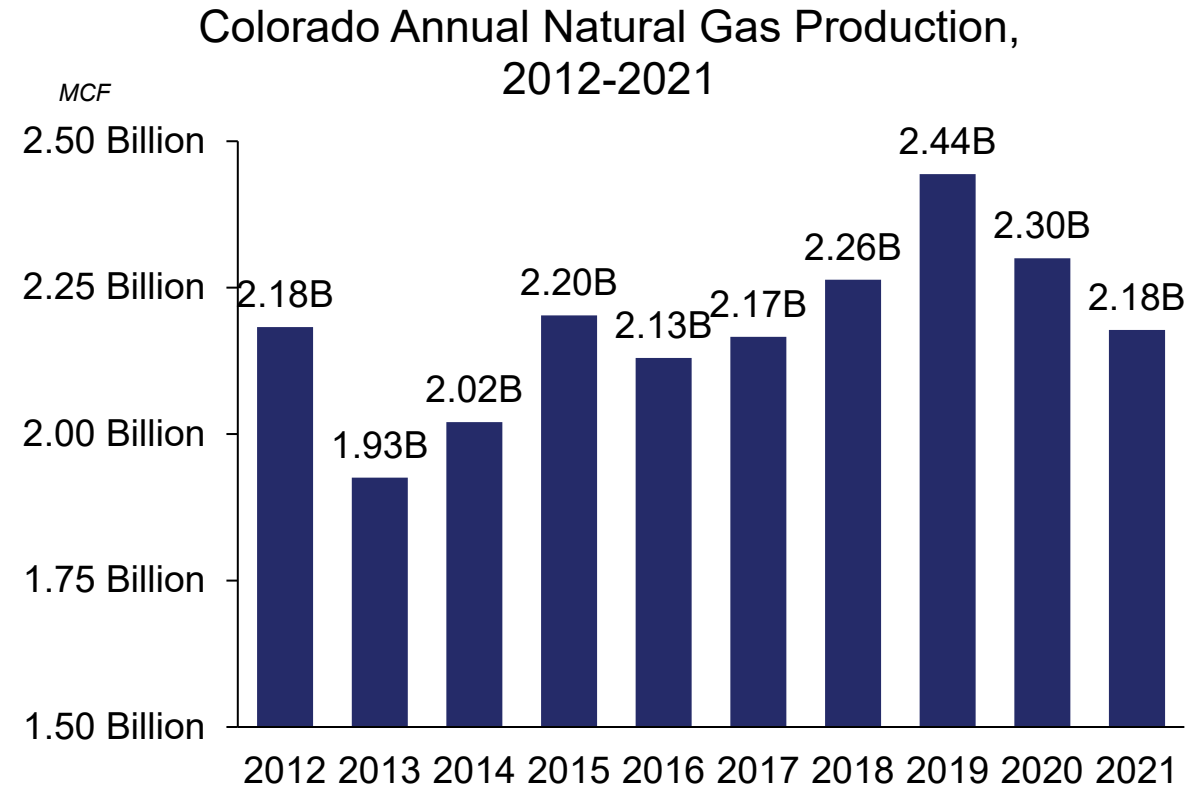
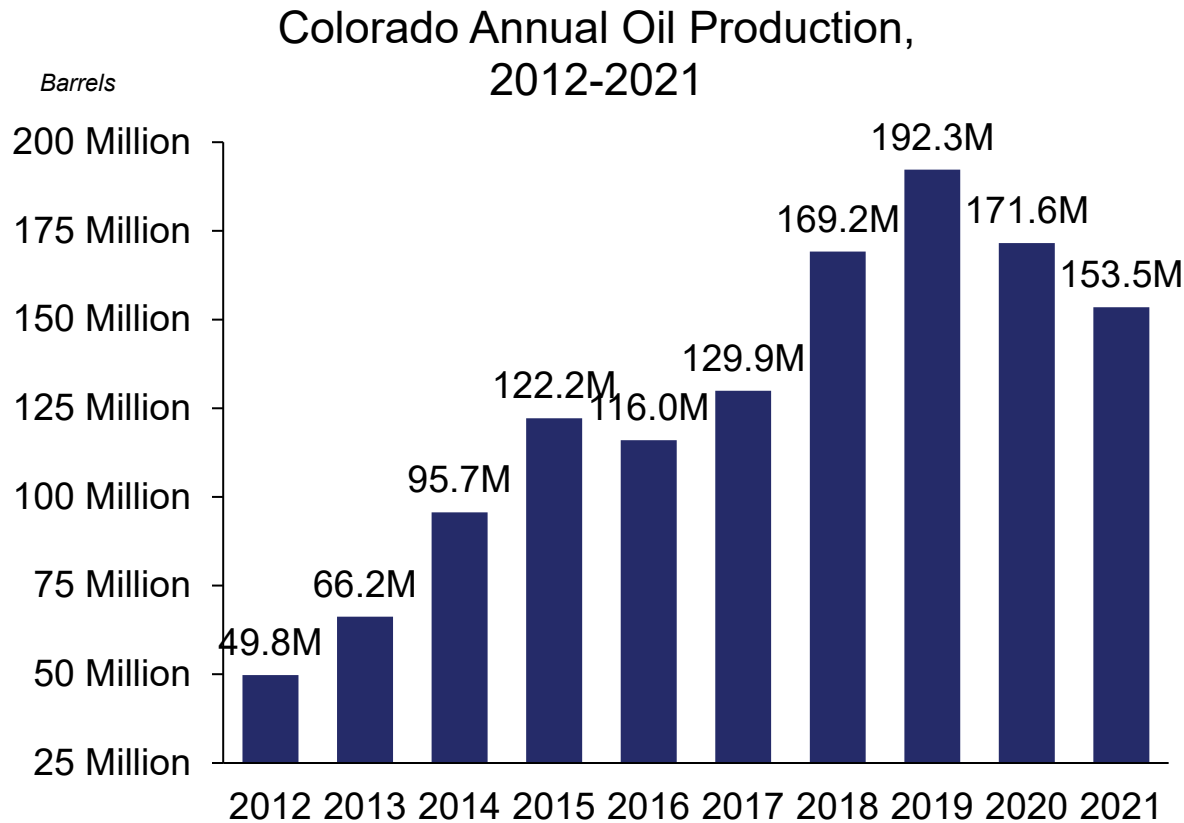
Index 100 = January 2019



Source: Energy Information Agency



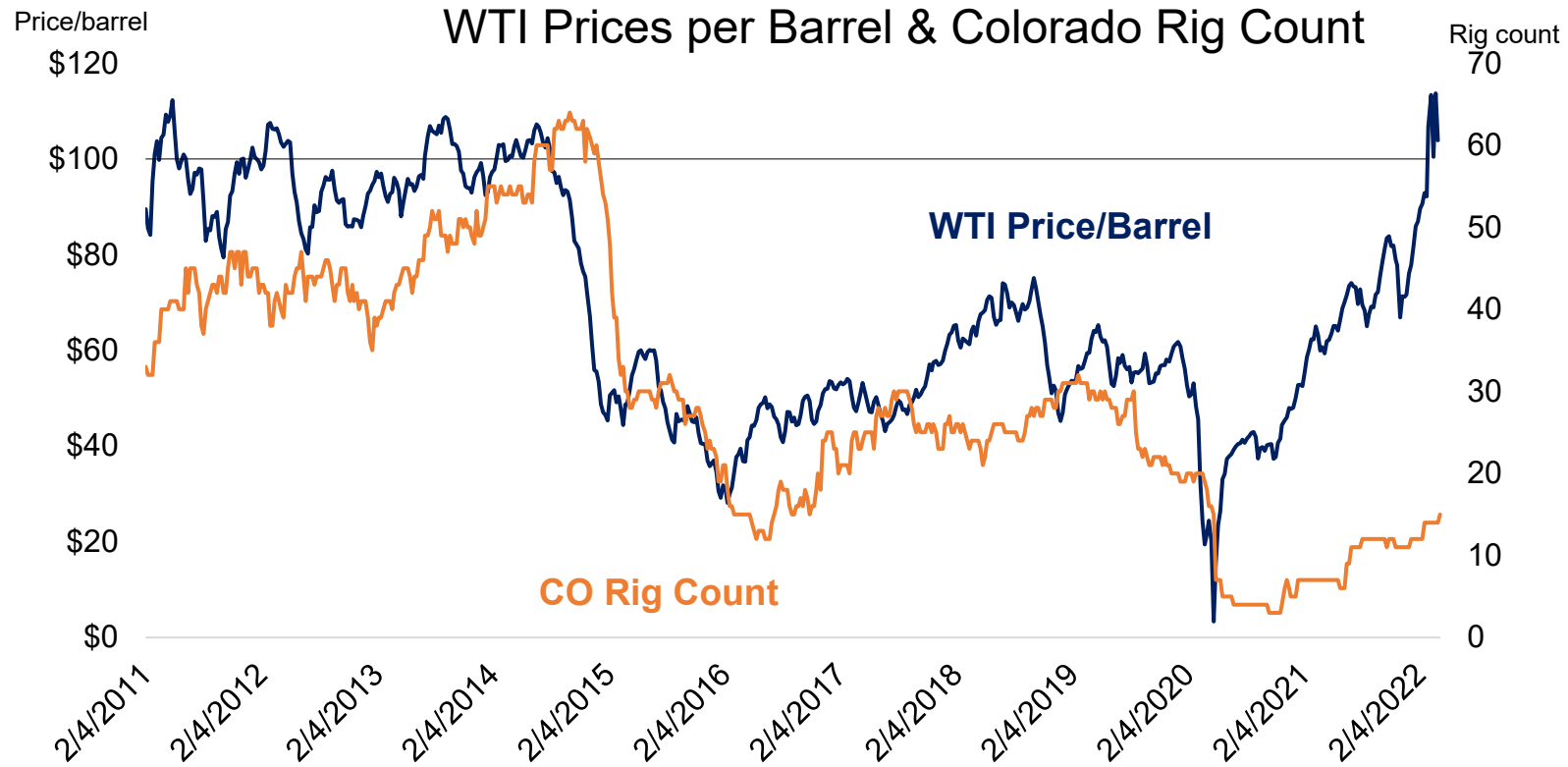
Colorado Oil & Gas Production



Source: Colorado Oil and Gas Conservation Commission



CO Rig Count Slow to Recover



Source: Energy Information Agency, Baker Hughes

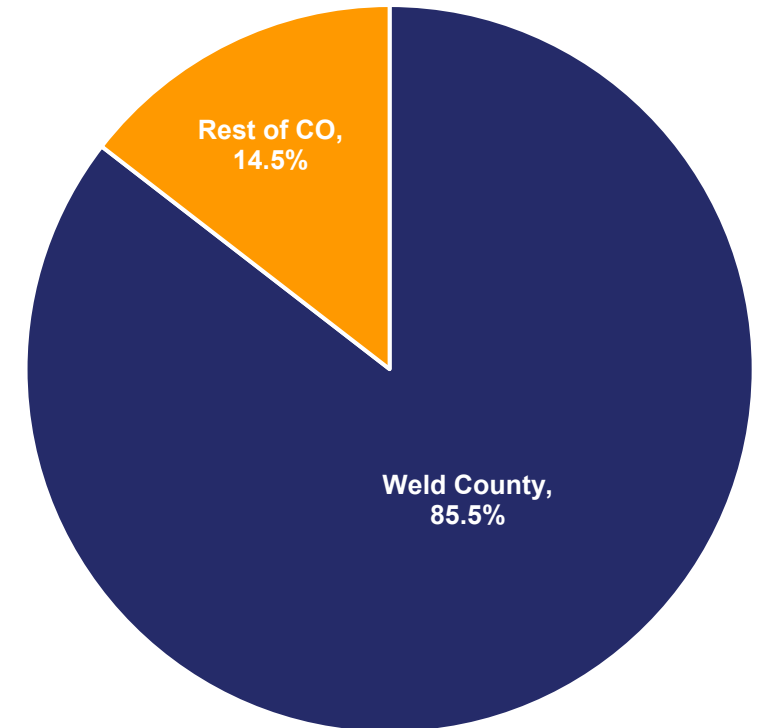


CO County Oil Production

2021 CO Oil Production County Rankings

<u>Rank</u>	<u>County</u>	<u>2021 Production (Barrels)</u>
1	Weld	131,178,453
2	Adams	8,074,216
3	Larimer	3,227,850
4	Rio Blanco	3,097,669
5	Arapahoe	2,017,412
6	Broomfield	1,869,127
7	Garfield	1,034,454
8	Cheyenne	727,450
9	Jackson	669,112
10	Lincoln	460,340

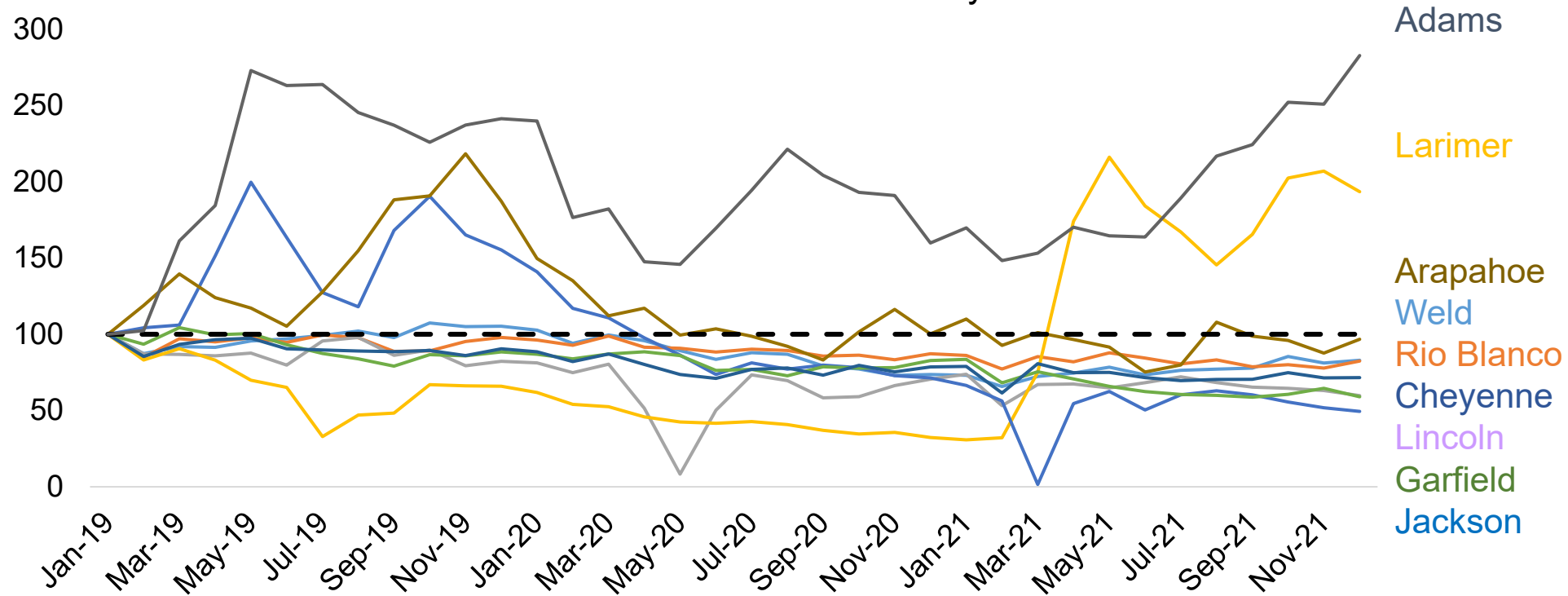
2021 Colorado Oil Production Share



Source: Colorado Oil and Gas Conservation Commission

CO Oil Production Recovery by County

Top 10 Colorado Oil Producing Counties
Index 100 = January 2019
*Excludes Broomfield County



Source: Colorado Oil and Gas Conservation Commission

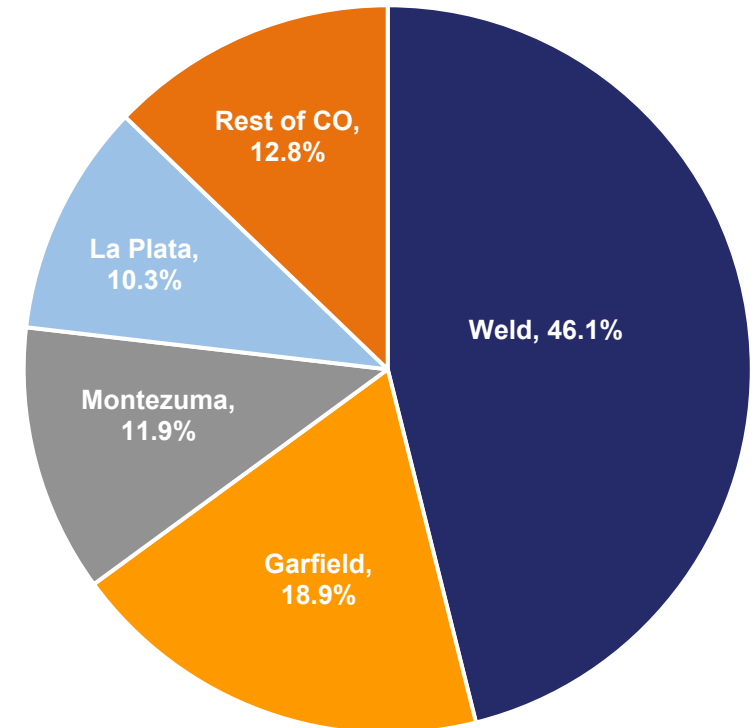


CO County Gas Production

2021 CO Natural Gas Production County Rankings

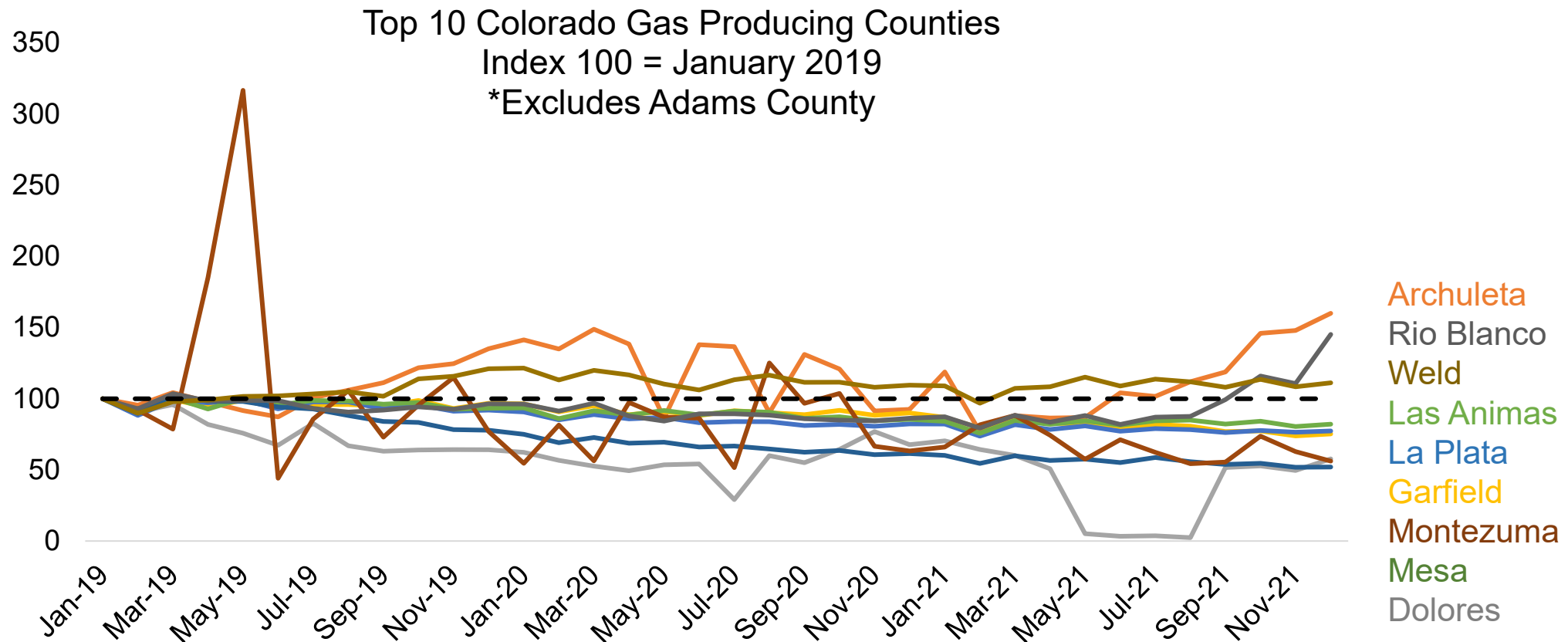
<u>Rank</u>	<u>County</u>	<u>2021 Production (MCF)</u>
1	Weld	1,003,937,713
2	Garfield	410,499,021
3	Montezuma	258,974,146
4	La Plata	225,239,522
5	Rio Blanco	58,468,927
6	Las Animas	43,443,152
7	Mesa	36,585,212
8	Adams	35,237,405
9	Dolores	18,552,378
10	Archuleta	17,564,852

2021 Colorado Gas Production By County



Source: Colorado Oil and Gas Conservation Commission

CO Gas Production Recovery by County

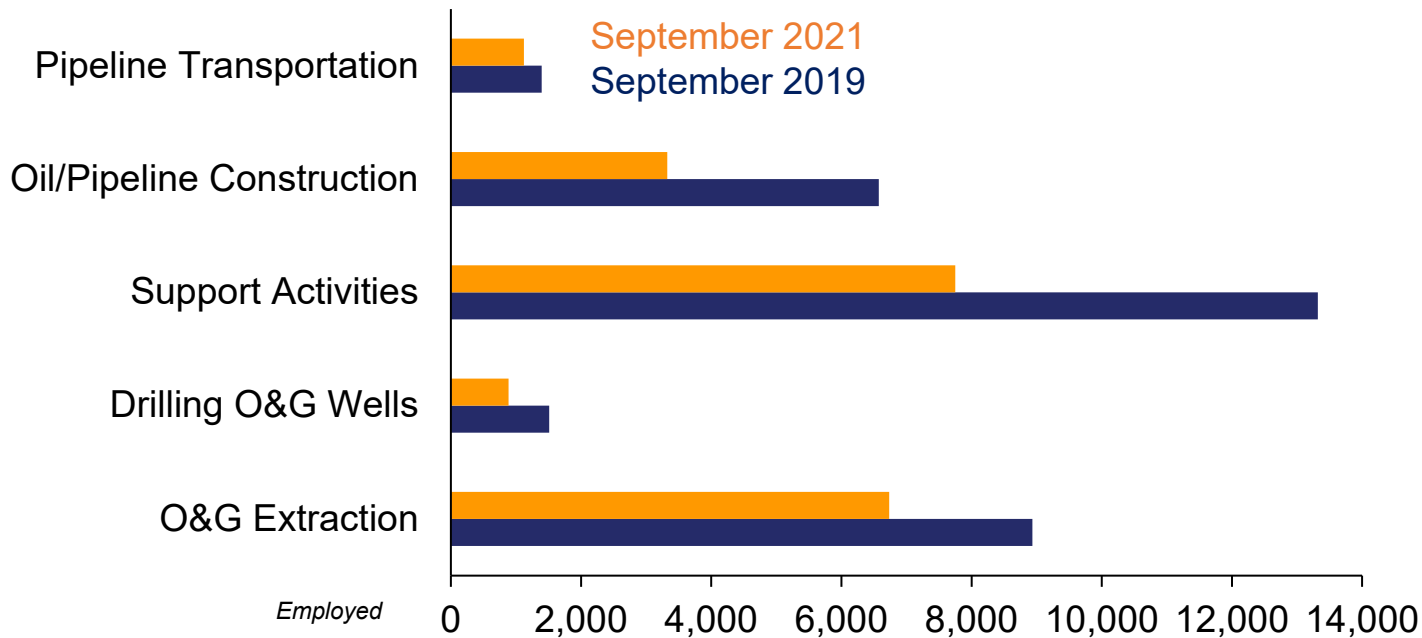


Source: Colorado Oil and Gas Conservation Commission



CO Oil & Gas Employment

Colorado Oil and Gas Industry Employment



Select Oil & Gas Employment

September 2019: 31,733

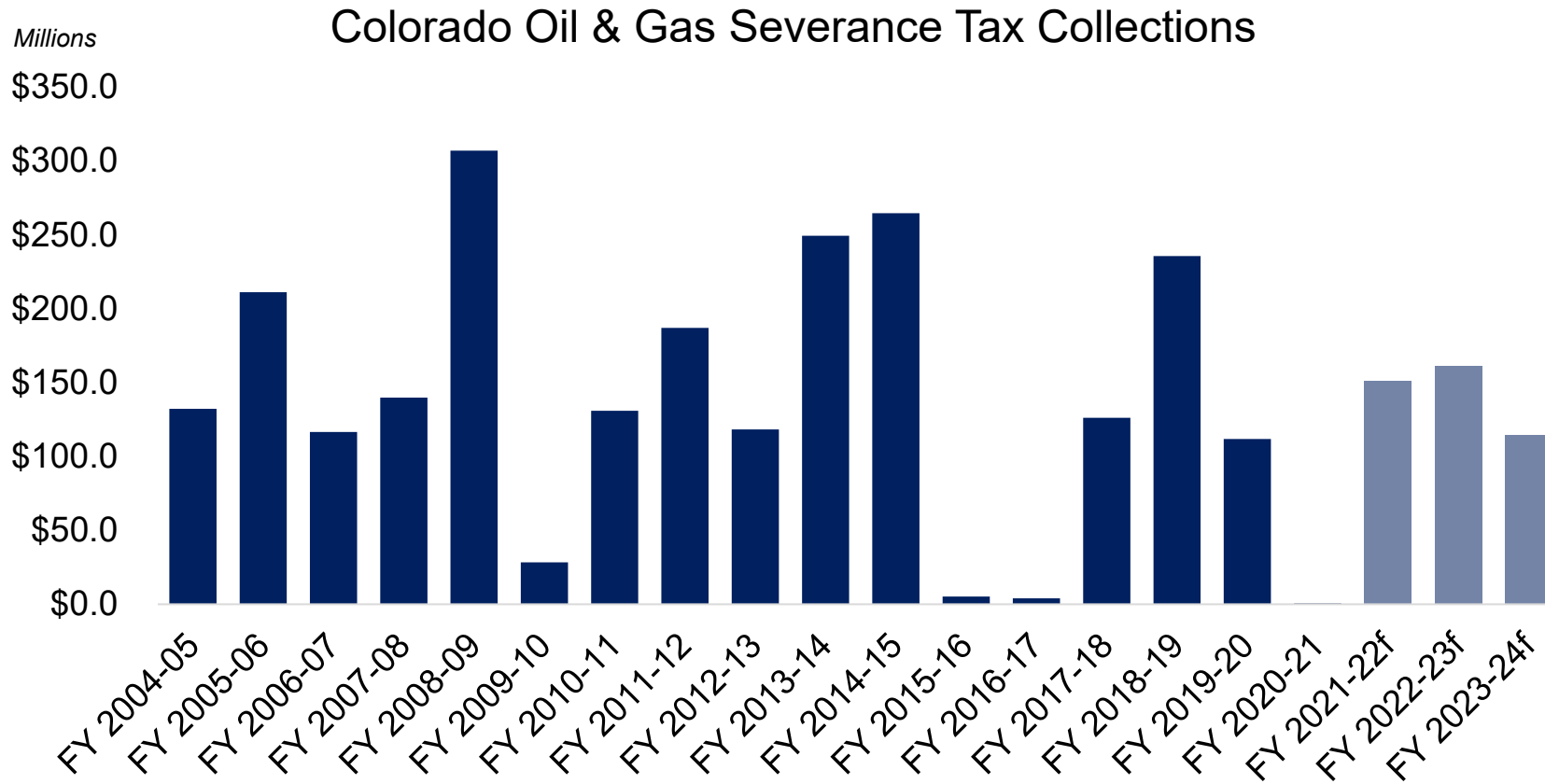
September 2021: 19,817

Total 2-Year Change: **(11,916)**

Total 2-Year % Change: **-37.6%**

Source: Colorado Department of Labor and Employment

Severance Tax Collections & Forecast



Price Forecasts

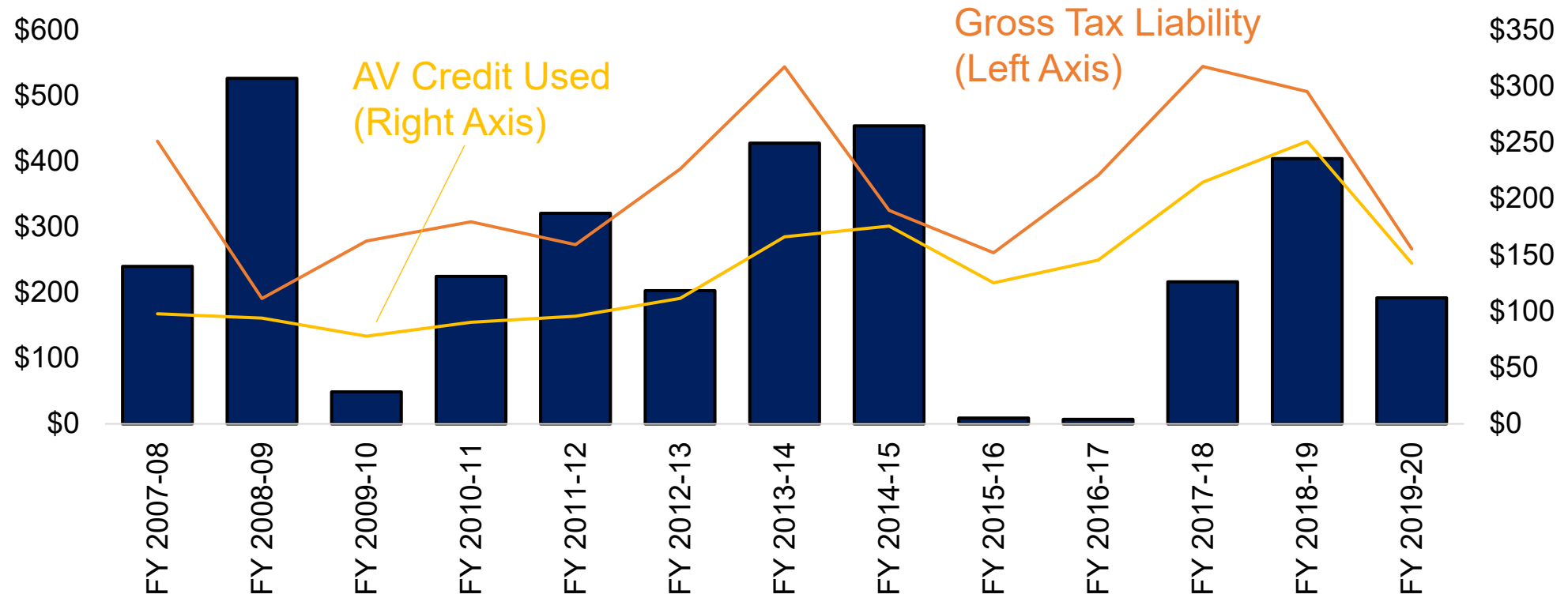
	WTI	Henry Hub
2022	\$105	\$4.15
2023	\$86	\$3.75

Source: Colorado Oil and Gas Conservation Commission, Colorado Department of Revenue



Severance Tax Volatility & Ad Valorem Credits

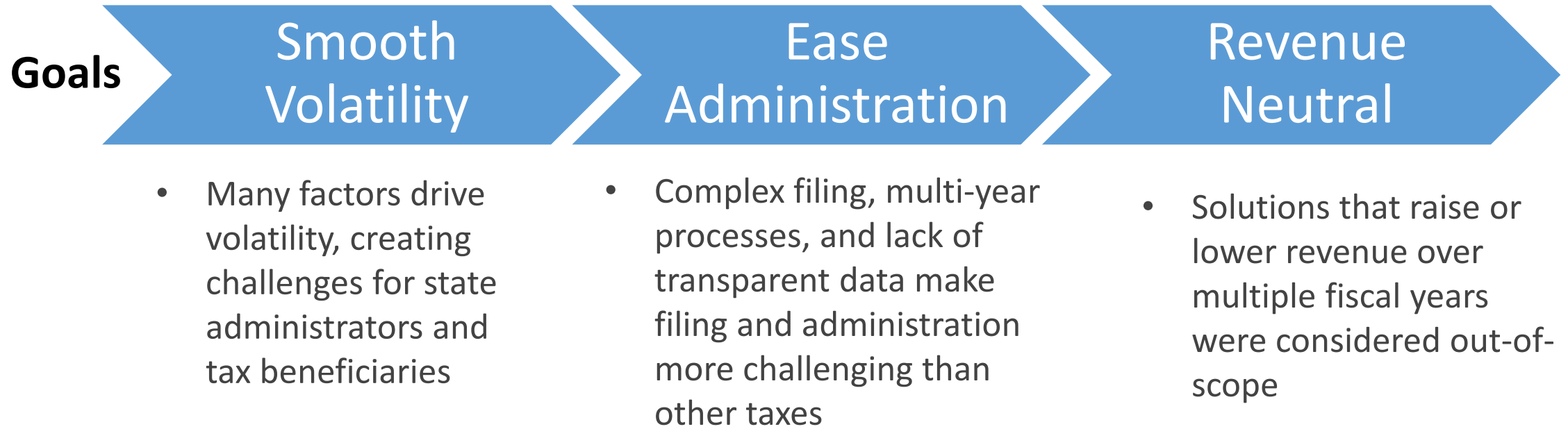
O&G Severance Tax, AV Credit Used, and
Gross Tax Liability
Dollars in millions



Source: Energy Information Agency, Colorado Department of Revenue



SB 21- 281 Severance Tax Working Group



Who: OSPB, DNR, DOLA, DOR, CDE

Report: <https://leg.colorado.gov/sites/default/files/sevtax-02-03-22.pdf>

Severance Tax Working Group Recommendations

1. Shift from taxing all interest owners to only operators
2. Base the ad valorem tax credit on severance tax year gross income and prior year mill levy rate
3. Implement and require an electronic filing system
4. Require additional reporting
5. Further evaluate SB 21-281 impacts on metropolitan districts and additional considerations for metropolitan district service plan approval
6. Potential shifts in distribution methodology
7. Creation of a constitutional severance tax perpetual trust
8. Evaluate stripper well exemption thresholds

Questions?

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