

News Release



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Date: August 03, 2009
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Western Energy Producers Applaud Sens. Udall and Bennet for Rejecting Punitive Tax Measures Aimed at Independents *Senators' letter to Finance Chair shows that people of Colorado are first priority*

(DENVER)- The Independent Petroleum Association of Mountain States (IPAMS) today applauded Colorado Senators Mark Udall and Michael Bennet for rejecting White House tax proposals aimed at the small, independent companies who produce 82% of the clean, affordable, and abundant natural gas that America uses every day.

"Senators Udall and Bennet deserve a lot of credit for protecting citizens and small businesses in Colorado. They are some of the first Senators to recognize the unintended consequences that proposed tax increases would have on Colorado's consumers and energy industry," said Marc Smith, IPAMS Executive Director.

"IPAMS applauds the Senators' independent thinking and leadership on this issue. They clearly understand that tax increases would make it more expensive to produce the natural gas we need to increase energy security, make renewable energy sources viable, and address climate change," Smith said.

The Colorado Democrats join Colorado Governor Bill Ritter (D) and other prominent political leaders in rejecting this part of President Obama's budget, which would, among other things, repeal the expensing of intangible drilling costs (IDC). IDCs are costs similar to those that all other manufacturing and production industries can expense.

"Without the IDC deduction, the domestic natural gas industry would further contract, and capitol which otherwise would be reinvested in American energy will be reduced by 30% to 50%. These tax increases will render many natural gas projects in the Rocky Mountain region uneconomic at today's prices, and will have the perverse effect of destroying thousands of green jobs that already exist in the natural gas industry," said Smith.

"Once again we've been reminded how lucky Western producers are to be represented in Washington by fair-minded and independent thinkers like Senators Udall and Bennet, who are not afraid to stand up for the citizens of Colorado, even when it means going against their own party," concluded Smith.

Quick Facts:

- The natural gas and oil industry is able to deduct the cost of its business, which is in line with every other manufacturing industry in America. These are not subsidies or loopholes as the administration suggests, and to categorize them as such is dishonest.
- Policies that increase taxes on the domestic natural gas and oil industry are counter to the goals of the Obama Administration and Congress to reduce U.S. dependence on foreign sources of energy, tackle climate change, and enable renewables.
- In these uncertain economic times, policies that increase taxes on domestic natural gas and oil producers will divert investment capital overseas, compromise American jobs, decrease energy security, and lead to higher energy prices for consumers.
- The last time the federal government enacted punitive tax provisions, domestic oil production was reduced by 8% and dependence on foreign oil increased by 13%.
- These tax increases will be most harmful to the small, independent energy producers who drill 90% of U.S. wells and produce 82% of U.S. natural gas.

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About IPAMS

The Independent Petroleum Association of Mountain States (IPAMS), founded in 1974, is a non-profit trade association representing more than 400 independent natural gas and oil producers, service and supply companies, banking and financial institutions and industry consultants committed to environmentally responsible oil and natural gas development in the Intermountain West. More information on IPAMS and its members is available at www.ipams.org.