



Weekly Message from Marc W. Smith

As 2009 draws to a close, we look back at a year filled with both unprecedented challenges and accomplishments. With one of the most unfriendly administrations and Congresses in memory, IPAMS members were faced with an onslaught of legislation and regulatory proposals that would have made doing business in the Intermountain West even more costly and difficult. Thanks to your membership support and the thousands of hours of volunteer time, we were able to block every major piece of negative legislation this year, while educating policy and opinion makers on the enormous opportunities of natural gas for addressing the economic, energy, and environmental challenges facing our nation.

Even in the midst of enormous economic and financial challenges, IPAMS is better positioned than ever before in its 35 year history to effectively represent the Western natural gas and oil interests critical to your business' success and our nation's energy supply.

With the support of our volunteer Executive Committee, Board of Directors and other committee members, we mobilized over 6,796 hours of time from executives and professionals in a variety of legal, regulatory, analytical, and technical disciplines to address industry challenges. We made over 3,640 direct contacts with federal, state and local policy makers accompanied by 6,684 letters. We educated them on the consequences of energy policies that discourage domestic development of clean and affordable energy. We also promoted the solutions that our industry can provide in terms of jobs, economic activity, and reducing emissions and our nation's dependence on foreign oil.

On the media front, IPAMS ensured that industry's voice was included in stories about natural gas and oil development in the West. IPAMS professional media relations staff more than earned their keep – fielding over 400 inquiries from regional, national, and international press. Our point of view was represented in nearly 300 print, radio, television, and web stories about our industry. Positive editorials from the largest papers in our region repeated IPAMS positions because IPAMS President George Solich personally met with editorial boards over the summer. The wide array of expertise found among our membership was evident in all of IPAMS earned media efforts, effectively helping us to dispel myths, correct misinformation and change perceptions about our business. We hope these efforts helped you to focus on what you do best: produce the energy our economy needs to thrive. **We estimate that an equivalent paid media campaign would have cost industry nearly \$900,000.**

IPAMS continued to proactively provide scientific data and offer concrete solutions on the regulatory front. We've defended the use of categorical exclusions for another year. We released the Uinta Basin Air Quality Study, which saves producers from conducting far-field air quality modeling for their individual projects. Our WRAP Phase III air emissions inventory continues to provide credible, scientific data to regulators and the public, which has helped save millions of dollars in compliance costs. We've coordinated programs with BLM and the US Fish & Wildlife Service that have prevented operators from having to complete lengthy Endangered Species Act consultations for each individual well in the Uinta Basin and on Colorado's West Slope. **All told, our regulatory efforts have resulted in \$35.8 million in cost avoidance for operators in the Intermountain West.**

IPAMS also commissioned a \$75,000 study to understand how greater utilization of natural gas might help lower emissions from electricity generation. When released in 2010, we expect this study will provide concrete evidence of how the new age of domestic natural gas will help to solve our nation's energy and environmental challenges.

The best news of all is that these efforts are making a real difference, preventing passage of our unfriendly legislation and saving our industry millions of dollars in 2009!

IPAMS took the lead in stopping the CLEAR Act, which would have increased federal fees and penalties, reduced federal lease sales, eliminated statutory categorical exclusions, imposed burdensome 'diligent development' reporting requirements, and created a new federal bureaucracy. The annual cost of the measures in the CLEAR Act we could quantify is \$209,748,983. In coordination with other trades, and as a member of Energy In Depth, IPAMS also helped to stop the passage of the FRAC Act, which would add approximately \$100,505 to the cost of each well fracked, for a cumulative cost in the Rockies of \$799,115,255. Our coalition stopped passage of \$31 billion in tax increases (Rockies producers' proportion has been estimated at \$8.31 million).

Combined with the 20 events we sponsored, which brought together 3,000 industry employees at 156 networking opportunities, **the total value IPAMS provided to its members directly and in cost avoidance amount to \$9,356,524,103 in 2009.**

Even with our professional and dedicated staff, these unprecedented accomplishments would not have been possible without the selfless giving of our volunteer board and committee members. Thanks to your investment in IPAMS, we have been able to achieve what most of us would have thought impossible just one year ago.

As we look forward to 2010, we appreciate that you share the same sense of urgency over what is at risk in the year ahead. The challenges and opportunities facing our industry are greater than any we have seen in the last three decades. Special thanks to all of the companies and individuals who have already stepped-up their financial support of IPAMS for 2010. We appreciate that so many have already upgraded their membership level and invited new companies to join the cause. Working together and sharing the load is our best formula for continued success.

On behalf of IPAMS Board of Directors and staff, I wish you and your families a happy and prosperous New Year!

Sincerely,

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