

CITY MANAGER'S OFFICE MEMORANDUM
#44-2019

DATE: August 19, 2019

TO: Honorable Mayor Antonio B. Esquibel and City Council Members

FROM: Heather Geyer, City Manager *hmg*

SUBJECT: Proposed Changes to City Oil & Gas Regulations

PURPOSE

To consider changes to the City's Oil & Gas regulations in Section 11.3.6 of the Unified Development Ordinance based on the passage of Senate Bill 19-181. A copy of the bill is included in Attachment 1.

BACKGROUND

Based on City Council direction, the City contracted with special counsel Matt Sura, an attorney specializing in oil and gas regulation who represents various other municipalities, to review the City's existing oil and gas regulations and to identify possible changes in light of the 2019 legislative changes. Five key areas are identified and recommended changes are included in Attachment 2 for Council's consideration. Mr. Sura will be in attendance at the August 19th City Council Study session to present his recommendations to City Council, and to discuss various options regarding oil and gas regulation.

STAFF RECOMMENDATION

This memorandum is being provided for informational purposes only.

BUDGET/TIME IMPLICATIONS

The proposed discussion does not include financial analysis of any budget impacts at this point in time.

STAFF REFERENCE

For additional information, please contact Heather Geyer, City Manager at hgeyer@northglenn.org or 303.450.8706.

ATTACHMENTS

1. Senate Bill 19-181
2. Redline of Proposed Oil and Gas Regulations
3. Oil and Gas Regulations Presentation

An Act

SENATE BILL 19-181

BY SENATOR(S) Fenberg and Foote, Court, Gonzales, Lee, Moreno, Story, Williams A., Winter;
also REPRESENTATIVE(S) Becker and Caraveo, Arndt, Benavidez, Bird, Buckner, Duran, Gonzales-Gutierrez, Gray, Herod, Hooton, Jackson, Jaquez Lewis, Kennedy, Kipp, Lontine, McCluskie, Melton, Michaelson Jenet, Mullica, Roberts, Singer, Sirota, Snyder, Sullivan, Tipper, Valdez A., Weissman.

CONCERNING ADDITIONAL PUBLIC WELFARE PROTECTIONS REGARDING THE CONDUCT OF OIL AND GAS OPERATIONS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 24-65.1-202, repeal (1)(d) as follows:

24-65.1-202. Criteria for administration of areas of state interest. (1) (d) ~~Unless an activity of state interest has been designated or identified or unless it includes part or all of another area of state interest, an area of oil and gas development shall not be designated as an area of state interest unless the state oil and gas conservation commission identifies such~~

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

~~area for designation.~~

SECTION 2. In Colorado Revised Statutes, 24-65.1-302, **repeal** (3) as follows:

24-65.1-302. Functions of other state agencies. (3) Pursuant to ~~section 24-65.1-202 (1)(d), the oil and gas conservation commission of the state of Colorado may identify an area of oil and gas development for designation by local government as an area of state interest.~~

SECTION 3. In Colorado Revised Statutes, 25-7-109, **add** (10) as follows:

25-7-109. Commission to promulgate emissions control regulations. (10) (a) THE COMMISSION SHALL ADOPT RULES TO MINIMIZE EMISSIONS OF METHANE AND OTHER HYDROCARBONS, VOLATILE ORGANIC COMPOUNDS, AND OXIDES OF NITROGEN FROM OIL AND NATURAL GAS EXPLORATION AND PRODUCTION FACILITIES AND NATURAL GAS FACILITIES IN THE PROCESSING, GATHERING AND BOOSTING, STORAGE, AND TRANSMISSION SEGMENTS OF THE NATURAL GAS SUPPLY CHAIN.

(b) (I) THE COMMISSION SHALL REVIEW ITS RULES FOR OIL AND NATURAL GAS WELL PRODUCTION FACILITIES AND COMPRESSOR STATIONS AND SPECIFICALLY CONSIDER ADOPTING MORE STRINGENT PROVISIONS, INCLUDING:

(A) A REQUIREMENT THAT LEAK DETECTION AND REPAIR INSPECTIONS OCCUR AT ALL WELL PRODUCTION FACILITIES ON, AT A MINIMUM, A SEMIANNUAL BASIS OR THAT AN ALTERNATIVE APPROVED INSTRUMENT MONITORING METHOD IS IN PLACE PURSUANT TO EXISTING RULES;

(B) A REQUIREMENT THAT OWNERS AND OPERATORS OF OIL AND GAS TRANSMISSION PIPELINES AND COMPRESSOR STATIONS MUST INSPECT AND MAINTAIN ALL EQUIPMENT AND PIPELINES ON A REGULAR BASIS;

(C) A REQUIREMENT THAT OIL AND NATURAL GAS OPERATORS MUST INSTALL AND OPERATE CONTINUOUS METHANE EMISSIONS MONITORS AT FACILITIES WITH LARGE EMISSIONS POTENTIAL, AT MULTI-WELL FACILITIES, AND AT FACILITIES IN CLOSE PROXIMITY TO OCCUPIED DWELLINGS; AND

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(D) A REQUIREMENT TO REDUCE EMISSIONS FROM PNEUMATIC DEVICES. THE COMMISSION SHALL CONSIDER REQUIRING OIL AND GAS OPERATORS, UNDER APPROPRIATE CIRCUMSTANCES, TO USE PNEUMATIC DEVICES THAT DO NOT VENT NATURAL GAS.

(II) THE COMMISSION MAY, BY RULE, PHASE IN THE REQUIREMENT TO COMPLY WITH THIS SUBSECTION (10)(b) ON THE BASES OF PRODUCTION CAPABILITY, TYPE AND AGE OF OIL AND GAS FACILITY, AND COMMERCIAL AVAILABILITY OF CONTINUOUS MONITORING EQUIPMENT. IF THE COMMISSION PHASES IN THE REQUIREMENT TO COMPLY WITH THIS SUBSECTION (10)(b), IT SHALL INCREASE THE REQUIRED FREQUENCY OF INSPECTIONS AT FACILITIES THAT ARE SUBJECT TO THE PHASE-IN UNTIL THE FACILITIES ACHIEVE CONTINUOUS EMISSION MONITORING.

(c) NOTWITHSTANDING THE GRANT OF AUTHORITY TO THE OIL AND GAS CONSERVATION COMMISSION IN ARTICLE 60 OF TITLE 34, INCLUDING SPECIFICALLY SECTION 34-60-105 (1), THE COMMISSION MAY REGULATE AIR POLLUTION FROM OIL AND GAS FACILITIES LISTED IN SUBSECTION (10)(a) OF THIS SECTION, INCLUDING DURING PRE-PRODUCTION ACTIVITIES, DRILLING, AND COMPLETION.

SECTION 4. In Colorado Revised Statutes, 29-20-104, **amend** (1) introductory portion, (1)(g), and (1)(h); and **add** (1)(i), (2), and (3) as follows:

29-20-104. Powers of local governments - definition. (1) Except as expressly provided in section 29-20-104.5, the power and authority granted by this section ~~shall~~ DOES not limit any power or authority presently exercised or previously granted. Each local government within its respective jurisdiction has the authority to plan for and regulate the use of land by:

(g) Regulating the use of land on the basis of the impact ~~thereof~~ OF THE USE on the community or surrounding areas; ~~and~~

(h) ~~Otherwise planning for and regulating the use of land so as to provide planned and orderly use of land and protection of the environment in a manner consistent with constitutional rights.~~ REGULATING THE SURFACE IMPACTS OF OIL AND GAS OPERATIONS IN A REASONABLE MANNER TO ADDRESS MATTERS SPECIFIED IN THIS SUBSECTION (1)(h) AND TO PROTECT AND MINIMIZE ADVERSE IMPACTS TO PUBLIC HEALTH, SAFETY, AND WELFARE

AND THE ENVIRONMENT. NOTHING IN THIS SUBSECTION (1)(h) IS INTENDED TO ALTER, EXPAND, OR DIMINISH THE AUTHORITY OF LOCAL GOVERNMENTS TO REGULATE AIR QUALITY UNDER SECTION 25-7-128. FOR PURPOSES OF THIS SUBSECTION (1)(h), "MINIMIZE ADVERSE IMPACTS" MEANS, TO THE EXTENT NECESSARY AND REASONABLE, TO PROTECT PUBLIC HEALTH, SAFETY, AND WELFARE AND THE ENVIRONMENT BY AVOIDING ADVERSE IMPACTS FROM OIL AND GAS OPERATIONS AND MINIMIZING AND MITIGATING THE EXTENT AND SEVERITY OF THOSE IMPACTS THAT CANNOT BE AVOIDED. THE FOLLOWING MATTERS ARE COVERED BY THIS SUBSECTION (1)(h):

(I) LAND USE;

(II) THE LOCATION AND SITING OF OIL AND GAS FACILITIES AND OIL AND GAS LOCATIONS, AS THOSE TERMS ARE DEFINED IN SECTION 34-60-103 (6.2) AND (6.4);

(III) IMPACTS TO PUBLIC FACILITIES AND SERVICES;

(IV) WATER QUALITY AND SOURCE, NOISE, VIBRATION, ODOR, LIGHT, DUST, AIR EMISSIONS AND AIR QUALITY, LAND DISTURBANCE, RECLAMATION PROCEDURES, CULTURAL RESOURCES, EMERGENCY PREPAREDNESS AND COORDINATION WITH FIRST RESPONDERS, SECURITY, AND TRAFFIC AND TRANSPORTATION IMPACTS;

(V) FINANCIAL SECURITIES, INDEMNIFICATION, AND INSURANCE AS APPROPRIATE TO ENSURE COMPLIANCE WITH THE REGULATIONS OF THE LOCAL GOVERNMENT; AND

(VI) ALL OTHER NUISANCE-TYPE EFFECTS OF OIL AND GAS DEVELOPMENT; AND

(i) OTHERWISE PLANNING FOR AND REGULATING THE USE OF LAND SO AS TO PROVIDE PLANNED AND ORDERLY USE OF LAND AND PROTECTION OF THE ENVIRONMENT IN A MANNER CONSISTENT WITH CONSTITUTIONAL RIGHTS.

(2) TO IMPLEMENT THE POWERS AND AUTHORITY GRANTED IN SUBSECTION (1)(h) OF THIS SECTION, A LOCAL GOVERNMENT WITHIN ITS RESPECTIVE JURISDICTION HAS THE AUTHORITY TO:

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(a) INSPECT ALL FACILITIES SUBJECT TO LOCAL GOVERNMENT REGULATION;

(b) IMPOSE FINES FOR LEAKS, SPILLS, AND EMISSIONS; AND

(c) IMPOSE FEES ON OPERATORS OR OWNERS TO COVER THE REASONABLY FORESEEABLE DIRECT AND INDIRECT COSTS OF PERMITTING AND REGULATION AND THE COSTS OF ANY MONITORING AND INSPECTION PROGRAM NECESSARY TO ADDRESS THE IMPACTS OF DEVELOPMENT AND TO ENFORCE LOCAL GOVERNMENTAL REQUIREMENTS.

(3) (a) TO PROVIDE A LOCAL GOVERNMENT WITH TECHNICAL EXPERTISE REGARDING WHETHER A PRELIMINARY OR FINAL DETERMINATION OF THE LOCATION OF AN OIL AND GAS FACILITY OR OIL AND GAS LOCATION WITHIN ITS RESPECTIVE JURISDICTION COULD AFFECT OIL AND GAS RESOURCE RECOVERY:

(I) ONCE AN OPERATOR, AS DEFINED IN SECTION 34-60-103 (6.8), FILES AN APPLICATION FOR THE LOCATION AND SITING OF AN OIL AND GAS FACILITY OR OIL AND GAS LOCATION AND THE LOCAL GOVERNMENT HAS MADE EITHER A PRELIMINARY OR FINAL DETERMINATION REGARDING THE APPLICATION, THE LOCAL GOVERNMENT HAVING LAND USE JURISDICTION MAY ASK THE DIRECTOR OF THE OIL AND GAS CONSERVATION COMMISSION PURSUANT TO SECTION 34-60-104.5 (3) TO APPOINT A TECHNICAL REVIEW BOARD TO CONDUCT A TECHNICAL REVIEW OF THE PRELIMINARY OR FINAL DETERMINATION AND ISSUE A REPORT THAT CONTAINS THE BOARD'S CONCLUSIONS.

(II) ONCE A LOCAL GOVERNMENT HAS MADE A FINAL DETERMINATION REGARDING AN APPLICATION SPECIFIED IN SUBSECTION (3)(a)(I) OF THIS SECTION OR IF THE LOCAL GOVERNMENT HAS NOT MADE A FINAL DETERMINATION ON AN APPLICATION WITHIN TWO HUNDRED TEN DAYS AFTER FILING BY THE OPERATOR, THE OPERATOR MAY ASK THE DIRECTOR OF THE OIL AND GAS CONSERVATION COMMISSION PURSUANT TO SECTION 34-60-104.5 (3) TO APPOINT A TECHNICAL REVIEW BOARD TO CONDUCT A TECHNICAL REVIEW OF THE FINAL DETERMINATION AND ISSUE A REPORT THAT CONTAINS THE BOARD'S CONCLUSIONS.

(b) A LOCAL GOVERNMENT MAY FINALIZE ITS PRELIMINARY DETERMINATION WITHOUT ANY CHANGES BASED ON THE TECHNICAL REVIEW

REPORT, FINALIZE ITS PRELIMINARY DETERMINATION WITH CHANGES BASED ON THE REPORT, OR RECONSIDER OR DO NOTHING WITH REGARD TO ITS ALREADY FINALIZED DETERMINATION.

(c) IF AN APPLICANT OR LOCAL GOVERNMENT REQUESTS A TECHNICAL REVIEW PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION, THE PERIOD TO APPEAL A LOCAL GOVERNMENT'S DETERMINATION PURSUANT TO RULE 106 (a)(4) OF THE COLORADO RULES OF CIVIL PROCEDURE IS TOLLED UNTIL THE REPORT SPECIFIED IN SUBSECTION (3)(a) OF THIS SECTION HAS BEEN ISSUED, AND THE APPLICANT IS AFFORDED THE FULL PERIOD TO APPEAL THEREAFTER.

SECTION 5. In Colorado Revised Statutes, 30-15-401, **amend** (1) introductory portion, (1)(m)(II) introductory portion, and (1)(m)(II)(B) as follows:

30-15-401. General regulations - definitions. (1) In addition to those powers granted by sections 30-11-101 and 30-11-107 and by parts 1, 2, and 3 of this article 15, the board of county commissioners ~~has the power to~~ MAY adopt ordinances for control or licensing of those matters of purely local concern that are described in the following enumerated powers:

(m) (II) Ordinances enacted to regulate noise on public and private property pursuant to ~~subparagraph (I) of this paragraph (m) shall~~ SUBSECTION (1)(m)(I) OF THIS SECTION DO not apply to:

(B) Property used for: Manufacturing, industrial, or commercial business purposes; AND public utilities regulated pursuant to title 40. C.R.S.; and oil and gas production subject to the provisions of article 60 of title 34, C.R.S.

SECTION 6. In Colorado Revised Statutes, 34-60-102, **amend** (1)(a) introductory portion, (1)(a)(I), and (1)(b) as follows:

34-60-102. Legislative declaration. (1) (a) It is declared to be in the public interest AND THE COMMISSION IS DIRECTED to:

(I) ~~Foster~~ REGULATE the ~~responsible, balanced~~ development AND production ~~and utilization~~ of the natural resources of oil and gas in the state of Colorado in a manner ~~consistent with protection of~~ THAT PROTECTS

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public health, safety, and welfare, including protection of the environment and wildlife resources;

(b) It is ~~not~~ NEITHER the intent nor the purpose of this ~~article~~ ARTICLE 60 to require or permit the proration or distribution of the production of oil and gas among the fields and pools of Colorado on the basis of market demand. It is the intent and purpose of this ~~article~~ ARTICLE 60 to permit each oil and gas pool in Colorado to produce up to its maximum efficient rate of production, subject to the PROTECTION OF PUBLIC HEALTH, SAFETY, AND WELFARE, THE ENVIRONMENT, AND WILDLIFE RESOURCES AND THE prevention of waste ~~consistent with the protection of public health, safety, and welfare, including protection of the environment and wildlife resources~~ AS SET FORTH IN SECTION 34-60-106 (2.5) AND (3)(a), and subject further to the enforcement and protection of the coequal and correlative rights of the owners and producers of a common source of oil and gas, so that each common owner and producer may obtain a just and equitable share of production ~~therefrom~~ FROM THE COMMON SOURCE.

SECTION 7. In Colorado Revised Statutes, 34-60-103, **amend** the introductory portion, (5.5), (11), (12), and (13); and **add** (5.3), (6.2), and (6.4) as follows:

34-60-103. Definitions. As used in this ~~article~~ ARTICLE 60, unless the context otherwise requires:

(5.3) "LOCAL GOVERNMENT" MEANS, EXCEPT WITH REGARD TO SECTION 34-60-104 (2)(a)(I), A:

(a) MUNICIPALITY OR CITY AND COUNTY WITHIN WHOSE BOUNDARIES AN OIL AND GAS LOCATION IS SITED OR PROPOSED TO BE SITED; OR

(b) COUNTY, IF AN OIL AND GAS LOCATION IS SITED OR PROPOSED TO BE SITED WITHIN THE BOUNDARIES OF THE COUNTY BUT IS NOT LOCATED WITHIN A MUNICIPALITY OR CITY AND COUNTY.

(5.5) "Minimize adverse impacts" means, to ~~wherever reasonably practicable~~ THE EXTENT NECESSARY AND REASONABLE TO PROTECT PUBLIC HEALTH, SAFETY, AND WELFARE, THE ENVIRONMENT, AND WILDLIFE RESOURCES, TO:

(a) Avoid adverse impacts from oil and gas operations; ~~on wildlife resources;~~ AND

(b) Minimize AND MITIGATE the extent and severity of those impacts that cannot be avoided.

~~(c) Mitigate the effects of unavoidable remaining impacts; and~~

~~(d) Take into consideration cost-effectiveness and technical feasibility with regard to actions and decisions taken to minimize adverse impacts to wildlife resources.~~

(6.2) "OIL AND GAS FACILITY" MEANS EQUIPMENT OR IMPROVEMENTS USED OR INSTALLED AT AN OIL AND GAS LOCATION FOR THE EXPLORATION, PRODUCTION, WITHDRAWAL, TREATMENT, OR PROCESSING OF CRUDE OIL, CONDENSATE, EXPLORATION AND PRODUCTION WASTE, OR GAS.

(6.4) "OIL AND GAS LOCATION" MEANS A DEFINABLE AREA WHERE AN OIL AND GAS OPERATOR HAS DISTURBED OR INTENDS TO DISTURB THE LAND SURFACE IN ORDER TO LOCATE AN OIL AND GAS FACILITY.

(11) "Waste", as applied to gas:

(a) Includes the escape, blowing, or releasing, directly or indirectly into the open air, of gas from wells productive of gas only, or gas in an excessive or unreasonable amount from wells producing oil or both oil and gas; and the production of gas in quantities or in such manner as unreasonably reduces reservoir pressure or, SUBJECT TO SUBSECTION (11)(b) OF THIS SECTION, unreasonably diminishes the quantity of oil or gas that ultimately may be produced; excepting gas that is reasonably necessary in the drilling, completing, testing, and in furnishing power for the production of wells; AND

(b) DOES NOT INCLUDE THE NONPRODUCTION OF GAS FROM A FORMATION IF NECESSARY TO PROTECT PUBLIC HEALTH, SAFETY, AND WELFARE, THE ENVIRONMENT, OR WILDLIFE RESOURCES AS DETERMINED BY THE COMMISSION.

(12) "Waste", as applied to oil:

(a) Includes underground waste; inefficient, excessive, or improper use or dissipation of reservoir energy, including gas energy and water drive; surface waste; open-pit storage; and waste incident to the production of oil in excess of the producer's aboveground storage facilities and lease and contractual requirements, but excluding storage, other than open-pit storage, reasonably necessary for building up or maintaining crude stocks and products ~~thereof~~ OF CRUDE STOCKS for consumption, use, and sale; AND

(b) DOES NOT INCLUDE THE NONPRODUCTION OF OIL FROM A FORMATION IF NECESSARY TO PROTECT PUBLIC HEALTH, SAFETY, AND WELFARE, THE ENVIRONMENT, OR WILDLIFE RESOURCES AS DETERMINED BY THE COMMISSION.

(13) "Waste", in addition to the meanings as set forth in subsections (11) and (12) of this section:

(a) Means, SUBJECT TO SUBSECTION (13)(b) OF THIS SECTION:

(a) (I) Physical waste, as that term is generally understood in the oil and gas industry;

(b) (II) The locating, spacing, drilling, equipping, operating, or producing of any oil or gas well or wells in a manner ~~which~~ THAT causes or tends to cause reduction in quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations or ~~which~~ THAT causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas; AND

(c) (III) Abuse of the correlative rights of any owner in a pool due to nonuniform, disproportionate, unratable, or excessive withdrawals of oil or gas ~~therefrom~~ FROM THE POOL, causing reasonably avoidable drainage between tracts of land or resulting in one or more producers or owners in ~~such~~ THE pool producing more than ~~his~~ AN equitable share of the oil or gas from ~~such~~ THE pool; AND

(b) DOES NOT INCLUDE THE NONPRODUCTION OF OIL OR GAS FROM A FORMATION IF NECESSARY TO PROTECT PUBLIC HEALTH, SAFETY, AND WELFARE, THE ENVIRONMENT, OR WILDLIFE RESOURCES AS DETERMINED BY THE COMMISSION.

SECTION 8. In Colorado Revised Statutes, 34-60-104, **amend** (1), (2)(a)(I), and (2)(a)(II) as follows:

34-60-104. Oil and gas conservation commission - report - publication - repeal. (1) (a) There is hereby created, in the department of natural resources, the oil and gas conservation commission. ~~of the state of Colorado.~~

(b) THIS SECTION IS REPEALED ON THE EARLIER OF JULY 1, 2020, OR THE DATE ON WHICH ALL RULES REQUIRED TO BE ADOPTED BY SECTION 34-60-106 (2.5)(a), (11)(c), AND (19) HAVE BECOME EFFECTIVE. THE DIRECTOR SHALL NOTIFY THE REVISOR OF STATUTES IN WRITING OF THE DATE ON WHICH THE CONDITION SPECIFIED IN THIS SUBSECTION (1)(b) HAS OCCURRED BY E-MAILING THE NOTICE TO REVISOROFSTATUTES.GA@STATE.CO.US.

(2) (a) (I) ~~Effective July 1, 2007~~ ON THE EFFECTIVE DATE OF THIS SECTION (2)(a)(I), AS AMENDED, the commission ~~shall consist~~ CONSISTS of nine members, seven of whom shall be appointed by the governor with the consent of the senate. ~~and two of whom;~~ The executive director of the department of natural resources and the executive director of the department of public health and environment, ~~shall be~~ OR THE EXECUTIVE DIRECTORS' DESIGNEES, ARE ex officio voting members. At least two members shall be appointed from west of the continental divide, and, to the extent possible, consistent with this ~~paragraph (a)~~ SUBSECTION (2)(a), the other members shall be appointed taking into account the need for geographical representation of ~~other~~ areas of the state with high levels of CURRENT OR ANTICIPATED oil and gas activity or employment. ~~Three members shall~~ ONE MEMBER MUST be ~~individuals~~ AN INDIVIDUAL with substantial experience in the oil and gas industry; ~~and at least two of said three members shall have a college degree in petroleum geology or petroleum engineering;~~ one member ~~shall~~ MUST be a local government official; one member ~~shall~~ MUST have formal training or substantial experience in environmental ~~or wildlife~~ protection; one member ~~shall~~ MUST have formal training or substantial experience in WILDLIFE PROTECTION; ONE MEMBER MUST HAVE TECHNICAL EXPERTISE RELEVANT TO THE ISSUES CONSIDERED BY THE COMMISSION OR FORMAL TRAINING OR SUBSTANTIAL EXPERIENCE IN soil conservation or reclamation; ~~and~~ one member ~~shall~~ MUST be actively engaged in agricultural production ~~and also~~ OR be a royalty owner; AND ONE MEMBER MUST HAVE FORMAL TRAINING OR SUBSTANTIAL EXPERIENCE IN PUBLIC HEALTH.

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Excluding the executive directors from consideration, no more than four members of the commission ~~shall~~ MAY be members of the same political party.

(II) Subject to ~~paragraph (b) of this subsection (2)~~ SUBSECTION (2)(b) OF THIS SECTION, nothing in this ~~paragraph (a) shall be construed to require~~ SUBSECTION (2)(a) REQUIRES a holdover member of the commission holding office on July 1, ~~2007~~ 2019, to comply with ~~the provisions of this paragraph (a)~~ THIS SUBSECTION (2)(a), as amended, unless ~~such~~ THE person is reappointed to the commission for another term of office. Nothing in this ~~subparagraph (II) shall alter, impair, or negate~~ SUBSECTION (2)(a) ALTERS, IMPAIRS, OR NEGATES the authority of the governor to remove or appoint members of the commission pursuant to ~~paragraph (b) of this subsection (2)~~ SUBSECTION (2)(b) OF THIS SECTION.

SECTION 9. In Colorado Revised Statutes, add 34-60-104.3 as follows:

34-60-104.3. Oil and gas conservation commission - report - publication. (1) THERE IS HEREBY CREATED, IN THE DEPARTMENT OF NATURAL RESOURCES, THE OIL AND GAS CONSERVATION COMMISSION.

(2) (a) THE COMMISSION CONSISTS OF SEVEN MEMBERS, FIVE OF WHOM SHALL BE APPOINTED BY THE GOVERNOR WITH THE CONSENT OF THE SENATE. THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF NATURAL RESOURCES AND THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, OR THE EXECUTIVE DIRECTORS' DESIGNEES, ARE EX OFFICIO NONVOTING MEMBERS. A MAJORITY OF THE VOTING COMMISSIONERS CONSTITUTE A QUORUM FOR THE TRANSACTION OF ITS BUSINESS.

(b) EACH APPOINTED COMMISSIONER MUST BE A QUALIFIED ELECTOR OF THIS STATE. EACH APPOINTED COMMISSIONER, BEFORE ENTERING UPON THE DUTIES OF OFFICE, SHALL TAKE THE CONSTITUTIONAL OATH OF OFFICE. EXCLUDING THE EXECUTIVE DIRECTORS FROM CONSIDERATION, NO MORE THAN THREE MEMBERS OF THE COMMISSION MAY BE MEMBERS OF THE SAME POLITICAL PARTY. TO THE EXTENT POSSIBLE, CONSISTENT WITH THIS SUBSECTION (2), THE MEMBERS SHALL BE APPOINTED TAKING INTO ACCOUNT THE NEED FOR GEOGRAPHICAL REPRESENTATION OF AREAS OF THE STATE WITH HIGH LEVELS OF CURRENT OR ANTICIPATED OIL AND GAS ACTIVITY OR

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EMPLOYMENT. THE APPOINTED MEMBERS OF THE COMMISSION SHALL DEVOTE THEIR ENTIRE TIME TO THE DUTIES OF THEIR OFFICES TO THE EXCLUSION OF ANY OTHER EMPLOYMENT AND ARE ENTITLED TO RECEIVE COMPENSATION AS DESIGNATED BY LAW.

(c) ONE APPOINTED MEMBER MUST BE AN INDIVIDUAL WITH SUBSTANTIAL EXPERIENCE IN THE OIL AND GAS INDUSTRY; ONE APPOINTED MEMBER MUST HAVE SUBSTANTIAL EXPERTISE IN PLANNING OR LAND USE; ONE APPOINTED MEMBER MUST HAVE FORMAL TRAINING OR SUBSTANTIAL EXPERIENCE IN ENVIRONMENTAL PROTECTION, WILDLIFE PROTECTION, OR RECLAMATION; ONE APPOINTED MEMBER MUST HAVE PROFESSIONAL EXPERIENCE DEMONSTRATING AN ABILITY TO CONTRIBUTE TO THE COMMISSION'S BODY OF EXPERTISE THAT WILL AID THE COMMISSION IN MAKING SOUND, BALANCED DECISIONS; AND ONE APPOINTED MEMBER MUST HAVE FORMAL TRAINING OR SUBSTANTIAL EXPERIENCE IN PUBLIC HEALTH.

(d) NO PERSON MAY BE APPOINTED TO SERVE ON THE COMMISSION OR HOLD THE OFFICE OF COMMISSIONER IF THE PERSON HAS A CONFLICT OF INTEREST WITH OIL AND GAS DEVELOPMENT IN COLORADO. EXAMPLES OF CONFLICTS OF INTEREST INCLUDE BEING REGISTERED AS A LOBBYIST AT THE LOCAL OR STATE LEVELS, SERVING IN THE GENERAL ASSEMBLY WITHIN THE PRIOR THREE YEARS, OR SERVING IN AN OFFICIAL CAPACITY WITH AN ENTITY THAT EDUCATES OR ADVOCATES FOR OR AGAINST OIL AND GAS ACTIVITY. THIS SUBSECTION (2)(d) SHALL BE CONSTRUED REASONABLY WITH THE OBJECTIVE OF DISQUALIFYING FROM THE COMMISSION ANY PERSON WHO MIGHT HAVE AN IMMEDIATE CONFLICT OF INTEREST OR WHO MAY NOT BE ABLE TO MAKE BALANCED DECISIONS ABOUT OIL AND GAS REGULATION IN COLORADO. A PERSON WHO HAS WORKED WITH OR FOR AN ENERGY OR ENVIRONMENTAL ENTITY NEED NOT BE DISQUALIFIED IF THE PERSON'S EXPERIENCE SHOWS SUBJECT MATTER KNOWLEDGE COUPLED WITH AN ABILITY TO RENDER INFORMED, THOROUGH, AND BALANCED DECISION-MAKING.

(e) MEMBERS OF THE COMMISSION SHALL BE APPOINTED FOR TERMS OF FOUR YEARS EACH; EXCEPT THAT THE INITIAL TERMS OF TWO MEMBERS ARE TWO YEARS. THE GOVERNOR SHALL DESIGNATE ONE MEMBER OF THE COMMISSION AS CHAIR OF THE COMMISSION. THE CHAIR SHALL DELEGATE ROLES AND RESPONSIBILITIES TO COMMISSIONERS AND THE DIRECTOR. THE GOVERNOR MAY AT ANY TIME REMOVE ANY APPOINTED MEMBER OF THE COMMISSION, AND BY APPOINTMENT THE GOVERNOR SHALL FILL ANY

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VACANCY ON THE COMMISSION. IN CASE ONE OR MORE VACANCIES OCCUR ON THE SAME DAY, THE GOVERNOR SHALL DESIGNATE THE ORDER OF FILLING VACANCIES.

(3) THE COMMISSION SHALL REPORT TO THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF NATURAL RESOURCES AT SUCH TIMES AND ON SUCH MATTERS AS THE EXECUTIVE DIRECTOR MAY REQUIRE.

(4) PUBLICATIONS OF THE COMMISSION CIRCULATED IN QUANTITY OUTSIDE THE EXECUTIVE BRANCH ARE SUBJECT TO THE APPROVAL AND CONTROL OF THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF NATURAL RESOURCES.

(5) THIS SECTION TAKES EFFECT ON THE EARLIER OF JULY 1, 2020, OR THE DATE ON WHICH ALL RULES REQUIRED TO BE ADOPTED BY SECTION 34-60-106 (2.5)(a), (11)(c), AND (19) HAVE BECOME EFFECTIVE. THE DIRECTOR SHALL NOTIFY THE REVISOR OF STATUTES IN WRITING OF THE DATE ON WHICH THE CONDITION SPECIFIED IN THIS SUBSECTION (5) HAS OCCURRED BY E-MAILING THE NOTICE TO REVISOROFSTATUTES.GA@STATE.CO.US.

SECTION 10. In Colorado Revised Statutes, 34-60-104.5, **amend** (2)(d); and **add** (3) as follows:

34-60-104.5. Director of commission - duties. (2) The director of the commission shall:

(d) (I) Appoint, pursuant to section 13 of article XII of the state constitution, such clerical and professional staff and consultants as may be necessary for the efficient and effective operation of the commission, INCLUDING AT LEAST ONE AND UP TO TWO DEPUTY DIRECTORS; and ~~staff~~

(II) Exercise general supervisory control over ~~said~~ THE staff; and

(3) (a) UPON RECEIPT OF REQUEST FOR TECHNICAL REVIEW FILED PURSUANT TO SECTION 29-20-104 (3)(a), THE DIRECTOR OF THE COMMISSION SHALL APPOINT TECHNICAL REVIEW BOARD MEMBERS. THE MEMBERSHIP OF THE TECHNICAL REVIEW BOARD MUST INCLUDE SUBJECT MATTER EXPERTS IN LOCAL LAND USE PLANNING AND OIL AND GAS EXPLORATION AND PRODUCTION AND MAY INCLUDE SUBJECT MATTER EXPERTS IN ENVIRONMENTAL SCIENCES, PUBLIC HEALTH SCIENCES, OR OTHER

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DISCIPLINES RELEVANT TO THE DISPUTED ISSUES, AS DETERMINED BY THE DIRECTOR. THE TECHNICAL REVIEW BOARD SHALL CONDUCT A TECHNICAL REVIEW OF THE PRELIMINARY OR FINAL SITING DETERMINATION PURSUANT TO THE CRITERIA SPECIFIED IN SUBSECTION (3)(b) OF THIS SECTION AND, AT ITS DISCRETION, MAY MEET TO CONFER INFORMALLY WITH THE PARTIES. THE TECHNICAL REVIEW MUST BE COMPLETED BY ISSUANCE OF A REPORT WITHIN SIXTY DAYS AFTER THE DIRECTOR APPOINTS THE EXPERTS.

(b) A TECHNICAL REVIEW:

(I) MUST ADDRESS THE ISSUES IN DISPUTE AS IDENTIFIED BY THE OPERATOR AND THE LOCAL GOVERNMENT, WHICH MAY INCLUDE IMPACTS TO THE RECOVERY OF THE RESOURCE BY THE PRELIMINARY OR FINAL SITING DETERMINATION OF THE LOCAL GOVERNMENT; WHETHER THE LOCAL GOVERNMENT'S DETERMINATION WOULD REQUIRE TECHNOLOGIES THAT ARE NOT AVAILABLE OR ARE IMPRACTICABLE GIVEN THE CONTEXT OF THE PERMIT APPLICATION; AND WHETHER THE OPERATOR IS PROPOSING TO USE BEST MANAGEMENT PRACTICES; AND

(II) MUST NOT ADDRESS THE ECONOMIC EFFECTS OF THE PRELIMINARY OR FINAL DETERMINATION AND MUST RESULT IN THE ISSUANCE OF A REPORT.

SECTION 11. In Colorado Revised Statutes, 34-60-105, **amend** (1); and **add** (4) as follows:

34-60-105. Powers of commission. (1) (a) The commission has jurisdiction over all persons and property, public and private, necessary to enforce ~~the provisions of this article, and has~~ THIS ARTICLE 60, the power to make and enforce rules ~~regulations~~; and orders pursuant to this ~~article~~ ARTICLE 60, and to do whatever may reasonably be necessary to carry out ~~the provisions of this article~~ THIS ARTICLE 60.

(b) Any delegation of authority to any other state officer, board, or commission to administer any other laws of this state relating to the conservation of oil or gas, or either of them, is hereby rescinded and withdrawn, and ~~such~~ THAT authority is unqualifiedly conferred upon the commission, as provided in this section; EXCEPT THAT, AS FURTHER SPECIFIED IN SECTION 34-60-131, NOTHING IN THIS ARTICLE 60 ALTERS, IMPAIRS, OR NEGATES THE AUTHORITY OF:

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(I) THE AIR QUALITY CONTROL COMMISSION TO REGULATE, PURSUANT TO ARTICLE 7 OF TITLE 25, THE EMISSION OF AIR POLLUTANTS FROM OIL AND GAS OPERATIONS;

(II) THE WATER QUALITY CONTROL COMMISSION TO REGULATE, PURSUANT TO ARTICLE 8 OF TITLE 25, THE DISCHARGE OF WATER POLLUTANTS FROM OIL AND GAS OPERATIONS;

(III) THE STATE BOARD OF HEALTH TO REGULATE, PURSUANT TO SECTION 25-11-104, THE DISPOSAL OF NATURALLY OCCURRING RADIOACTIVE MATERIALS AND TECHNOLOGICALLY ENHANCED NATURALLY OCCURRING RADIOACTIVE MATERIALS FROM OIL AND GAS OPERATIONS;

(IV) THE SOLID AND HAZARDOUS WASTE COMMISSION TO:

(A) REGULATE, PURSUANT TO ARTICLE 15 OF TITLE 25, THE DISPOSAL OF HAZARDOUS WASTE FROM OIL AND GAS OPERATIONS; OR

(B) REGULATE, PURSUANT TO SECTION 30-20-109 (1.5), THE DISPOSAL OF EXPLORATION AND PRODUCTION WASTE FROM OIL AND GAS OPERATIONS; AND

(V) A LOCAL GOVERNMENT TO REGULATE OIL AND GAS OPERATIONS PURSUANT TO SECTION 29-20-104;

(c) Any person, or the attorney general on behalf of the state, may apply for ~~any~~ A hearing before the commission, or the commission may initiate proceedings, upon any question relating to the administration of this ~~article~~ ARTICLE 60, and jurisdiction is conferred upon the commission to hear and determine the ~~same~~ QUESTION and enter its rule ~~regulation~~; or order with respect ~~thereto~~ TO THE QUESTION.

(4) (a) EXCEPT AS SPECIFIED IN SUBSECTION (4)(b) OF THIS SECTION, NOTHING IN THIS ARTICLE 60 AUTHORIZES THE STATE OR ITS LOCAL GOVERNMENTS, INCLUDING THE COMMISSION, BOARDS OF COUNTY COMMISSIONERS, AND MUNICIPALITIES, TO REGULATE THE ACTIVITIES OF:

(I) FEDERALLY RECOGNIZED INDIAN TRIBES, THEIR POLITICAL SUBDIVISIONS, OR TRIBALLY CONTROLLED AFFILIATES, UNDERTAKEN OR TO BE UNDERTAKEN WITH RESPECT TO MINERAL EVALUATION, EXPLORATION,

OR DEVELOPMENT ON LANDS WITHIN THE EXTERIOR BOUNDARIES OF AN INDIAN RESERVATION LOCATED WITHIN THE STATE; OR

(II) THIRD PARTIES, UNDERTAKEN OR TO BE UNDERTAKEN WITH RESPECT TO MINERAL EVALUATION, EXPLORATION, OR DEVELOPMENT ON INDIAN TRUST LANDS WITHIN THE EXTERIOR BOUNDARIES OF AN INDIAN RESERVATION LOCATED WITHIN THE STATE.

(b) REGULATION BY THE STATE OR ITS LOCAL GOVERNMENTS, INCLUDING THE COMMISSION, BOARDS OF COUNTY COMMISSIONERS, AND MUNICIPALITIES, APPLICABLE TO NON-INDIANS CONDUCTING OIL AND GAS OPERATIONS ON LANDS WITHIN THE EXTERIOR BOUNDARIES OF THE SOUTHERN UTE INDIAN RESERVATION MAY APPLY TO LANDS WHERE BOTH THE SURFACE AND THE OIL AND GAS ESTATES ARE OWNED IN FEE BY A PERSON OTHER THAN THE SOUTHERN UTE INDIAN TRIBE, REGARDLESS OF WHETHER THE LANDS ARE COMMUNITIZED OR POOLED WITH INDIAN MINERAL LANDS.

(c) NOTHING IN THIS ARTICLE 60 ALTERS THE AUTHORITY FOR THE REGULATION OF AIR POLLUTION ON THE SOUTHERN UTE INDIAN RESERVATION AS SET FORTH IN ARTICLE 62 OF TITLE 24 AND PART 13 OF ARTICLE 7 OF TITLE 25.

SECTION 12. In Colorado Revised Statutes, 34-60-106, **amend** (1) introductory portion, (1)(f), (2) introductory portion, (2)(b), (2)(c), (6), (7), (13), and (15); **repeal** (2)(d); and **add** (2.5), (11)(c), (18), (19), and (20) as follows:

34-60-106. Additional powers of commission - rules - repeal.

(1) The commission also ~~has authority to~~ SHALL require:

(f) (I) That no operations for the drilling of a well for oil and gas shall be commenced without first:

(A) ~~Giving to the commission notice of intention~~ APPLYING FOR A PERMIT to drill, WHICH MUST INCLUDE PROOF EITHER THAT: THE OPERATOR HAS FILED AN APPLICATION WITH THE LOCAL GOVERNMENT WITH JURISDICTION TO APPROVE THE SITING OF THE PROPOSED OIL AND GAS LOCATION AND THE LOCAL GOVERNMENT'S DISPOSITION OF THE APPLICATION; OR THE LOCAL GOVERNMENT WITH JURISDICTION DOES NOT

REGULATE THE SITING OF OIL AND GAS LOCATIONS; and ~~without first~~

(B) Obtaining a permit from the commission, under ~~such rules and regulations as may be~~ prescribed by the commission; and

(II) Paying to the commission a filing and service fee to be established by the commission for the purpose of paying the expense of administering this ~~article~~ ARTICLE 60 as provided in section 34-60-122, which fee may be transferable or refundable, at the option of the commission, if ~~such~~ THE permit is not used; ~~but no such fee shall exceed two hundred dollars;~~ AND

(III) (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INCLUDING SUBSECTION (11) OF THIS SECTION, UNTIL THE COMMISSION HAS PROMULGATED ANY RULES REQUIRED TO BE ADOPTED BY SUBSECTIONS (2.5)(a), (11)(c), AND (19) OF THIS SECTION AND EACH RULE SPECIFIED IN THIS SUBSECTION (1)(f)(III)(A) HAS BECOME EFFECTIVE, THE DIRECTOR MAY DELAY THE FINAL DETERMINATION REGARDING A PERMIT APPLICATION IF THE DIRECTOR DETERMINES, PURSUANT TO OBJECTIVE CRITERIA TO BE PUBLISHED BY THE DIRECTOR WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (1)(f)(III) AND FOLLOWING A PUBLIC COMMENT PERIOD, THAT THE PERMIT REQUIRES ADDITIONAL ANALYSIS TO ENSURE THE PROTECTION OF PUBLIC HEALTH, SAFETY, AND WELFARE OR THE ENVIRONMENT OR REQUIRES ADDITIONAL LOCAL GOVERNMENT OR OTHER STATE AGENCY CONSULTATION.

(B) THIS SUBSECTION (1)(f)(III) WILL BE REPEALED IF THE RULES SPECIFIED IN SUBSECTION (1)(f)(III)(A) OF THIS SECTION HAVE BECOME EFFECTIVE. THE DIRECTOR SHALL NOTIFY THE REVISOR OF STATUTES IN WRITING OF THE DATE ON WHICH ALL RULES SPECIFIED IN SUBSECTION (1)(f)(III)(A) OF THIS SECTION HAVE BECOME EFFECTIVE BY E-MAILING THE NOTICE TO REVISOROFSTATUTES.GA@STATE.CO.US. THIS SUBSECTION (1)(f)(III) IS REPEALED, EFFECTIVE UPON THE DATE IDENTIFIED IN THE NOTICE THAT THE RULES SPECIFIED IN SUBSECTION (1)(f)(III)(A) OF THIS SECTION HAVE BECOME EFFECTIVE OR, IF THE NOTICE DOES NOT SPECIFY THAT DATE, UPON THE DATE OF THE NOTICE TO THE REVISOR OF STATUTES.

(2) The commission ~~has the authority to~~ MAY regulate:

(b) The ~~shooting~~ STIMULATING and chemical treatment of wells;

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AND

(c) The spacing AND NUMBER of wells ALLOWED IN A DRILLING UNIT.
and

~~(d) Oil and gas operations so as to prevent and mitigate significant adverse environmental impacts on any air, water, soil, or biological resource resulting from oil and gas operations to the extent necessary to protect public health, safety, and welfare, including protection of the environment and wildlife resources, taking into consideration cost-effectiveness and technical feasibility.~~

(2.5) (a) IN EXERCISING THE AUTHORITY GRANTED BY THIS ARTICLE 60, THE COMMISSION SHALL REGULATE OIL AND GAS OPERATIONS IN A REASONABLE MANNER TO PROTECT AND MINIMIZE ADVERSE IMPACTS TO PUBLIC HEALTH, SAFETY, AND WELFARE, THE ENVIRONMENT, AND WILDLIFE RESOURCES AND SHALL PROTECT AGAINST ADVERSE ENVIRONMENTAL IMPACTS ON ANY AIR, WATER, SOIL, OR BIOLOGICAL RESOURCE RESULTING FROM OIL AND GAS OPERATIONS.

(b) THE NONPRODUCTION OF OIL AND GAS RESULTING FROM A CONDITIONAL APPROVAL OR DENIAL AUTHORIZED BY THIS SUBSECTION (2.5) DOES NOT CONSTITUTE WASTE.

(6) The commission has the authority, as it deems necessary and convenient, to conduct any hearings or to make any determinations it is otherwise empowered to conduct or make by means of an appointed ADMINISTRATIVE LAW JUDGE OR hearing officer, but recommended findings, determinations, or orders of any ADMINISTRATIVE LAW JUDGE OR hearing officer ~~shall not become final until adopted by the commission~~ IN ACCORDANCE WITH SECTION 34-60-108 (9). Upon appointment by the commission, a member of the commission may act as a hearing officer.

(7) (a) The commission ~~has the authority to~~ MAY establish, charge, and collect docket fees for the filing of applications, petitions, protests, responses, and other pleadings. ~~No such fees shall exceed two hundred dollars for any application, petition, or other pleading initiating a proceeding nor one hundred dollars for any protest or other responsive pleadings, and any party to any commission proceeding shall pay no more than one such fee for each proceeding in which it is a party.~~ All such fees

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shall be deposited in the oil and gas conservation and environmental response fund established by section 34-60-122 and ~~shall be~~ ARE subject to appropriations by the general assembly for the purposes of this ~~article~~ ARTICLE 60.

(b) THE COMMISSION SHALL BY RULE ESTABLISH THE FEES FOR THE FILING OF APPLICATIONS IN AMOUNTS SUFFICIENT TO RECOVER THE COMMISSION'S REASONABLY FORESEEABLE DIRECT AND INDIRECT COSTS IN CONDUCTING THE ANALYSIS, INCLUDING THE ANNUAL REVIEW OF FINANCIAL ASSURANCE PURSUANT TO SUBSECTION (13) OF THIS SECTION, NECESSARY TO ASSURE THAT PERMITTED OPERATIONS WILL BE CONDUCTED IN COMPLIANCE WITH ALL APPLICABLE REQUIREMENTS OF THIS ARTICLE 60.

(11) (c) THE COMMISSION SHALL ADOPT RULES THAT:

(I) ADOPT AN ALTERNATIVE LOCATION ANALYSIS PROCESS AND SPECIFY CRITERIA USED TO IDENTIFY OIL AND GAS LOCATIONS AND FACILITIES PROPOSED TO BE LOCATED NEAR POPULATED AREAS THAT WILL BE SUBJECT TO THE ALTERNATIVE LOCATION ANALYSIS PROCESS; AND

(II) IN CONSULTATION WITH THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, EVALUATE AND ADDRESS THE POTENTIAL CUMULATIVE IMPACTS OF OIL AND GAS DEVELOPMENT.

(13) The commission shall require every operator to provide assurance that it is financially capable of fulfilling ~~any~~ EVERY obligation imposed ~~under subsections (11), (12), and (17) of this section~~ BY THIS ARTICLE 60 AS SPECIFIED IN RULES ADOPTED ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (13), AS AMENDED. THE RULE-MAKING MUST CONSIDER: INCREASING FINANCIAL ASSURANCE FOR INACTIVE WELLS AND FOR WELLS TRANSFERRED TO A NEW OWNER; REQUIRING A FINANCIAL ASSURANCE ACCOUNT, WHICH MUST REMAIN TIED TO THE WELL IN THE EVENT OF A TRANSFER OF OWNERSHIP, TO BE FULLY FUNDED IN THE INITIAL YEARS OF OPERATION FOR EACH NEW WELL TO COVER FUTURE COSTS TO PLUG, RECLAIM, AND REMEDIATE THE WELL; AND CREATING A POOLED FUND TO ADDRESS ORPHANED WELLS FOR WHICH NO OWNER, OPERATOR, OR RESPONSIBLE PARTY IS CAPABLE OF COVERING THE COSTS OF PLUGGING, RECLAMATION, AND REMEDIATION. For purposes of this subsection (13), references to "operator" ~~shall~~ include an operator of an underground natural gas storage cavern and an applicant for a certificate of closure under

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subsection (17) of this section. In complying with this requirement, an operator may submit for commission approval, without limitation, one or more of the following:

(a) A guarantee of performance where the operator can demonstrate to the commission's satisfaction that it has sufficient net worth to guarantee performance of ~~any~~ EVERY obligation imposed by ~~rule under subsections (11), (12), and (17) of this section.~~ Such THIS ARTICLE 60. THE COMMISSION SHALL ANNUALLY REVIEW THE guarantee and demonstration of net worth. ~~shall be annually reviewed by the commission.~~

(b) A certificate of general liability insurance in a form acceptable to the commission ~~which~~ THAT names the state as an additional insured and ~~which~~ covers occurrences during the policy period of a nature relevant to an obligation imposed by ~~rule under subsections (11), (12), and (17) of this section~~ THIS ARTICLE 60;

(c) A bond or other surety instrument;

(d) A letter of credit, certificate of deposit, or other financial instrument;

(e) An escrow account or sinking fund dedicated to the performance of ~~any~~ EVERY obligation imposed by ~~rule under subsections (11), (12), and (17) of this section~~ THIS ARTICLE 60;

(f) A lien or other security interest in real or personal property of the operator. ~~Such~~ THE lien or security interest ~~shall~~ MUST be in a form and priority acceptable to the commission in its sole discretion. ~~and shall be reviewed annually by~~ The commission SHALL ANNUALLY REVIEW THE LIEN OR SECURITY.

(15) The commission may, as it deems appropriate, assign its inspection and monitoring function, but not its enforcement authority, through intergovernmental agreement or by private contract; except that ~~no such~~ AN assignment ~~shall~~ MUST NOT allow for the imposition of any new tax or fee by the assignee in order to conduct ~~such~~ THE assigned inspection and monitoring and ~~no such assignment shall~~ MUST NOT provide for compensation contingent on the number or nature of alleged violations referred to the commission by the assignee. ~~No local government may~~

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~~charge a tax or fee to conduct inspections or monitoring of oil and gas operations with regard to matters that are subject to rule, regulation, order, or permit condition administered by the commission. Nothing in this subsection (15) shall affect the ability of a local government to charge a reasonable and nondiscriminatory fee for inspection and monitoring for road damage and compliance with local fire codes, land use permit conditions, and local building codes:~~

(18) THE COMMISSION SHALL PROMULGATE RULES TO ENSURE PROPER WELLBORE INTEGRITY OF ALL OIL AND GAS PRODUCTION WELLS. IN PROMULGATING THE RULES, THE COMMISSION SHALL CONSIDER INCORPORATING RECOMMENDATIONS FROM THE STATE OIL AND GAS REGULATORY EXCHANGE AND SHALL INCLUDE PROVISIONS TO:

(a) ADDRESS THE PERMITTING, CONSTRUCTION, OPERATION, AND CLOSURE OF PRODUCTION WELLS;

(b) REQUIRE THAT WELLS ARE CONSTRUCTED USING CURRENT PRACTICES AND STANDARDS THAT PROTECT WATER ZONES AND PREVENT BLOWOUTS;

(c) ENHANCE SAFETY AND ENVIRONMENTAL PROTECTIONS DURING OPERATIONS SUCH AS DRILLING AND HYDRAULIC FRACTURING;

(d) REQUIRE REGULAR INTEGRITY ASSESSMENTS FOR ALL OIL AND GAS PRODUCTION WELLS, SUCH AS SURFACE PRESSURE MONITORING DURING PRODUCTION; AND

(e) ADDRESS THE USE OF NONDESTRUCTIVE TESTING OF WELD JOINTS.

(19) THE COMMISSION SHALL REVIEW AND AMEND ITS FLOWLINE AND INACTIVE, TEMPORARILY ABANDONED, AND SHUT-IN WELL RULES TO THE EXTENT NECESSARY TO ENSURE THAT THE RULES PROTECT AND MINIMIZE ADVERSE IMPACTS TO PUBLIC HEALTH, SAFETY, AND WELFARE AND THE ENVIRONMENT, INCLUDING BY:

(a) ALLOWING PUBLIC DISCLOSURE OF FLOWLINE INFORMATION AND EVALUATING AND DETERMINING WHEN A DEACTIVATED FLOWLINE MUST BE INSPECTED BEFORE BEING REACTIVATED; AND

(b) EVALUATING AND DETERMINING WHEN INACTIVE, TEMPORARILY ABANDONED, AND SHUT-IN WELLS MUST BE INSPECTED BEFORE BEING PUT INTO PRODUCTION OR USED FOR INJECTION.

(20) THE COMMISSION SHALL ADOPT RULES TO REQUIRE CERTIFICATION FOR WORKERS IN THE FOLLOWING FIELDS:

(a) COMPLIANCE OFFICERS WITH REGARD TO THE FEDERAL "OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970", 29 U.S.C. SEC. 651 ET SEQ., INCLUDING SPECIFICALLY WORKING IN CONFINED SPACES;

(b) COMPLIANCE OFFICERS WITH REGARD TO CODES PUBLISHED BY THE AMERICAN PETROLEUM INSTITUTE AND AMERICAN SOCIETY OF MECHANICAL ENGINEERS, OR THEIR SUCCESSOR ORGANIZATIONS;

(c) THE HANDLING OF HAZARDOUS MATERIALS;

(d) WELDERS WORKING ON OIL AND GAS PROCESS LINES, INCLUDING:

(I) KNOWLEDGE OF THE FLOWLINE RULES PROMULGATED PURSUANT TO SUBSECTION (19) OF THIS SECTION;

(II) A MINIMUM OF SEVEN THOUSAND HOURS OF DOCUMENTED ON-THE-JOB TRAINING, WHICH REQUIREMENT CAN BE MET BY AN EMPLOYEE WORKING UNDER THE SUPERVISION OF A PERSON WITH THE REQUISITE SEVEN THOUSAND HOURS OF TRAINING; AND

(III) PASSAGE OF THE INTERNATIONAL CODE COUNCIL EXAM F31, NATIONAL STANDARD JOURNEYMAN MECHANICAL, OR AN ANALOGOUS SUCCESSOR EXAM, FOR ANY PERSON WORKING ON PRESSURIZED PROCESS LINES IN UPSTREAM AND MIDSTREAM OPERATIONS.

SECTION 13. In Colorado Revised Statutes, 34-60-108, **add** (9) as follows:

34-60-108. Rules - hearings - process. (9) WHENEVER ANY HEARING OR OTHER PROCEEDING IS ASSIGNED TO AN ADMINISTRATIVE LAW JUDGE, HEARING OFFICER, OR INDIVIDUAL COMMISSIONER FOR HEARING, THE ADMINISTRATIVE LAW JUDGE, HEARING OFFICER, OR COMMISSIONER, AFTER THE CONCLUSION OF THE HEARING, SHALL PROMPTLY TRANSMIT TO THE

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COMMISSION AND THE PARTIES THE RECORD AND EXHIBITS OF THE PROCEEDING AND A WRITTEN RECOMMENDED DECISION THAT CONTAINS THE FINDINGS OF FACT, CONCLUSIONS, AND RECOMMENDED ORDER. A PARTY MAY FILE AN EXCEPTION TO THE RECOMMENDED ORDER; BUT IF NO EXCEPTIONS ARE FILED WITHIN TWENTY DAYS AFTER SERVICE UPON THE PARTIES, OR UNLESS THE COMMISSION STAYS THE RECOMMENDED ORDER WITHIN THAT TIME UPON ITS OWN MOTION, THE RECOMMENDED ORDER BECOMES THE DECISION OF THE COMMISSION AND SUBJECT TO SECTION 34-60-111. THE COMMISSION UPON ITS OWN MOTION MAY AND, WHERE EXCEPTIONS ARE FILED SHALL, CONDUCT A DE NOVO REVIEW OF THE MATTER UPON THE SAME RECORD, AND THE RECOMMENDED ORDER IS STAYED PENDING THE COMMISSION'S FINAL DETERMINATION OF THE MATTER. THE COMMISSION MAY ADOPT, REJECT, OR MODIFY THE RECOMMENDED ORDER.

SECTION 14. In Colorado Revised Statutes, 34-60-116, **amend** (1), (3), (6), (7)(a)(II), (7)(a)(III), (7)(c), and (7)(d)(I); and **add** (7)(a)(IV) as follows:

34-60-116. Drilling units - pooling interests. (1) (a) To prevent or to assist in preventing waste, to avoid the drilling of unnecessary wells, or to protect correlative rights, the commission, upon its own motion or on a proper application of an interested party, but after notice and hearing as provided in this section, may establish one or more drilling units of specified size and shape covering any pool or portion of a pool.

(b) THE APPLICATION MUST INCLUDE PROOF THAT EITHER:

(I) THE APPLICANT HAS FILED AN APPLICATION WITH THE LOCAL GOVERNMENT HAVING JURISDICTION TO APPROVE THE SITING OF THE PROPOSED OIL AND GAS LOCATION AND THE LOCAL GOVERNMENT'S DISPOSITION OF THE APPLICATION; OR

(II) THE LOCAL GOVERNMENT HAVING JURISDICTION DOES NOT REGULATE THE SITING OF OIL AND GAS LOCATIONS.

(3) The order establishing a drilling unit:

(a) IS SUBJECT TO SECTION 34-60-106 (2.5); AND

(b) May authorize one or more wells to be drilled and produced

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from the common source of supply on a drilling unit.

(6) (a) When two or more separately owned tracts are embraced within a drilling unit, or when there are separately owned interests in all or a part of the drilling unit, then persons owning ~~such~~ THE interests may pool their interests for the development and operation of the drilling unit.

(b) (I) In the absence of voluntary pooling, the commission, upon the application of ~~any interested person~~ A PERSON WHO OWNS, OR HAS SECURED THE CONSENT OF THE OWNERS OF, MORE THAN FORTY-FIVE PERCENT OF THE MINERAL INTERESTS TO BE POOLED, may enter an order pooling all interests in the drilling unit for the development and operation ~~thereof~~. Each ~~such~~ OF THE DRILLING UNIT. MINERAL INTERESTS THAT ARE OWNED BY A PERSON WHO CANNOT BE LOCATED THROUGH REASONABLE DILIGENCE ARE EXCLUDED FROM THE CALCULATION.

(II) THE pooling order shall be made after notice and A hearing and ~~shall~~ MUST be upon terms and conditions that are just and reasonable and that afford to the owner of each tract or interest in the drilling unit the opportunity to recover or receive, without unnecessary expense, ~~his~~ A just and equitable share.

(c) Operations incident to the drilling of a well upon any portion of a unit covered by a pooling order shall be deemed for all purposes to be the conduct of ~~such~~ operations upon each separately owned tract in the unit by the several owners ~~thereof~~ OF EACH SEPARATELY OWNED TRACT. That portion of the production allocated or applicable to each tract included in a unit covered by a pooling order shall, when produced, be deemed for all purposes to have been produced from ~~such~~ THE tract by a well drilled ~~thereon~~ ON IT.

(7) (a) Each pooling order must:

(II) Determine the interest of each owner in the unit and provide that each consenting owner is entitled to receive, subject to royalty or similar obligations, the share of the production from the wells applicable to the owner's interest in the wells and, unless the owner has agreed otherwise, a proportionate part of the nonconsenting owner's share of the production until costs are recovered and that each nonconsenting owner is entitled to own and to receive the share of the production applicable to the owner's

interest in the unit after the consenting owners have recovered the nonconsenting owner's share of the costs out of production; ~~and~~

(III) Specify that a nonconsenting owner is immune from liability for costs arising from spills, releases, damage, or injury resulting from oil and gas operations on the drilling unit; AND

(IV) PROHIBIT THE OPERATOR FROM USING THE SURFACE OWNED BY A NONCONSENTING OWNER WITHOUT PERMISSION FROM THE NONCONSENTING OWNER.

(c) (I) A nonconsenting owner of a tract in a drilling unit that is not subject to any lease or other contract for ~~the development thereof~~ for oil and gas DEVELOPMENT shall be deemed to have a landowner's proportionate royalty of:

(A) ~~twelve and one-half~~ FOR A GAS WELL, THIRTEEN percent until ~~such time as~~ the consenting owners recover, only out of the nonconsenting owner's proportionate ~~seven-eighths~~ EIGHTY-SEVEN-PERCENT share of production, the costs specified in subsection (7)(b) of this section; OR

(B) FOR AN OIL WELL, SIXTEEN PERCENT UNTIL THE CONSENTING OWNERS RECOVER, ONLY OUT OF THE NONCONSENTING OWNER'S PROPORTIONATE EIGHTY-FOUR-PERCENT SHARE OF PRODUCTION, THE COSTS SPECIFIED IN SUBSECTION (7)(b) OF THIS SECTION.

(II) After recovery of the costs, the nonconsenting owner then owns his or her full proportionate share of the wells, surface facilities, and production and then is liable for further costs as if the NONCONSENTING owner had originally agreed to drilling of the wells.

(d) (I) THE COMMISSION SHALL NOT ENTER an order pooling an unleased nonconsenting mineral owner ~~shall not be entered by the commission~~ under subsection (6) of this section over protest of the owner unless the commission has received evidence that the unleased mineral owner has been tendered, no less than sixty days before the hearing, a reasonable offer, MADE IN GOOD FAITH, to lease upon terms no less favorable than those currently prevailing in the area at the time application for the order is made and that ~~such~~ THE unleased mineral owner has been furnished in writing the owner's share of the estimated drilling and

completion cost of the wells, the location and objective depth of the wells, and the estimated spud date for the wells or range of time within which spudding is to occur. The offer must include a copy of or link to a brochure supplied by the commission that clearly and concisely describes the pooling procedures specified in this section and the mineral owner's options pursuant to those procedures.

SECTION 15. In Colorado Revised Statutes, 34-60-122, amend (1)(b) as follows:

34-60-122. Expenses - fund created. (1) (b) On and after July 1, 2014 2019, the commission shall ensure that the ~~two-year average of the~~ unobligated portion of the fund does not exceed ~~six million dollars~~ FIFTY PERCENT OF TOTAL APPROPRIATIONS FROM THE FUND FOR THE UPCOMING FISCAL YEAR and that there is an adequate balance in the ~~environmental response account created pursuant to subsection (5) of this section~~ FUND TO SUPPORT THE OPERATIONS OF THE COMMISSION AND to address environmental response needs.

SECTION 16. In Colorado Revised Statutes, 34-60-128, amend (3)(b); and **repeal** (4) as follows:

34-60-128. Habitat stewardship - rules. (3) In order to minimize adverse impacts to wildlife resources, the commission shall:

(b) Provide for commission consultation and consent of the affected surface owner, or the surface owner's appointed tenant, on permit-specific conditions for wildlife habitat protection THAT DIRECTLY IMPACT THE AFFECTED SURFACE OWNER'S PROPERTY OR USE OF THAT PROPERTY. Such PERMIT-SPECIFIC conditions FOR WILDLIFE HABITAT PROTECTION shall be discontinued when final reclamation has occurred. PERMIT-SPECIFIC CONDITIONS FOR WILDLIFE HABITAT PROTECTION THAT DO NOT DIRECTLY IMPACT THE AFFECTED SURFACE OWNER'S PROPERTY OR USE OF THAT PROPERTY, SUCH AS OFF-SITE COMPENSATORY MITIGATION REQUIREMENTS, DO NOT REQUIRE THE CONSENT OF THE SURFACE OWNER OR THE SURFACE OWNER'S APPOINTED TENANT.

(4) ~~Nothing in this section shall establish, alter, impair, or negate the authority of local and county governments to regulate land use related to oil and gas operations.~~

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SECTION 17. In Colorado Revised Statutes, **add** 34-60-131 as follows:

34-60-131. No land use preemption. LOCAL GOVERNMENTS AND STATE AGENCIES, INCLUDING THE COMMISSION AND AGENCIES LISTED IN SECTION 34-60-105 (1)(b), HAVE REGULATORY AUTHORITY OVER OIL AND GAS DEVELOPMENT, INCLUDING AS SPECIFIED IN SECTION 34-60-105 (1)(b). A LOCAL GOVERNMENT'S REGULATIONS MAY BE MORE PROTECTIVE OR STRICTER THAN STATE REQUIREMENTS.

SECTION 18. Appropriation. (1) For the 2019-20 state fiscal year, \$851,010 is appropriated to the department of natural resources. This appropriation consists of \$763,180 cash funds from the oil and gas conservation and environmental response fund created in section 34-60-122 (5)(a), C.R.S., and \$87,830 cash funds from the wildlife cash fund created in section 33-1-112 (1)(a), C.R.S. To implement this act, the department may use this appropriation as follows:

(a) \$535,508 from the oil and gas conservation and environmental response fund for use by the oil and gas conservation commission for program costs, which amount is based on an assumption that the oil and gas conservation commission will require an additional 5.0 FTE;

(b) \$83,930 from the wildlife cash fund for wildlife operations, which amount is based on an assumption that the division of parks and wildlife will require an additional 1.0 FTE;

(c) \$6,038, which consists of \$3,900 from the wildlife cash fund and \$2,138 from the oil and gas conservation and environmental response fund, for vehicle lease payments;

(d) \$39,000 from the oil and gas conservation and environmental response fund for leased space; and

(e) \$186,534 from the oil and gas conservation and environmental response fund for the purchase of legal services.


(2) For the 2019-20 state fiscal year, \$186,534 is appropriated to the department of law. This appropriation is from reappropriated funds received from the department of natural resources under subsection (1)(e) of this


section and is based on an assumption that the department of law will require an additional 1.0 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of natural resources.


SECTION 19. Applicability. This act applies to conduct occurring on or after the effective date of this act, including determinations of applications pending on the effective date.


SECTION 20. Safety clause. The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

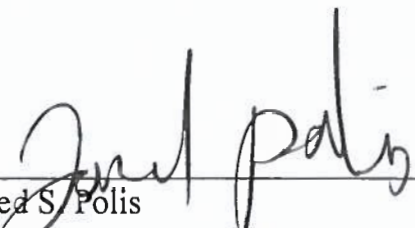

Leroy M. Garcia
PRESIDENT OF
THE SENATE


KC Becker
SPEAKER OF THE HOUSE
OF REPRESENTATIVES


Cindi L. Markwell
SECRETARY OF
THE SENATE


Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED April 16, 2019 at 4:08 p.m.
(Date and Time)


Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO

(D) Additional Information at Request of Director

The Director shall be authorized to request additional information for special events with potential impacts on public lands and rights-of-way.

11-3-6 Oil and Gas Operations

(a) Purpose

- (1) These regulations are enacted to provide for the safety, and preserve the health, safety and welfare of the present and future residents of the City.
- ~~(2) It is the City's intent by enacting these regulations to facilitate the development of oil and gas resources within the City while mitigating potential land use conflicts between such development and existing, as well as planned, land uses.~~
- ~~(3)~~(2) It is recognized that under Colorado law the surface and mineral estates are separate and distinct interests in land and that one may be severed from the other. Owners of subsurface mineral interests, including oil and gas, have certain legal rights and privileges, including the right to use that part of the surface estate reasonably required to extract and develop their subsurface mineral interests subject to compliance with the provisions of these regulations and any applicable statutory and regulatory requirements.
- ~~(4)~~(3) The State has a recognized interest in fostering the efficient development, production and utilization of oil and gas resources and in the prevention of waste and protection of the correlative rights of common owners and producers to a fair and equitable share of production profits. Similarly, owners of the surface estate have certain legal rights and privileges, including the right to have the mineral estate developed in a reasonable manner and to have adverse land use impacts upon their property, associated with the development of the mineral estate, mitigated through compliance with these regulations ~~so long as these regulations do not create an operational conflict with the State's authority to regulate oil and gas development.~~
- ~~(5)~~(4) Municipal governments have a recognized, traditional authority and responsibility to regulate land use within their jurisdiction through the Local Government Land Use Control Enabling Act, Article 20 of Title 29, C.R.S.; Part 3 of Article 23 of Title 31 (municipal zoning powers); C.R.S. § 31-15-103 (municipal police powers); C.R.S. § 31-15-401 (municipal police powers); and C.R.S. § 31-15-501 (municipal power to regulate businesses); and C.R.S. § 34-60-106 (oil and gas operators must receive local government approval for drilling permit); and C.R.S. § 34-60-131 (local government power to exceed state oil and gas regulations). ~~to the extent they do not create an operational conflict.~~ These regulations are intended as an exercise of this land use authority.
- ~~(6)~~(5) The City recognizes that this section does not supersede or preempt the subsurface or "downhole" regulations of the Colorado Oil and Gas Conservation Commission ("COGCC") ~~or any other state regulations,~~ nor is this section intended to conflict with them.
- ~~(7)~~(6) The City acknowledges the authority of the COGCC and the application of its rules to oil and gas drilling and production operations within the City's boundaries.
- ~~(8) The City further acknowledges that a Permit to Drill issued by the COGCC shall be binding with respect to any operationally conflicting requirement under this section.~~

(b) General Provisions

- (1) The provisions of this section shall apply to all oil and gas exploration and production operations proposed or existing ~~on or beneath property~~ within the City limits.
- (2) Legal nonconforming uses. Oil and gas facilities within City limits and operational prior to October 1, 2010, will be considered legal nonconforming uses.
- (3) Where provisions in this section are in conflict with other provisions of this Code or other applicable regulations, the more restrictive, or that provision which results in the higher standard, shall apply ~~unless the application of the Code results in an operational conflict with the State regulation of oil and gas development.~~

~~(4) Exceptions to provisions of this section which are of purely local concern may be granted by the City Council as part of the approval process of the oil and gas permit only if the applicant demonstrates that the exception or waiver is necessary to prevent waste or protect correlative rights and can provide adequate mitigation measures for the standards waived.~~

~~(5)~~(4) An oil and gas permit shall become null and void three years after approval of the oil and gas permit if oil and gas development at the site for which the permit was issued does not commence.

(c) Oil and Gas Permit Required

(1) New Oil and Gas Facilities

- (A)** It shall be unlawful for any person to drill a new well, construct a new facility or install new accessory equipment or structure within the corporate limits of the City unless an oil and gas permit has been obtained pursuant to this section. A separate oil and gas permit shall be required for each well or production facility that has not been previously permitted under this section except as outlined in 11-3-6(c)(1)(D) and 11-3-6(c)(2) below.
- (B)** If more than one well or production facility is proposed at the same time, the applicant may submit one application for multiple wells and facilities; however, a separate fee shall be required for each drill pad site included in the application. The City will issue a multiple oil and gas operations permit that notes the name and location of each well or production facility.
- (C)** Any such permit issued pursuant to this section shall encompass within its authorization the right for the operator, his or her agent, employee, subcontractor or independent contractor or any other persons to perform that work necessary in the drilling, completion or maintenance operations.
- (D)** For the purpose of this section, the installation of tanks, heaters, separators and other accessory equipment shall be construed as extensions to oil and gas wells and shall accordingly be subject to the same applications, review, permit, regulations, and standards. The application for these accessories when intended to be installed at the same time as the oil or gas well may be merged with an application for an oil or gas permit and shall not require an additional permit fee.

(2) Modification to Existing Well Sites

- (A)** When a well or well site is existing with an approved oil and gas permit use, any twinning, deepening or recompleting of a well and relocation of accessory equipment or gathering lines and transmission lines does not require a new permit so long as all applicable regulations of this jurisdiction and the State are met, and the operator shall submit a revised site and Operating Plans to the City depicting any changes from the approved oil and gas permit. This is an administrative approval and does not require any additional public hearings. Upon receipt of the amended site plan and Operating Plan, the City shall issue an existing use site plan order as provided in Subsection 11-3-6(f) of this section.
- (B)** If any changes are made to a legal nonconforming well or a well to which an existing use site plan order has been issued, i.e.: twinning, deepening or recompleting of a well, or relocation of accessory equipment or gathering lines and transmission lines occurs, the operator shall apply for an oil and gas permit. By enactment of this section, the City hereby approves any well, equipment or facility drilled or constructed prior to the enactment of this section that occurred prior to annexation of additional acreage within the City.
- (C)** When an oil and gas permit has been granted for a well, reentry of such well for purposes of sidetracking, deepening, recompleting, reworking, activating or converting the well shall not require a separate oil and gas permit.
- (D)** The oil and gas permit is limited to the facilities as shown in the approved plan. To the extent the applicant desires, after initial completion of a well, to place additional equipment on a tank battery or wellhead location which was not shown in the approved plan, the applicant must, except in a situation where additional temporary equipment is necessary for a period of 14 days or less, submit a revised site and Operating Plans to the City depicting any changes from the approved oil and gas permit. In the event that the staff concludes that the proposed change will not cause additional adverse impacts to public health, safety or welfare or the environment, the change can be accomplished administratively. Upon receipt of the amended site plan and Operating Plan, the City shall issue an existing use site plan order as provided in this

~~Section. In the event the staff concludes the proposed change would cause an additional adverse impact to public health, safety, welfare or the environment, the proposed change will trigger new notice and require a new oil and gas permitting process. notify the City of installation of such additional equipment by letter and include a site plan showing the location of the new equipment. A new oil and gas permit is not required.~~

(3) Terms and Conditions of the Oil and Gas Permit

- (A) The term of the oil and gas permit shall be coterminous with the state well permit issued by the COGCC. ~~However, Any-an~~ extension of the permit granted by the COGCC ~~will not shall~~ result in an automatic extension of the term of the City-issued oil and gas permit. ~~equal to the extension granted by the COGCC. A permit shall not be required for seismic surveys, unless the drilling of a seismic (shot hole), core or other exploratory hole is involved.~~
- (B) The oil and gas permit shall automatically expire with the abandonment and reclamation of the associated well.
- (C) The granting of an oil and gas permit shall not relieve the operator or owner of a well, production facility, pipeline or gathering line from otherwise complying with all applicable regulatory requirements of the City, the State or the United States.
- (D) Within 30 days after the well is completed and equipped, the applicant shall provide to the City as-built drawings showing all facilities, pipelines, flow lines and gathering lines which the applicant has placed on the land subject to this permit. These as-built drawings shall be the same as submitted to the COGCC.
- (E) The oil and gas permit and/or existing use site plan order required by this section is in addition to any permit which may be required by any other provision of this Code or by any other governmental agency.
- (F) By acceptance of any oil and gas permit and/or an existing use site plan order issued pursuant to this section, the operator or owner of any well, production facility, pipeline or gathering line expressly stipulates and agrees to be bound by and comply with the provisions of this section, and any subsequent amendments shall be deemed to be incorporated. The terms of this section shall be deemed to be incorporated in any oil and gas permit or existing use site plan issued pursuant to this section with the same force and effect as if this section was set forth verbatim in such oil and gas permit or existing use site plan.

(d) Oil and Gas Permit for a New Oil and Gas Operation - Application Submittal Requirements and Filing Fees

(1) Initial Application Form and Authorization

Every application for an oil and gas permit issued pursuant to this section shall be in writing on a form supplied by the City, signed by the operator, or some person duly authorized to sign on his or her behalf, and filed with the Department of Planning and Development. If no form is available, Operator may file in its own format the information following that shall be submitted:

- (A) The operator's name and address and, if the operator is a corporation, the state of incorporation and, if the operator is a partnership, the names and addresses of the general partners.
- (B) The name, address, telephone number, fax number and e-mail address of the individual designated by the operator to receive notices.
- (C) The aliquot legal description of the property to be used for the oil/gas operation and the assessor's parcel number for the property. Property recorded by plat shall also be identified by subdivision name and block and lot numbers.
- (D) The well name.
- (E) The mineral lessee's name and address.
- (F) The name and address of the representative with supervisory authority over the oil and gas operation site activities and a 24-hour emergency phone number.
- (G) The name and address of the surface owner or owners.
- (H) The name, address and telephone number of the person or firm designated by the operator to file the oil and gas permit application and prepare the site plan and related exhibits.

(2) ~~Fee and Signed Reimbursement Agreement~~ Financial Contributions and Assurances

Every applicant shall provide the following fees or financial assurances:

(A) Application Fee

Every application shall include a required fee in the amount of \$10,000.00.

(B) Cost Reimbursement Agreement

~~In addition, the~~ Every applicant shall submit a signed cost reimbursement agreement provided by the City, but such reimbursement agreement shall only apply to the use by the City of outside consultants to review the application, if necessary. The application fee and required cost reimbursement agreement must be received by the Department of Planning and Development in order to process the application.

(C) Insurance

Prior to commencement of any work, the Operator will provide liability and insurance under the conditions, and in the amounts, necessary to protect against the risks and liabilities associated with the proposed activity.

(D) Financial Assurance

Prior to the commencement of any work, including well pad construction at any permitted Well Site, Operator will provide the City with a single surety applicable for all Well Sites in the form of a letter of credit or bond in the amount of three-million dollars (\$3,000,000.00) to insure the immediate availability of finances for any costs incurred by the City following a Financial Setback of the Operator.

- (i) Financial Setback shall be defined as the Operator filing for protection under the bankruptcy laws, making an assignment for the benefit of creditors, appointing or suffering appointment of a receiver or trustee over its property, filing a petition under any bankruptcy or insolvency act or having any such petition filed against it which is not discharged within ninety (90) days of the filing thereof.
- (ii) Operator shall notify the City of the existence of a Financial Setback with five (5) business days of the Financial Setback.
- (iii) The letter of credit or bond shall remain in effect until all drilling operations at all New Wells have been completed, and all Well Sites for which work has commenced are in the production phase, without exception.
- (iv) Upon the occurrence of a Financial Setback, the City may call upon the surety effective immediately upon written notice to the Operator for the purpose associated with the need to secure Well Sites, associated Well Site lands and infrastructure or as a demonstrated need to protect the public welfare and safety.
- (v) This financial assurance provision in a form accepted by the City is not a substitute for any bonding required by the state regulatory agencies for plugging and abandoning wells.
- (vi) The Operator shall comply with all state regulatory agencies bonding requirements.
- (vii) The bond or letter of credit shall be released within ten (10) business days of Operator's written request following completion of the last Well Site and the wells have been turned to production.

(E) Inspection Fees

Operator shall reimburse the City for all inspection costs reasonably incurred to inspect the Well Sites to determine compliance with this Agreement and any OGP. Such fees shall include actual costs incurred by the City, including employee time, employee supervision, necessary equipment rental, and overhead. Where a well is plugged and abandoned, no fees will be imposed thereafter.

(F) Road Improvements and Maintenance Agreement

Operator must sign an agreement to pay for ongoing road repair and maintenance costs attributable to its operations. The City will conduct periodic impact assessments with the Operator to determine the extent of any damage accruing to the road caused by the Operator's activities. Operator may conduct baseline road condition assessments with a third-party contractor to define existing road conditions. Operator will pay the City for the cost of the actual repairs for the assessed damage or else arrange and pay the cost of such repairs itself with a contractor acceptable to the City.

(3) Substantive Application

Upon having submitted the materials and fee required in 11-3-6(d)(1) and 11-3-6(d)(2) above, an application for an oil and gas pursuant to this section shall be filed with the Department of Planning and Development and shall include the following information:

(A) Site Plan

The site plan shall be submitted on one or more plats or maps, at a scale not less than one inch to 50 feet, showing the following information:

- (i) A site plan of the proposed operation showing the location of all improvements and equipment, including the location of the proposed wells and other facilities, and including but not limited to pumps, motors, electrical power lines, tanks, flowlines, gathering lines, compressors, separators and storage sheds. All existing tank batteries and transmission and gathering lines within 660 feet of the well site shall also be shown.
- (ii) The location of layout, including, without limitation, the position of the drilling equipment and related facilities and structures, if applicable.
- (iii) The location and description of all existing improvements and structures within 1,000 feet of the well, as well as proof that the new well or production facility meets all applicable setback requirements from any building unit as defined by the COGCC.
- (iv) Existing utility easements and other rights-of-way of record, if any, within a radius of 660 feet of the proposed well.
- (v) The location of existing irrigation or drainage ditches within 1,000 feet of the well site or production site, if any.
- (vi) The applicant's drainage and erosion control plans for the well site or production site, if applicable. The applicant may submit the ~~best management~~ plan required by COGCC to meet this requirement.
- (vii) Location of access roads in accordance with the provisions of Section 11-3-6(l) of this section.
- (viii) The location of existing oil and gas wells as reflected in COGCC records within a 1,000 foot radius of the proposed location for the well and existing lease boundaries.
- (ix) The names of abutting subdivisions or the names of owners of abutting, unplatted property within 300 feet of the proposed of the well site or production site.
- (x) The date the site plan was prepared and any revision numbers to the site plan, when applicable.
- (xi) The location of existing wildlife and nature areas within 1,000 feet of the well site or production site, if any.
- (xii) The location of the well site or production site in relation to existing lease boundaries.
- (xiii) A true north arrow.

(B) ~~Transportation Routes~~Traffic Control Plan

Operator shall prepare a plan showing public and private roads that traverse and/or provide access to the proposed operation and a plan showing the estimated number of vehicle trips per day for each type of vehicle, proposed transportation routes to and from the site, and measures to mitigate adverse impacts to traffic patterns and safety caused by the proposed operation.

- (i) ~~A~~The map showing all proposed transportation routes for access to and from the well site shall include those routes used for construction equipment and well drilling, completion and reworking equipment from the well/production site to the to the corporate limits of the City.
- (ii) All transportation routes which access the state highway system shall be required to obtain necessary CDOT access permits.
- ~~(ii)~~(iii) A vendor selected by Operator from a list of vendors that is pre-approved by the City shall prepare a Traffic Impact Study which shall clearly identify and distinguish impacts to City roads and bridges related to Facility construction, operations and ongoing new traffic generation. Traffic impact studies shall be prepared in accordance with City standards and requirements or other guidelines found in Applicable Code. The study shall include a traffic mitigation plan addressing transportation impacts that will typically include, but not be limited to, a plan for traffic control, the receipt of all necessary permits,

ongoing roadway maintenance and improving or reconstructing City roads, including providing financial assurance.

(C) Written Narrative

- (i) A title block or heading containing the operator's and surface owner's names and addresses, the well name and the legal description of the well/production site location.
- (ii) Copies of the approved or submitted COGCC forms 1A, and 2 or 2A or 10, as applicable. If the applicant has not received approval from COGCC, the City shall process the application conditioned on proof of an approved COGCC permit.
- (iii) An ~~O~~perating ~~P~~lan.
- (iv) A copy of the surface use agreement or acknowledgement, including reception number, that a surface use agreement has been recorded with the applicable County Clerk and Recorder's Office. If no surface use has been executed, applicant shall provide verification that efforts to enter into such an agreement have occurred, and/or provide the City evidence (which may include evidence of lease or posting of bond) of its rights to proceed with oil and gas operations absent an executed surface use agreement.
- (v) A list of all permits or approvals obtained or yet to be obtained from local, state or federal agencies, including any exceptions or variances that are required, other than the COGCC.
- (vi) An emergency response plan that is mutually acceptable to the operator and the appropriate fire protection district and the Police Department that includes a list of local telephone numbers of public and private entities and individuals to be notified in the event of an emergency, the location of the well and provisions for access by emergency response entities.
- (vii) A fire protection plan that is mutually acceptable to the operator and the appropriate fire protection district that includes planned actions for possible emergency events and any other pertinent information.
- (viii) A plan for weed control at the well site.
- (ix) A sanitary facilities plan that complies with COGCC regulations.
- ~~(x) Verification of ownership of the mineral interest.~~
- (xi) Nuisance Prevention Plan. Operator shall prepare a plan to manage noise, light and odor to prevent nuisance. Noise and odors shall be kept at or below the levels that would constitute a nuisance. The plan must include a baseline noise study as well as noise modeling of equipment proposed for the site for drilling and completions.
- (xii) Electrification Plan. Operator shall identify all sources of electricity that will be brought to or used at the Well Site during all phases, including drilling, completion and production.
- (xiii) Air Quality Mitigation Plan. Operator shall prepare an Air Quality Mitigation Plan which includes baseline air quality testing and a modeling assessment of air quality impacts of a related project per BMP 1C(iii) and a plan and schedule to maintain air quality, including a plan to minimize VOC emissions in compliance with the BMPs.
- (xiv) Waste Management Plan. Operator shall prepare a Waste Management Plan that identifies the projected waste from the site and plans for disposal of such waste.
- (xv) Hazardous Materials Management Plan. Operator shall prepare a Hazardous Materials Management Plan that identifies all hazardous materials that will be brought on site, how they will be transported and used, and measures to prevent any release of those materials.
- (xvi) Water Quality Monitoring Plan. Operator shall prepare a plan that describes the steps it will take to provide water quality monitoring to demonstrate no water quality degradation of surface or ground water.
- (xvii) Spill Prevention, Control, and Countermeasure Plan. Operator shall prepare a plan which describes spill prevention and mitigation practices.
- (xviii) Stormwater Pollution Prevention and Erosion Control Plan. Operator shall prepare a plan to minimize impacts to surface waters from erosion, sediment, and other sources of non-point pollution. The stormwater control plan required by COGCC Rule 1002(f) may be provided to establish compliance with this provision.

- (xix) Interim Reclamation Plan. Operator shall prepare a plan, including a written description of the species, character and density of existing vegetation on the Well Site, a summary of the potential impacts to vegetation as a result of the proposed oil and gas operations, and proposed replanting and mitigation to address these impacts. The plan shall include any COGCC required interim reclamation procedures and shall include the means by which vegetation will be watered and maintained.
- (xx) Dust Mitigation Plan. Operator shall prepare a plan to control dust in an effort to minimize visible dust emissions from roadways or from completion operations.
- (xxi) Wetlands Protection Plan. Operator shall prepare a plan, if applicable, demonstrating the oil and gas operations shall, to the maximum extent practicable, avoid causing degradation to wetlands within the City.
- (xxii) Floodplains and Floodways. Oil and Gas Facilities are prohibited in the floodway. A Floodplain Permit is required if any Operations are within the floodplain.
- (xxiii) Visual Mitigation Plan. Operator shall prepare a plan that will consider fencing materials, berming, and use of existing vegetation and natural contours to the maximum extent practicable. The visual mitigation plan shall require photographic simulations.
- (xxiv) Landscaping Plan. Operator shall prepare a plan that shall be coordinated with the City and the surface owner and, depending on access to water, may be staged to accommodate surface development. Landscaping plans should use drought tolerant species that are native and less desirable to wildlife and suitable for the climate and soil conditions of the area. An irrigation plan may be required where buffering is accomplished with vegetation.
- ~~(xxv)~~ Site Security Plan. Operator shall prepare a plan for each Well Site. Each plan for a Well Site shall be reviewed by Operator on a yearly basis and will be updated, as necessary. The City may request a review and update of the plan, at its sole discretion.

(e) Oil and Gas Permit Process for New Oil and Gas Operations

- (1) The process for issuing an oil and gas permit shall include the following steps. Where terms of this Section conflict with other standards in Article 3: *Use Regulations*, the provisions of this section shall apply.
- (A) Step 1: Pre-Application Conference**
The applicant shall attend a pre-application conference with a representative from the City. The purpose of the meeting is to discuss the oil and gas permit submittal requirements and review process. City staff will review the list of Best Management Practices that may be required to reduce or eliminate impacts to public health, safety, welfare or the environment. The staff also have discretion to require an Alternative Locations Analysis that must be completed prior to submittal of an application for an oil and gas permit.
- (B) Step 2: Application Submittal**
The applicant shall comply with the submittal requirements of subsection 11-3-6(e).
- (C) Step 3: Staff Review for Completeness**
Within a reasonable period of time, ~~not to exceed 10 business days,~~ City staff shall either certify that the application is complete and in compliance with all submittal requirements or reject it as incomplete and notify the applicant of any deficiencies. The applicant shall then correct any deficiencies in the application package, if necessary, and resubmit the required number of copies of the amended application to the City. This is not a substantive review of the application submitted.
- (D) Step 4: Referral Agencies Notified**
Upon receipt of a completed application, the City shall forward the application to the appropriate referral agencies. The referral information shall include the time and place of the public hearing, the nature of the hearing, the location of the subject property and the applicant's name. At minimum, the application shall be referred to the Police Department and the Fire District. Referral agencies shall be provided 30 days to respond with any comments. After such 30 day period, the City may proceed on the Application whether or not the City has received comments from the notified referral agencies.

(E) Step 5: Staff Review and Comments

City staff shall review the Application for compliance with this section and all other applicable federal, state and City regulations and standards. A summary of this review, including referral comments, and proposed conditions or approval, shall be sent to the Applicant.

(F) Step 6: Applicant Response

The applicant shall address all of the City staff comments and any referral agency comments, then submit the following to the City:

- (i) Written correspondence explaining how all of the comments have been addressed; and
- (ii) Revised maps and other documents, as necessary.

(G) Step 7: Public Hearing Scheduled and Notification Process.

The City shall:

- (i) Publish notice of the public hearing for the oil and gas permit in a newspaper of general circulation in the City at least 15 days before the scheduled hearing date.
- (ii) Posting of notice. Notice of the hearing shall be posted by the City on each street adjoining the property involved for a period of at least 15 continuous days prior to the date of the hearing. An affidavit of posting signed by a representative of the City shall constitute prima facie evidence of fulfillment of the required posting. The expense of such posting and affidavit shall be paid by the applicant. The sign shall be professionally made or hand-stenciled with dimensions as shown; enamel or weatherproofed painted letters; white background on sturdy backing; minimum size as shown below; on two posts as shown below; and six feet from the edge of the street pavement.

(H) Step 8: Final Staff Review and Report to Planning Commission

(i) City staff will complete a final review of the resubmitted materials and then prepare a report to the Planning Commission explaining how the application is or is not consistent with the review criteria and applicable City ordinances, regulations and standards.

(ii) Conditions of approval. Staff may propose a list of conditions of approval, including requiring the use of Best Management Practices, to reduce or eliminate impacts to public health, safety, welfare, or the environment. The list of current Best Management Practices will be maintained on the City's website. In proposing conditions of approval from such Best Management Practices or other sources, the staff shall consider the following factors, among other considerations:

- a. Site-specific factors of the proposed new oil and gas location;
- b. The extent the Best Management Practices can be used to prevent significant degradation of the health, safety, and welfare of area residents and the City of Northglenn.
- c. The extent to which conditions of approval will promote the use of existing facilities and reduction of new surface disturbance;
- d. The extent to which legally accessible and technologically feasible alternative sites exist for the proposed new oil and gas location; and
- a.—The extent to which the proposed oil and gas location is within land used for residential, industrial, commercial, agricultural, or other purposes.

(I) Step 9: Review by Planning Commission

(i) Criteria for Review

At a public hearing, the Planning Commission shall review the application for the oil and gas permit for compliance with the following criteria:

- a. The requirements of subsections 11-3-6(d)(1) and 11-3-6(d)(2) above are met.
- b. The site plan for the well site complies with the requirements of subsection 11-3-6(d)(3)(A).
- c. The requirements of subsection 11-3-6(d)(3)(B) are met.

- d. The written narrative complies with the requirements of subsection 11-3-6(d)(3)(C).
- e. When applicable, the application complies with the ~~provisions for geologic hazards, floodplains or floodways~~ location restrictions provided in subsection 11-3-6(p).
- f. When applicable, the application complies with the provisions for wildlife mitigation procedures provided in subsection 11-3-6(q). The proposal will be compatible with adjacent land uses.
 - 1. Compatibility with the surrounding area;
 - 2. Harmony with the character of the neighborhood;
 - 3. Need for the proposed use;
 - 4. Effect of the use on the immediate area;
 - 5. Effect of the use on future development of the area; and
 - 6. Conformance with the City of Northglenn Comprehensive Plan; and
 - 7. If the property is in an urban renewal area at the time of the application, consistency with any adopted Urban Renewal Plan.
- ~~f.g.~~ The proposed use will not significantly degrade the environment or public health, safety and welfare.

(ii) ~~Conditions of Approval~~ Planning Commission Recommendation

The Planning Commission may recommend to approve, deny, or conditionally approve the application. ~~as a~~ Conditions of approval of an oil and gas permit ~~may include~~, any conditions necessary to improve or modify the site plan; any conditions necessary to ensure that any negative impacts of the proposed oil and gas operation are eliminated or mitigated; or may impose conditions related to the surface use ~~so long as said conditions do not create an operational conflict with the State's authority to regulate oil and gas development.~~ The Planning Commission shall cause its recommendations to be forwarded to the City Council.

(J) Step 10: Review by the City Council

- (i) A public hearing on the requested oil and gas permit shall be held by the City Council at a regular or special meeting of the Council. Notice of the public hearing shall be published by posting and by publication one time in a newspaper of general circulation in the City not less than 15 days before the date of the hearing. Notice shall be given to the property owners abutting the property or within 300 feet of the property, and to the City's service providers, the County, special districts and referral agencies as deemed appropriate by the City. Said notice shall be given by first-class mail not less than 15 days before the date of the hearing.
- (ii) The City Council shall consider evidence presented in the application and at the public hearing which establishes compliance consistent with Section 11-3-6(e)(1)(I) above and any recommendations of the Planning Commission, if applicable. Following the conclusion of the public hearing, the City Council shall by written resolution render its decision to approve, deny or conditionally approve the application, or it may take the matter under advisement until an announced date certain, not to exceed 15 days from the date of the hearing, at which time it shall render its decision by written resolution. The written resolution shall be prepared by the City Attorney and shall set forth the findings of the City Council.
- ~~(iii) In the event that an application is granted with conditions, the applicant may, within 15 days of the City Council's decision, request a rehearing by petitioning for the same to the City Clerk. The purpose of the rehearing is to afford the applicant the opportunity to demonstrate that removal or modification of one or more of the conditions is necessary to prevent waste or protect owners of correlative rights in a common source to a fair share of production profits or that the decision is otherwise inconsistent with state laws and regulations. Following the conclusion of the rehearing, the City Council may by written resolution render its decision on the application, or it may take the matter under advisement until an announced date certain, not to exceed 15 days from the date of the rehearing, at which time it shall render its decision by written resolution. The written resolution shall be prepared by the City Attorney,~~

~~shall set forth the findings of the City Council and shall confirm, modify or repeal the conditions contested by the applicant.~~

~~(iv)~~(iii) For the purposes of judicial review, the City Council's final action or decision on an application shall be deemed to have been made as of the date upon which the City Council executes the written resolution, which shall constitute the final decision of the City Council.

(f) Existing Use Site Plan Order for Pre-Existing Wells

Within 21 days following enactment of this section, an existing use site plan order shall be issued administratively by the City.

(g) Oil and Gas Permit Order

Prior to commencement of operations for which an oil and gas permit has been approved, an oil and gas permit order shall be obtained from the City. The City shall issue the oil and gas permit order within a reasonable time upon receipt of the following:

- (1) A copy of the resolution of the City Council approving an oil and gas permit;
- (2) Proof of compliance with any conditions placed in the resolution of the City Council approving an oil and gas permit;
- (3) A copy of the approved site plan;
- (4) A copy of an approved oversize or overweight vehicle or load permit issued by the City pursuant to subsection 11-3-6(m), if applicable;
- (5) Copies of any necessary state or federal permits issued for the operation if not previously submitted; and
- (6) Copies of all COGCC permits.

(h) Contact Information

The intent of this section is to ensure that the City has the correct contact information in case of an emergency, code violation or security concern.

(1) Service of Notice

As required by the COGCC, every operator shall designate an agent who is a resident of the State upon whom all orders and notices provided in this section may be served and shall specify in writing a mailing address for such agent. Every operator so designating such agent shall, within 10 calendar days, notify the City in writing, of any change in such agent or such mailing address unless operations in the City are discontinued. The City may serve any notice provided in this section upon the operator by mailing the same, postage prepaid, to the operator's designated agent at his or her designated address. Service shall be complete upon such mailing. The operator shall give the City written notice of any change in the designated agent or their contact information.

(2) Transfer of Operator or New Operator

As required by COGCC, the operator shall notify the City, in writing, of any sale, assignment, transfer, conveyance or exchange by said operator of a well's property and equipment within 10 calendar days after such sale, assignment, transfer, conveyance or exchange. The notice shall provide a map indicating the location of the properties and equipment involved in the transaction.

(i) Emergency Inspections and Emergency Response

The applicant for an oil and gas permit or existing use site plan order shall provide the telephone number of a contact person who may be reached 24 hours a day for purposes of being notified of any proposed City emergency inspection under this Section. Any site for which an oil and gas permit or existing use site plan order has been granted may be inspected by the City at any time, to ensure compliance with the requirements of the approved oil and gas permit or existing use site plan order or to address any emergencies that may arise. By accepting an approved oil and gas permit or existing use site plan order, the applicant grants its consent to such emergency inspections. The

operator shall reimburse the City or the applicable fire district for any emergency response costs incurred by the City or the fire district in connection with activity at the well site or production site, except that the operator shall not be required to pay for emergency response costs where the response was precipitated by the mistake of the City.

(j) Building Permits

In addition to any other requirements of this section, building permits must be obtained for all aboveground structures to which the applicable City Building Codes apply.

(k) Use Tax

All operators must conform to applicable provisions of this Code relating to taxation, if any.

(l) Access Roads

All private roads used to provide access to the tank batteries or the well site shall be improved and maintained according to the following standards so long as such standards are consistent with the surface owner's requests or the terms of a private Surface Use Agreement with the surface owner, and does not damage adjacent properties:

(1) Oil and Gas Facility Access Roads

Access roads to facilities shall conform to the following minimum standards:

- (A)** A graded gravel roadway having a prepared subgrade and an aggregate base course surface a minimum of six inches thick, compacted to a minimum density of 95 percent of the maximum density as determined in accordance with generally accepted engineering sampling and testing procedures. The aggregate material, at a minimum, shall meet the requirements for Class 3, aggregate base course as specified for aggregate base course materials in the Colorado Department of Transportation's Standard Specifications for Road and Bridge Construction, latest edition.
- (B)** Graded so as to provide drainage from the roadway surface and constructed to allow for cross-drainage of waterways (such as roadside swales, gulches, rivers, creeks and the like) by means of an adequate culvert pipe. Adequacy of the pipe is subject to approval of the City Engineer.
- (C)** Maintained so as to provide a passable roadway free of ruts and dust at all times.
- (D)** The access roadway intersecting a municipal street or roadway shall be hard-surfaced at least from the municipal street to the right-of-way line. Vehicles using the access roadway shall not track mud or other debris onto municipal streets from the access road.

(2) Wellhead Access Roads

Access roads to wellheads shall conform to the following minimum standards:

- (A)** A graded dirt roadway compacted to a minimum density of 95 percent of the maximum density as determined in accordance with generally accepted engineering sampling and testing procedures and approved by the City.
 - (B)** Graded so as to provide drainage from the roadway surface and constructed to allow for cross-drainage of waterways by means of an adequate culvert pipe. Adequacy of the pipe shall be subject to approval by the City.
 - (C)** Maintained so as to provide a passable roadway free of ruts and dust at all times.
 - (D)** An access roadway intersecting a municipal street or roadway shall be hard-surfaced at least from the municipal street to the right-of-way line. Vehicles using the access roadway shall not track mud or other debris onto municipal streets from the access road.
-

(m) Oversize or Overweight Vehicle or Load Permit

An oversize or overweight vehicle or load permit shall be required for all oversize or overweight vehicles or loads as defined in Sections 42-4-501 through 42-4-511, C.R.S., which use City streets. Said permit, if required, shall be obtained from the City prior to such use. The applicant shall comply with all City and state regulations regarding

weight limitations on streets within the City, and the applicant shall minimize oversize or overweight vehicle traffic on streets within the City.

(n) Fencing Requirements

At the time of initial installation, or upon the issuance of an existing use site plan order, fencing is required for all pumps, wellheads and production facilities that are within an approved subdivision or within 1,000 feet of an existing public road or existing structure or if a well site falls within a high-density area as defined by the COGCC. All pumps, pits, wellheads and production facilities shall be adequately fenced to restrict access by unauthorized persons. For security purposes, all such facilities and equipment used in the operation of a completed well shall be surrounded by a fence six feet in height, and so long as the material is noncombustible and allows for adequate ventilation, the gates shall be locked. The following specific standards shall apply to all oil and gas wells and production facilities. Fence enclosures shall be constructed of materials suited for the given location and operations that are fiscally, technologically, and operationally feasible, and compatible with the surrounding land uses, but which shall not include solid masonry walls. All fences walls shall be equipped with at least one gate. The gate shall meet the following specifications:

- (1) The gates shall be of chain-link construction that meets the applicable specifications or of other approved material that, for safety reasons, shall be at least as secure as a chain-link fence;
- (2) The gates shall be provided with a combination catch and locking attachment device for a padlock and shall be kept locked except when being used for access to the site; and
- (3) The operator must provide the fire protection district with a "Knox Padlock" or "Knox Box with a key" to access the well site, to be used only in case of an emergency.

(o) Compliance with State Environmental and Noise Requirements

The approval of an oil and gas permit shall not relieve the operator from complying with all current applicable state and federal regulations and standards concerning air quality, water quality and waste disposal. State law and regulations concerning noise abatement (Title 25, Article 12, C.R.S. and COGCC, Series 800 Rules, as the same may be amended from time to time) shall apply to all operations, together with applicable local government ordinance, rules and regulations.

(p) ~~Geologic Hazard, Floodplain, and Floodway~~ Location Restrictions

(1) Oil and gas facilities proposed in non-residential zoning districts of Industrial (IN), Public Facilities (PF), or Agricultural (AG) shall comply with minimum state setbacks from Building Units and High-Occupancy Building Units. Oil and gas facilities proposed in any other zoning districts shall be at least 1,000 feet from the property line of any existing or platted residences, schools, Future School Facilities, state licensed daycares, or occupied buildings.

~~(1)~~(2) Violation of any federal, state or local laws or regulations shall be a violation of this section.

~~(2)~~(3) The well and tank battery shall comply with all applicable federal, state and local laws and regulations when located in a floodway or a 100 year floodplain area.

~~(3)~~(4) All equipment at production sites located within a one-hundred-year floodplain shall be anchored as necessary to prevent flotation, lateral movement or collapse or shall be surrounded by a berm with a top elevation at least one foot above the level of a 100-year flood.

~~(4)~~(5) Any activity or equipment at any well site within a 100-year floodplain shall comply with applicable City Floodplain Regulations and the Federal Emergency Management Act and shall not endanger the eligibility of residents of the City to obtain federal flood insurance.

(q) Wildlife Impact Mitigation

(1) Wildlife

When a well site or production site is located within or adjacent to a wildlife or natural area, the applicant shall consult with the Colorado Division of Wildlife to obtain recommendations for appropriate site specific and cumulative impact mitigation procedures as required by the COGCC. The operator shall implement such mitigation procedures as are recommended by the Colorado Division of Wildlife after consultation with the City. The operator shall file a mitigation plan with the City.

(2) Endangered Species

The operator shall not engage in activities which, in the opinion of the Colorado Division of Wildlife, threaten endangered species.

(r) Violation and Enforcement

(1) Unlawful to Construct or Install Unapproved Oil and Gas Facilities

(A) Except as otherwise provided in this section, it is unlawful to construct, install or cause to be constructed or installed any oil and gas well or production facility within the City unless approval of an oil and gas permit has been granted by the City Council. The unlawful drilling or redrilling of any well or the production therefrom is a violation of this section.

(B) It is unlawful to fail to obtain an oil and gas permit or existing use site plan order where one is required pursuant to this section.

(C) Unlawful to provide false, misleading, deceptive or inaccurate information and/or documentation in an application for an oil and gas permit or existing use site plan order. Except as otherwise provided in this section, it is unlawful for the applicant to provide information and/or documentation upon which the approval of an oil and gas permit was based, which the applicant, its agents, servants or employees knew or reasonably should have known was materially false, misleading, deceptive or inaccurate.

(2) Penalty

Any person convicted of a violation of any of the acts enumerated in Subsections (a), (b) and (c) above, or who commits any act or omission in violation of any provision of this section, or of the conditions and requirements of the oil and gas permit, may be punished as provided in Section 1-1-10(a)(2) of this Code. Each day of such unlawful operation constitutes a separate violation.

(3) Civil Action

In case any well, production facility, building or structure is or is proposed to be erected, constructed, reconstructed, maintained, altered or used, or any land is, or is proposed to be, used in violation of any provision of this section or the conditions and requirements of the oil and gas permit or any existing use site plan order, the City Attorney, in addition to the other remedies provided by law, ordinance or resolution, may institute an injunction, mandamus, abatement or other appropriate action or proceeding to prevent, enjoin, abate or remove such unlawful erection, construction, reconstruction, maintenance, alteration or use.

(4) Recovery of Fees

Should the City prevail in any action for legal or equitable relief for a violation of the provisions of this section, in addition to any other penalties or remedies which may be available, the City shall be entitled to recover any damages, costs of action, expert witness fees, and reasonable attorneys' fees incurred.

Outdoor Storage, Accessory

The incidental keeping of goods, materials, equipment, or personal property of any nature that are not kept in a structure having at least four walls and a roof. Automotive sales and leasing display and parking shall not be defined as outside storage.

Outdoor Sales and Display

The outdoor sale and display area of retail goods, produce, handcrafts, and the like conducted on the same lot or parcel as the primary business with which such activities are associated. This use does not include mobile food vending.

Sale of Produce and Plants Raised on Premises

The incidental on-site sale of feed, grain, fruits, flowers, vegetables, ornamental plants, or similar goods.

(g) Temporary Uses

Temporary uses are uses that occur for a specified time period only. Such uses shall not include the frequent occurrence of an activity at short intervals or events repeated on a regular basis, such as every weekend or every other weekend.

Construction Support Activity

A temporary construction yard, building, or structure located on the same lot as the construction site it serves until the given construction work is completed. This use does not include concrete or asphalt batching plants.

Farmer's Market or Open Air Market

The seasonal selling or offering for sale at retail directly to the consumer of fresh fruits, vegetables, flowers, herbs, or plants, processed food stuffs and products such as jams, honey, pickled products, sauces, baked goods, crafts, and art, clothing and other goods, occurring in a pre-designated area, where the vendors are generally individuals who have raised the produce or have taken the same or other goods on consignment for retail sales.

Mobile Food Vending

A vehicle, typically a van, truck, or towed trailer, from which food and/or beverages are sold.

Seasonal Sales

The temporary sale of goods or products associated with the season or a cultural event, such as the sale of Christmas trees, pumpkins, or seasonal produce. Such sales typically take place in locations not devoted to such sales for the remainder of the year.

Special Event

A temporary use on public or private property that extends beyond the normal uses and standards allowed by the Northglenn Unified Development Ordinance. "Special events" include, but are not limited to, fundraising activities, educational, historic, religious and patriotic displays or exhibits, circuses, carnivals, grand openings, amusements, outdoor concerts, festivals, revivals, street fairs, arts and crafts fairs, and other organized events. These activities may include the use of tents, semi-trailers and other vehicles, temporary stands or kiosks, food service, entertainment, performers, or displays.

11-7-3 Definitions related to Oil and Gas Regulations

- (1) All terms used in Section 11-3-6 that are defined in the Oil and Gas Conservation Act of the State of Colorado ("Act"), or in Oil and Gas Conservation Commission ("COGCC") regulations and are not otherwise defined in the regulations in this UDO, are defined as provided in the Act or in such regulations as of the effective date of this UDO.
- (2) All other words used in Section 11-3-6 are given their usual, customary and accepted meaning, and all words of a technical nature, or peculiar to the oil and gas industry, shall be given that meaning which is generally accepted in said oil and gas industry. When not clearly otherwise indicated by the context, the following words and phrases used in Section 11-3-6 have the meanings as described below.

Act

The Oil and Gas Conservation Act of the State of Colorado.

Alternative Locations Analysis

A review of all locations that are legally accessible (based on current state and local government setback regulations) and are technically feasible to develop a proposed drilling and spacing unit. The review must also evaluate the compatibility of each location with adjacent land uses and whether the location would provide greater protection for public health, safety, welfare and the environment.

Applicant

The person making an application for an oil and gas permit on behalf of the Operator or Owner of a well.

Approved Plan

The totality of the material contained in the application for an oil and gas approved by the City Council following a public hearing or, in the case of an existing use site plan order, the totality of the materials contained in the application for an existing use site plan order approved administratively by the City.

Building Unit

A building or structure intended for human occupancy. A dwelling unit is equal to one building unit; every guest room in a hotel/motel is equal to one building unit; and every 5,000 square feet of building floor area in commercial facilities, and every 15,000 square feet of building floor area in warehouses, or other similar storage facilities, is equal to one building unit.

Commission or COGCC

The Oil and Gas Conservation Commission of the State of Colorado.

Completion

An oil well shall be considered completed when the first new oil is produced through wellhead equipment into lease tanks from the ultimate producing interval after the production string has been run. A gas well shall be considered completed when the well is capable of producing gas through wellhead equipment from the ultimate producing zone after the production string has been run. A dry hole shall be considered completed when all provisions of plugging are complied with as set out in the rules of the COGCC. Any well not previously defined as an oil or gas well shall be considered completed 90 days after reaching total depth. If approved by the Director, a well that requires extensive testing shall be considered completed when the drilling rig is released or six months after reaching total depth, whichever is later.

Day

A period of 24 consecutive hours.

Director

The Director of the Oil and Gas Conservation Commission of the State of Colorado.

Drill Pad Site

The areas are directly disturbed during the drilling and subsequent operation of, or affected by, production facilities directly associated with one or more oil well, gas well or injection well(s).

Flow Lines

Those segments of pipe from the wellhead downstream through the production facilities ending at the gas metering equipment or the oil loading point.

Gas Well

A producing well with natural gas as the primary commercial product. Most gas wells frequently produce some condensate (natural gas liquids such as propane and butane) and occasionally produce some water.

Gathering Line

A pipeline that transports gas from a current production facility to a transmission line or main.

High-Density Area Rules for Building Units

A high-density area shall be determined at the time the well is permitted on a well-by-well basis by calculating the number of occupied building units within the seventy-two-acre area defined by a 1,000 foot radius from the wellhead or production facility. If 36 or more actual or platted building units (as defined in the COGCC 100 Series rules) are within the 1,000 foot radius or 18 or more building units are within any semicircle of the 1,000 foot radius (i.e., an average density of one building unit per two acres), it shall be deemed a high-density area. If platted building units are used to determine the density, then 50 percent of said platted units shall have building units under construction or constructed.

Injection Well

Any hole drilled into the earth into which fluids are injected for the purposes of secondary recovery, storage or disposal pursuant to authorizations granted by the Commission.

Mineral Owner

Any person having title or right of ownership in subsurface oil, gas, or other hydrocarbon and/or, where context dictates, any leasehold interest therein.

Multiple Oil and Gas Operations Permit

A permit issued by the City if more than one well or production facility is being applied for and approved at the same time by the same applicant.

Multiwell Site

A common well pad from which multiple wells may be drilled to various bottomhole locations.

Oil and Gas Operations

Exploration for oil and gas, including the conduct of seismic operations and the drilling of test bores; the siting, drilling, deepening, recompletion, reworking or abandonment of an oil and gas well, underground injection well or gas storage well; production operations related to any such well, including the installation of flowlines and gathering systems; the generation, transportation, storage, treatment or disposal of exploration and production wastes; and any construction, site preparation or reclamation activities associated with such operations.

Oil Well

A producing well with oil as its primary commercial product. Oil wells almost always produce some gas and frequently produce water. Most oil wells eventually produce mostly gas or water.

Operating Plan

A general description of a well site or a production site identifying the purpose, use, typical staffing, seasonal or periodic considerations, routine hours of operation, source of services/infrastructure and any other information related to the regular functioning of the facility. Operating Plan includes a Schedule of Operations - estimated project schedules that may vary for all phases, including "construction phase" (including pipeline construction), "drilling phase," "completion phase" (broken down into activity-based components including flowback), and "production phase" (including estimated timelines for interim reclamation and landscaping).

Operator

The person designated by the owner or lessee of the mineral rights as the operator of oil and gas operations or a production facility and so identified in the Colorado Oil and Gas Conservation Commission applications.

Person

Both the singular and plural and means a natural person, a corporation, association, guardian, partnership, receiver, trustee, administrator, executor and/or fiduciary, any other legal entity or representative of any kind.

Production Facilities

All storage, separation, treating, dehydration, artificial lift, power supply, compression, pumping, metering, monitoring, flow lines and other equipment directly associated with oil wells, gas wells or injection wells.

Production Site

The area containing production facilities, exclusive of gathering lines.

Reentering

Accessing an existing well bore for either the original or amended purpose, provided that such well has not been abandoned.

Separator

A cylindrical or spherical vessel used to separate oil, gas and water from the total fluid stream produced by a well. Separators can be either horizontal or vertical.

Sidetracking

To drill a secondary well bore away from an original well bore. A sidetracking operation may be done intentionally or may occur accidentally. Intentional sidetracks might bypass an unusable section of the original well bore or explore a geologic feature nearby. In the bypass case, the secondary well bore is usually drilled substantially parallel to the original well, which may be inaccessible due to an irretrievable fish, junk in the hole or a collapsed well bore.

Surface Owner

Any person having the title or right of ownership in the surface estate of real property and/or, where context dictates, any leasehold interest therein.

Surface Use Agreement

Any agreement entered into between a mineral owner and a surface owner in order to conduct oil and gas operations.

Twinning

The drilling of wells within 50 feet of each other.

Well

An oil well, gas well or injection well.

Well Site

The areas which are directly disturbed during the drilling and subsequent operation of, or affected by production facilities directly associated with, any oil well, gas well or injection well.

Wellhead

The mouth of the well at which oil and gas is produced, and any appurtenant above-ground facilities.

Wildlife and Natural Area Hall

Include, but not be limited to, floodplains and floodways; natural drainage and waterways; significant native trees and vegetation; wildlife travel corridors; special habitat features such as raptor nests, key nesting, breeding or feeding areas for birds; fox and coyote dens; prairie dog colonies more than 25 acres in size; remnant native prairie habitat; plains cottonwood galleries; natural or man-made lakes and ponds and any wetland greater than one-quarter acre in size.

11-7-4 Definitions Related to Floodplain Regulations

The following definitions pertain to the Regulations to Minimize Flood Losses in Section 11-4-3.

100-Year Flood

A flood having a recurrence interval that has a one-percent chance of being equaled or exceeded during any given year (One-Percent-Annual-Chance Flood). The terms "one-hundred-year-flood" and "one percent chance flood" are synonymous with the term "100-Year Flood." The term does not imply that the flood will necessarily happen once every 100 years.

100-Year Floodplain

The area of land susceptible to being inundated as a result of the occurrence of a one-hundred-year flood.

500-Year Flood

A flood having a recurrence interval that has a 0.2-percent chance of being equaled or exceeded during any given year (0.2-percent-annual-chance flood). The term does not imply that the flood will necessarily happen once every 500 years.

City of Northglenn

Discussion of oil and gas regulations

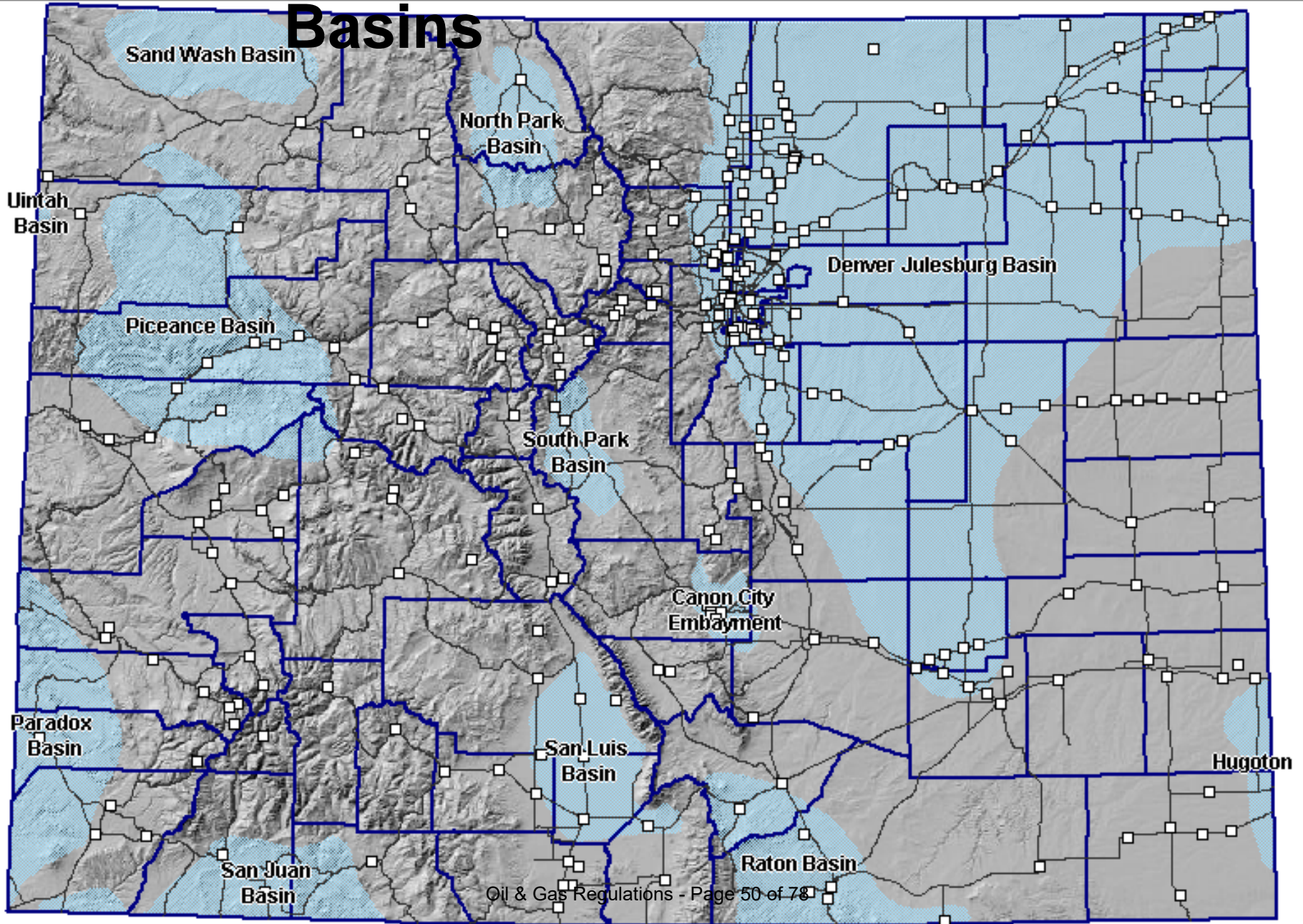
Matthew Sura
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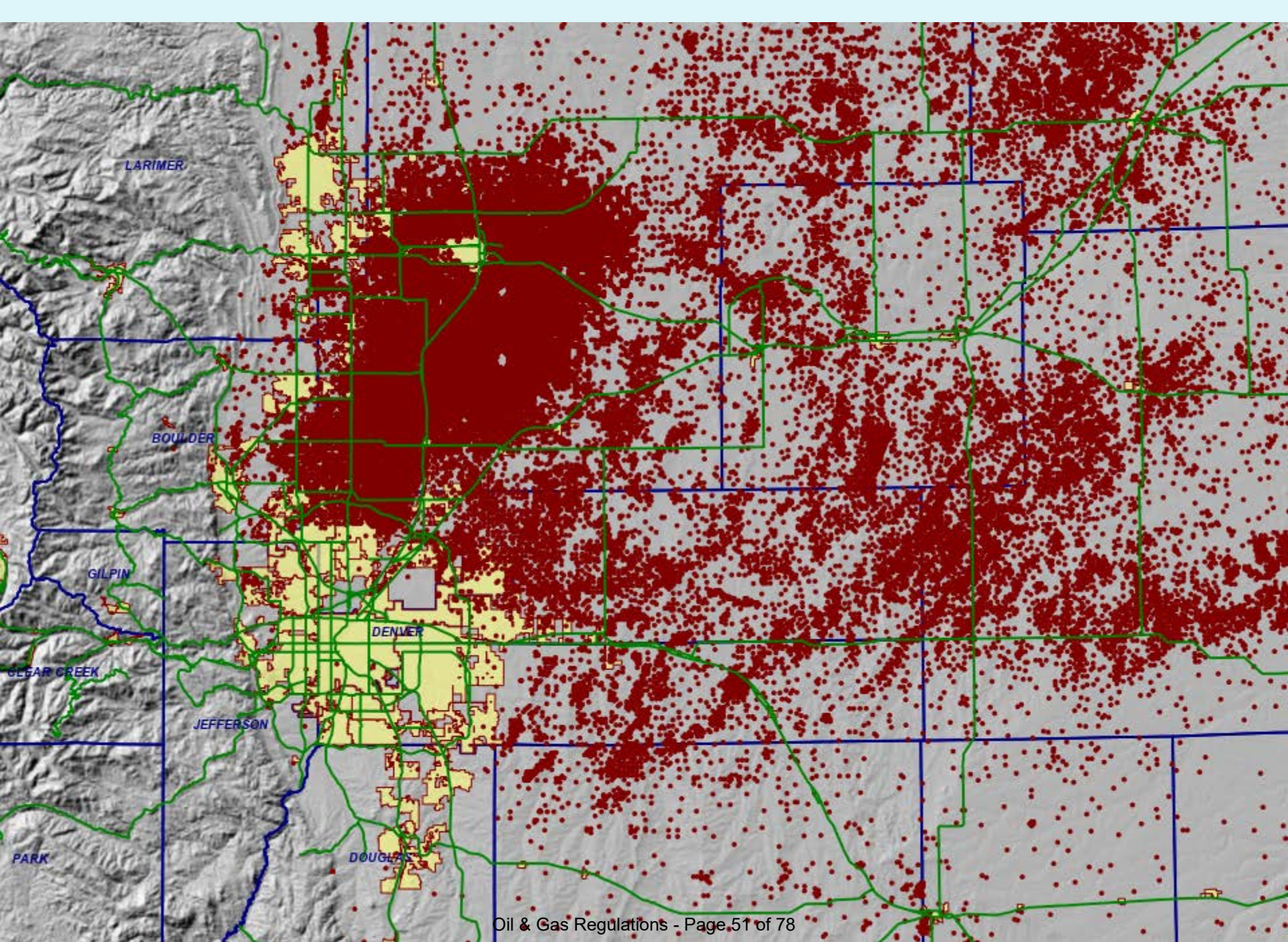
Outline of presentation

- ▶ Introduction
- ▶ General overview of oil and gas development
- ▶ Senate Bill 19–181
- ▶ How City of Northglenn might choose to use new authority

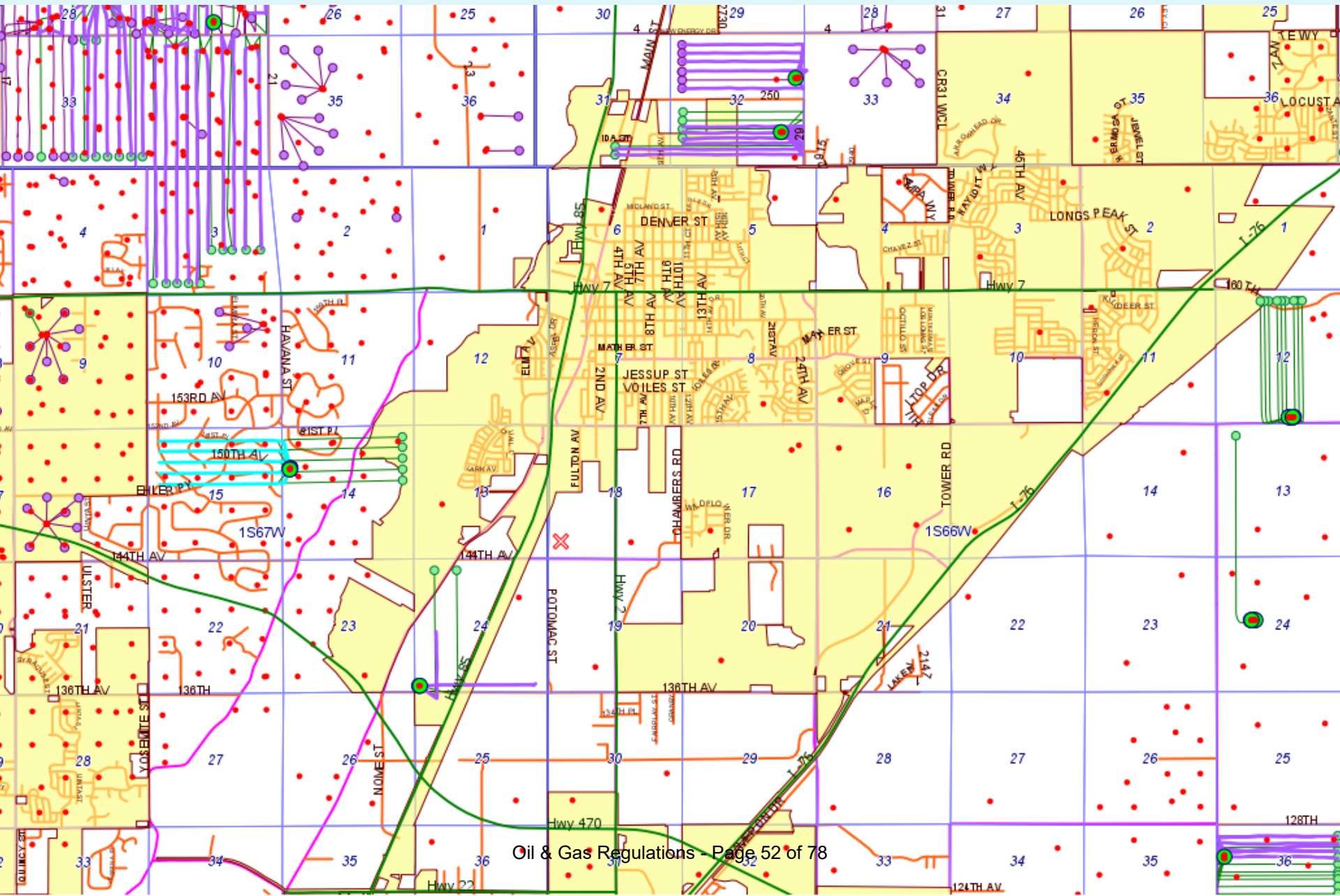
Colorado's Oil and Gas

Basins

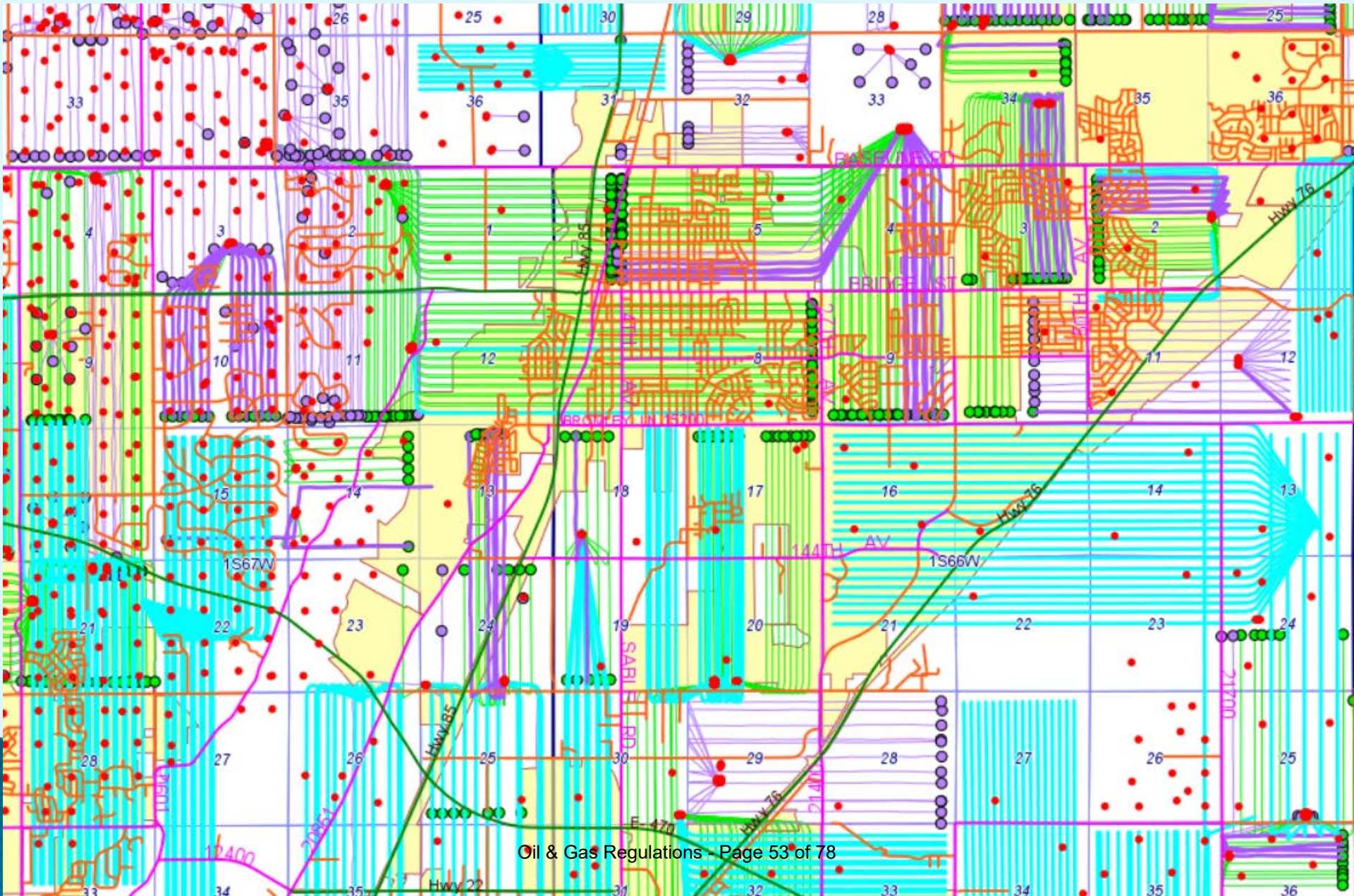


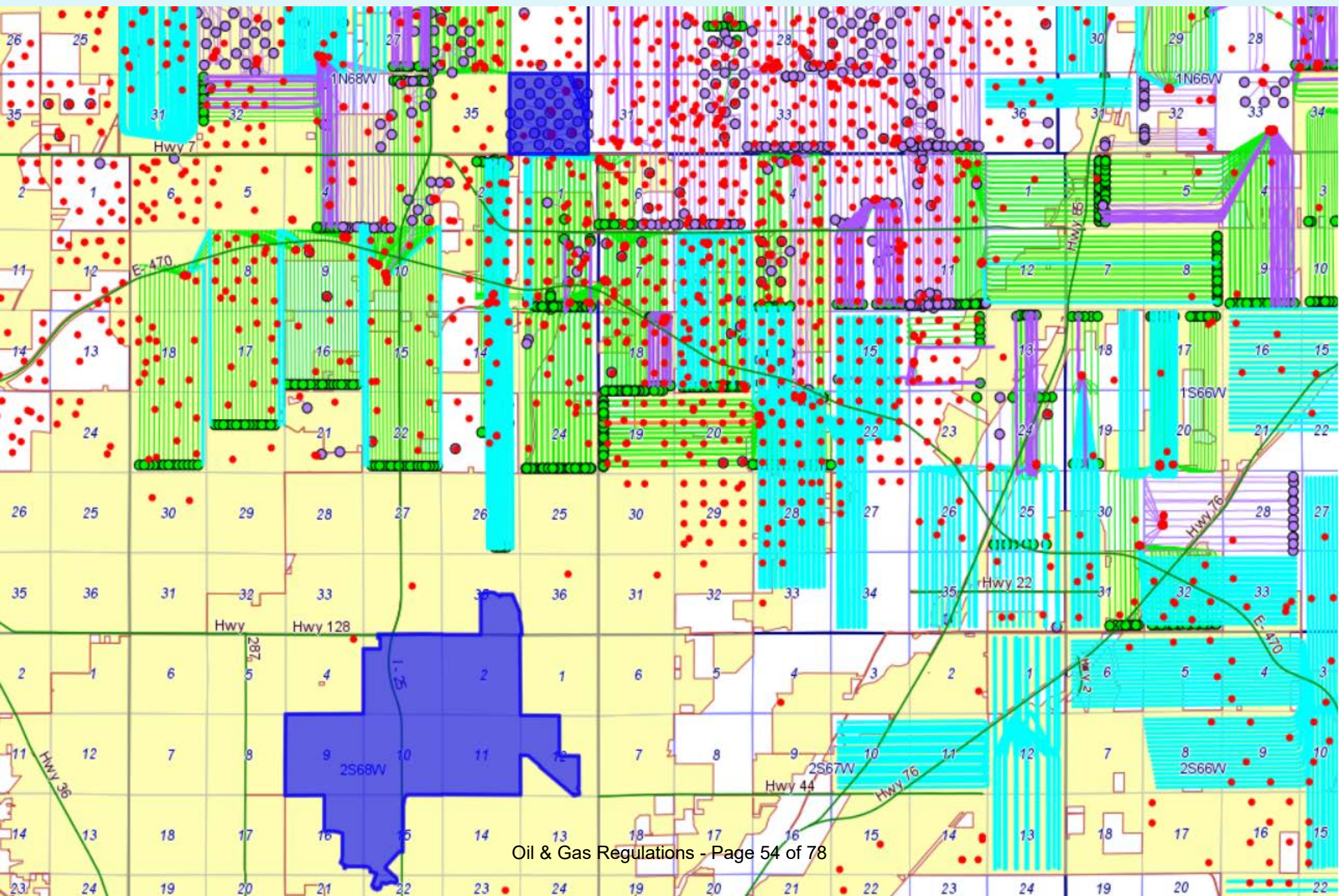


Brighton in August, 2014



Brighton in August, 2019







Oil and Gas Regulation

- ▶ Oil and gas development is a highly-industrialized activity that is primarily regulated by three entities:
 1. Colorado Oil and Gas Conservation Commission
 2. Colorado Department of Public Health and Environment
 3. Local Government

Senate Bill 19-181

Protecting Public Welfare in Conduct of Oil and Gas Operations

Senate Bill 181 was signed into law on
April 16, 2019

What could this mean for
the City of Northglenn?

Outline of the Bill

1. REFORM THE COGCC MISSION TO PROTECT PUBLIC HEALTH AND ENVIRONMENT
2. GIVE LOCAL GOVERNMENTS CLEAR REGULATORY AUTHORITY OVER OIL AND GAS AND ENDS STATE PREEMPTION.
3. REFORM FORCED POOLING LAWS

Senate Bill 181 impacts on COGCC

COGCC v. Martinez, found that the COGCC's mandate was to

- (1) *foster* the development of oil and gas resources, and
- (2) protect public health, safety, and welfare, **but only after taking into consideration cost-effectiveness and technical feasibility.**

Senate Bill 181 impacts on COGCC

- ✓ Requires the COGCC to regulate the industry to protect public health, safety, welfare and the environment
- ✓ Changes make-up of COGCC Commission
- ✓ July 1, 2020 - new professional COGCC Commission
- ✓ Requires new COGCC rulemaking on:
 - ✓ Change in COGCC mission to protect public health, safety, and welfare
 - ✓ alternative location analysis process for wells near populated areas;
 - ✓ cumulative impacts of oil and gas development;
 - ✓ orphaned wells –adequate finances to properly plug and abandon wells;
 - ✓ wellhead integrity;
 - ✓ flowline locations will be publicly disclosed.

Senate Bill 181 impacts on Local Governments

1. Regulation of siting and surface impacts: Local land use regulations may be used to locate facilities (zoning) and mitigate impacts
2. No state preemption: Explicitly authorizing local government regulation that is more stringent than state standards
 - *State standards become minimum requirements*

Senate Bill 181 impacts on Local Governments

- ▶ Local government regulation of oil and gas siting and surface impacts as *necessary and reasonable*:
 - Location and siting of oil and gas facilities and locations
 - Mitigation of impacts on public health, safety and welfare
 - Regulations to protect water quality and source, noise, vibration, odor, light dust, emergency preparedness, security, traffic, transportation impacts
 - Receive technical assistance from the COGCC
 - Financial issues
 - Performance securities, indemnification, and insurance
 - May impose fees for both the direct and indirect costs of monitoring and inspections programs to address impacts
 - Power to enforce
 - Inspect oil and gas facilities and locations
 - Assess penalties to enforce local regulations

Northglenn's current regulatory approach to oil and gas

- ▶ Section 11-3-6 in the Unified Development Ordinance was written in 2011.
- ▶ Allows oil and gas development in all zone districts
- ▶ Defers to COGCC decisions to avoid “operational conflict”
- ▶ Allows the Planning Commission to recommend conditions of approval.
- ▶ Decision made by City Council
- ▶ Allows penalties to be assessed for violations of Code or conditions of permit.

Potential changes to Northglenn's regulations

- ▶ **Northglenn could place reasonable regulations on oil and gas siting and surface impacts:**
 1. **Location:** Require proposed location is outside of residentially-zoned areas and at least 1,000 feet from homes. This would make regulations more consistent with proposed regulations for Adams County.
 2. **Mitigation of impacts:** Northglenn could require best management practices that Operators are voluntarily agreeing to in cities such as Commerce City, Brighton, and Dacono. Require that proposed development is compatible with adjacent land uses and will not significantly degrade public health, safety, welfare or the environment.
 3. **Financial issues:** Require insurance and performance security to cover emergencies. Set reasonable fees for inspections.

Questions?

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Best Management Practices


BMP's Background

- ▶ 95 specific practices required by the document
- ▶ The 11/29 draft version was the result of 5–6 months of negotiation with Extraction Oil and Gas
 - To understand how the practices could apply to their site operations
 - Minimize impact on the community
- ▶ At the time, the BMP's were derived from code regulations from other cities and counties in Colorado, state regulations, and previous agreements signed between operators and cities, and general common best industry practices

BMP Categories (12)

 Air quality

 Water quality protection

 Use of pipelines

 Emergency Response Plan

 Inspections

 Transportation & Circulation

 Noise mitigation

 Community Outreach

 Reclamation

 Risk Management

 Safety

 Visual mitigation

Air Quality

- ▶ **Ambient Air Sampling** required at all sites
- ▶ **Electric Equipment.** All permanent production equipment must utilize electric line power in order to mitigate noise and to reduce emissions.
 - Includes things like compressors, motors and artificial lift equipment,
 - Drilling rigs near homes
- ▶ **Green completions**
- ▶ **Dust and Odor controls**
- ▶ **No-bleed pneumatic valves**
- ▶ **No tanks**

Water Quality

- ▶ **Chemical Disclosure and Storage.**
 - All fracturing chemicals disclosed to the City before chemicals are transported to the Well Site.
 - Operator shall not store fracturing chemicals, flowback from hydraulic fracturing, or produced water in the City limits.
 - Operator must remove all hydraulic fracturing chemicals from a Well Site within thirty (30) days following the completing of hydraulic fracturing at that Well Site.

- ▶ **Test all available sources within ½ mile**

- ▶ **Test all plugged and abandoned wells**

Water Quality

- ▶ List of specifically prohibited hydraulic fracturing chemicals, known to have adverse health risks:

Ingredient Name	CAS #
Benzene	71-43-2
Lead	7439-92-1
Mercury	7439-97-6
Arsenic	740-38-2
Cadmium	7440-43-9
Chromium	7440-47-3
Ethylbenzene	100-41-4
Xylene-F	1330-20-7
1,3,5-trimethylbenzene	108-67-8
1,4-dioxane	123-91-1
1-butanol	71-36-3
2-butoxyethanol	111-76-2
N,N-dimethylformamide	68-12-2
2-ethylhexanol	104-76-7
2-mercaptoethanol	60-24-2
benzene, 1,1'-oxybis-, tetrapropylene derivatives, sulfonated, sodium salts (BOTS)	119345-04-9
butyl glycidyl ether	8/6/2426
polysorbate 80	9005-65-6
quaternary ammonium compounds, dicoco alkyldimethylchlorides (QAC)	61789-77-3
hexamethylene triamine penta methylene phosphonic acid (BMPA)	35657-77-3
diethylenetriamine penta (methylene-phosphonic acid)(DMPA)	15827-60-8
FD&C blue no. 1	3844-45-9
Tetrakis(triethanolamino) zirconium(IV) (TTZ)	101033-44-7

Water Quality

- ▶ **Closed-Loop Pitless Systems for the Containment and/or Recycling of Drilling Fluids.**
 - Closed loop, pitless systems required, in order for containment and/or recycling of all drilling, completion, flowback and produced fluids.
 - Operator shall recycle fluids to the maximum extent practicable
 - Operator shall not store waste onsite for periods longer than 30 days.
- ▶ **Containment Berms.**
 - The Operator shall utilize steel-rim berms around all permanent separation and storage equipment at the Well Sites
 - With capacity to contain 1.5 times the maximum volume of liquids that such equipment will contain at any given time plus overflow capacity.
 - No potential ignition sources installed inside the secondary containment area

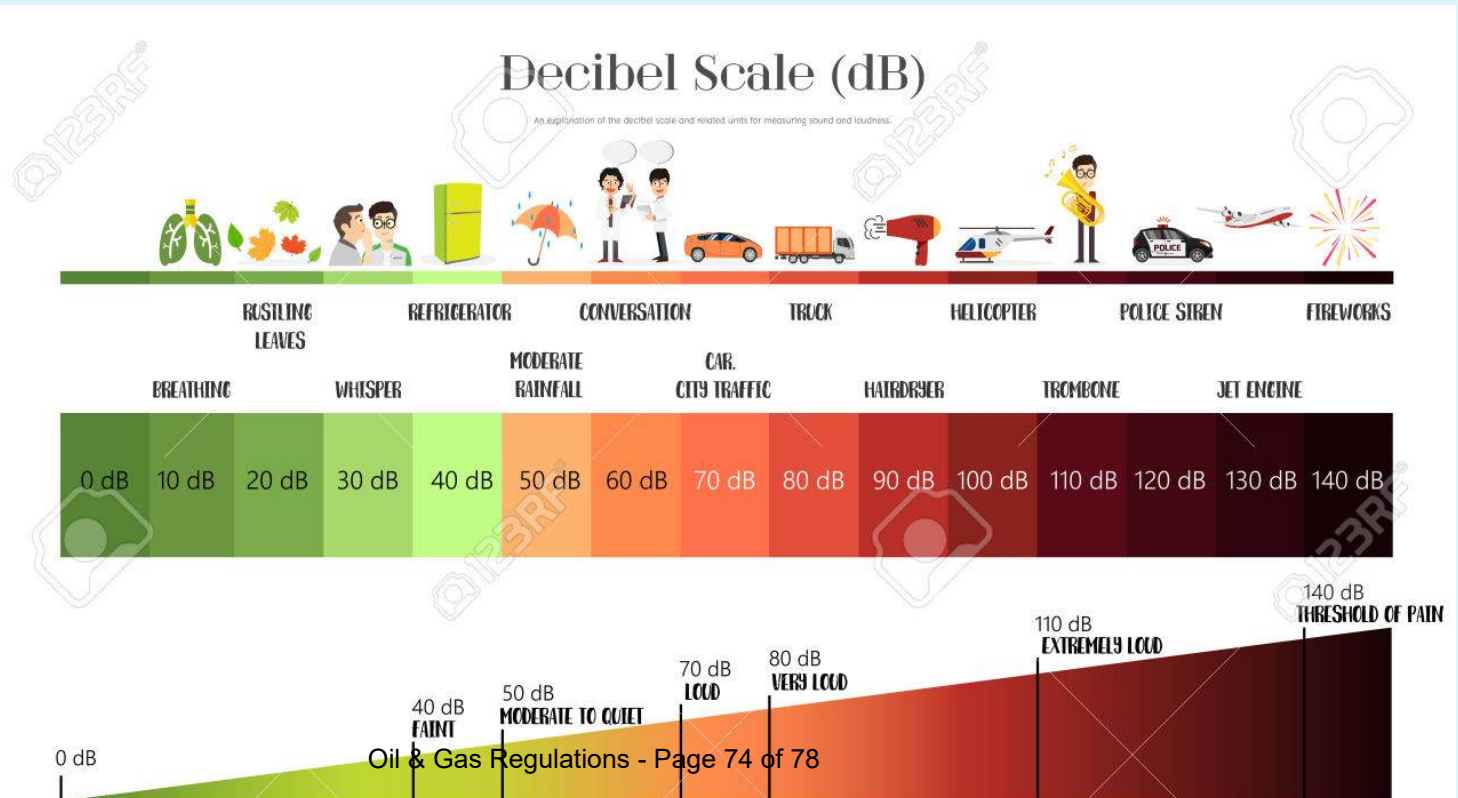
Pipelines

▶ Use of Pipelines.

- Requirement for the utilization of pipelines on all sites
- To eliminate the need for excessive storage tanks
- To eliminate the need for tanker trucks
- For oil, gas, and produced water
- Must be complete prior to production phase
- Contingent on council approval of a Conditional Use Permit (CUP) for the Pipelines.

Noise Mitigation

- ▶ Sound levels may not exceed 55dB(A), or 4 dB(A) higher than baseline ambient sound measured at 1,000 feet from the sound walls at the Well Site (whichever is greater)
- ▶ Use of Quiet Fleet technology if within 1,320 ft of residential building
- ▶ Submittal of a sound study required to assess the potential impacts
 - Recommendation for size and location of sound walls an outcome of the study



Transportation and Circulation

- ▶ **Traffic Control Plan.**
- ▶ Traffic plan required, which includes the following below:
 - Estimated weights and description of vehicles
 - Detail of access locations for each well site
 - Truck routing map
 - Restriction of non-essential traffic to and from Well Sites to periods outside of peak am and pm traffic periods and during school hours
 - Potential public improvements required
 - City or state access permits
 - Haul routes.
- ▶ **Pipelines required**

Visual Mitigation

- ▶ **Visual Mitigation Methods.**
- ▶ Example of visual mitigation methods described. Will be more of a site specific application.
 - Use of low-profile tanks (of no more than 16ft in height), facility painting, vegetative or structural screening, land berming and landscaping.
 - Earthen berm located around the perimeter of the fence
 - Establishment and proper maintenance of ground cover, trees and shrubs for screening and aesthetic purposes; and
 - Designing the Oil and Gas Facility to utilize natural screens where possible.
 - Construction of fences for use with or instead of landscaping or berming.
- ▶ No pumpjacks allowed.

Community Outreach

- ▶ **Outreach to Affected Residents:**
- ▶ Residents and business owners within $\frac{1}{4}$ mile (1,320 feet) of a location
- ▶ Provide at least 7–14 days advanced notice and community awareness to affected residents on a number of items

- ▶ **Bi-Annual Updates to City:**
- ▶ Operator provides a formal written update to the City Council on a Bi-Annual basis as to the progress of the project, regarding
 - any reportable spills or reportable accidents at locations
 - any notice of alleged violations from the City or COGCC
 - summary of complaints to the Operator and COGCC

Reclamation

- ▶ **Final Reclamation Plan.** Required not later than six (6) months after plugging and abandoning the last New Well, weather and planting season permitting.
 - Removal of Pipelines. Pipelines, gathering lines and flowlines shall be removed after one year of non-use when last well utilizing lines are plugged and abandoned
 - Temporary Access Roads. Temporary access roads associated with oil and gas operations at the Well Sites shall be reclaimed and revegetated to the original state within a reasonable amount of time