NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.

An Act

HOUSE BILL 07-1341

BY REPRESENTATIVE(S) Curry, Gibbs, Borodkin, Buescher, Casso, Cerbo, Fischer, Green, Jahn, Kefalas, Labuda, Levy, Madden, Marshall, McFadyen, McGihon, Peniston, Primavera, Romanoff, Solano, Soper, Gallegos, King, and Witwer;
also SENATOR(S) Isgar, Fitz-Gerald, Kester, Schwartz, Taylor, Tochtrop, Tupa, and Williams.

CONCERNING THE COLORADO OIL AND GAS COMMISSION, AND, IN CONNECTION THEREWITH, DIRECTING THE COMMISSION TO FOSTER OIL AND GAS DEVELOPMENT CONSISTENT WITH THE PROTECTION OF THE ENVIRONMENT, WILDLIFE RESOURCES, AND PUBLIC HEALTH, SAFETY, AND WELFARE AND MAKING AN APPROPRIATION THEREFOR.

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

SECTION 1. Legislative declaration. The general assembly hereby declares that nothing in this act shall establish, alter, impair, or negate the authority of local governments to regulate land use related to oil and gas operations.

SECTION 2. 34-60-102 (1), Colorado Revised Statutes, is amended to read:

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

34-60-102. Legislative declaration. (1) It is declared to be in the public interest to foster ~~encourage, and promote~~ the RESPONSIBLE, BALANCED development, production, and utilization of the natural resources of oil and gas in the state of Colorado in a manner consistent with protection of public health, safety, and welfare, INCLUDING PROTECTION OF THE ENVIRONMENT AND WILDLIFE RESOURCES; to protect the public and private interests against ~~the evils of~~ waste in the production and utilization of oil and gas; ~~by prohibiting waste;~~ AND to safeguard, protect, and enforce the coequal and correlative rights of owners and producers in a common source or pool of oil and gas to the end that each such owner and producer in a common pool or source of supply of oil and gas may obtain a just and equitable share of production therefrom. It is not the intent nor the purpose of this article 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 to permit each oil and gas pool in Colorado to produce up to its maximum efficient rate of production, subject to the ~~prohibition~~ PREVENTION of waste, CONSISTENT WITH THE PROTECTION OF PUBLIC HEALTH, SAFETY, AND WELFARE, INCLUDING PROTECTION OF THE ENVIRONMENT AND WILDLIFE RESOURCES, 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.

SECTION 3. 34-60-104 (2) (a), Colorado Revised Statutes, is amended to read:

34-60-104. Oil and gas conservation commission - report - publication - repeal. (2) (a) (I) Effective ~~July 1, 1994~~ JULY 1, 2007, the commission shall consist of NINE MEMBERS, seven ~~members~~ 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 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), the other members shall be appointed taking into account the need for geographical representation of other areas of the state with high levels of oil and gas activity or employment. ~~Two members shall not be employed by the oil and gas industry and shall be individuals with formal training or substantial~~

~~experience in agriculture, land reclamation, environmental protection, or soil conservation. Five~~ THREE members shall be individuals with substantial experience in the oil and gas industry, and at least two of said ~~five~~ THREE members shall have a college degree in petroleum geology or petroleum engineering; ONE MEMBER SHALL BE A LOCAL GOVERNMENT OFFICIAL; ONE MEMBER SHALL HAVE FORMAL TRAINING OR SUBSTANTIAL EXPERIENCE IN ENVIRONMENTAL OR WILDLIFE PROTECTION; ONE MEMBER SHALL HAVE FORMAL TRAINING OR SUBSTANTIAL EXPERIENCE IN SOIL CONSERVATION OR RECLAMATION; AND ONE MEMBER SHALL BE ACTIVELY ENGAGED IN AGRICULTURAL PRODUCTION AND ALSO BE A ROYALTY OWNER. EXCLUDING THE EXECUTIVE DIRECTORS FROM CONSIDERATION, no more than four members of the commission shall be members of the same political party.

(II) SUBJECT TO PARAGRAPH (b) OF THIS SUBSECTION (2), NOTHING IN THIS PARAGRAPH (a) SHALL BE CONSTRUED TO REQUIRE A HOLDOVER MEMBER OF THE COMMISSION HOLDING OFFICE ON JULY 1, 2007, TO COMPLY WITH THE PROVISIONS OF THIS PARAGRAPH (a), AS AMENDED, UNLESS SUCH PERSON IS REAPPOINTED TO THE COMMISSION FOR ANOTHER TERM OF OFFICE. NOTHING IN THIS SUBPARAGRAPH (II) SHALL ALTER, IMPAIR, OR NEGATE THE AUTHORITY OF THE GOVERNOR TO REMOVE OR APPOINT MEMBERS OF THE COMMISSION PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (2).

(III) (A) THE COMMISSION SHALL SUBMIT A QUARTERLY REPORT TO THE GENERAL ASSEMBLY CONCERNING THE NUMBER OF COMPLAINTS RECEIVED BY THE COMMISSION AND ITS STAFF, A BREAKDOWN OF THE TYPES OF COMPLAINTS, THE NAMES AND ADDRESSES OF THE PERSONS SUBMITTING THE COMPLAINTS, AND HOW THE COMMISSION AND ITS STAFF ADDRESSED THE COMPLAINTS.

(B) THIS SUBPARAGRAPH (III) IS REPEALED, EFFECTIVE JULY 1, 2010.

SECTION 4. 34-60-106 (2) (d), Colorado Revised Statutes, is amended to read:

34-60-106. Additional powers of the commission - rules - repeal. (2) The commission has the authority to regulate:

(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.

SECTION 5. 34-60-106 (11), Colorado Revised Statutes, is amended to read:

34-60-106. Additional powers of the commission - rules - repeal. (11) (a) EXCEPT AS SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (11), BY APRIL 1, 2008, the commission shall:

(I) (A) PROMULGATE RULES TO ESTABLISH A TIMELY AND EFFICIENT PROCEDURE FOR THE REVIEW OF APPLICATIONS FOR A PERMIT TO DRILL AND APPLICATIONS FOR AN ORDER ESTABLISHING OR AMENDING A DRILLING AND SPACING UNIT.

(B) THE COMMISSION SHALL SEMIANNUALLY SUBMIT A REPORT TO THE GENERAL ASSEMBLY THAT TRACKS THE NUMBER OF APPLICATIONS FOR PERMITS TO DRILL, THE AVERAGE TIME TO REVIEW AND ISSUE PERMITS TO DRILL, AND A DESCRIPTION OF THE NUMBER AND CHARACTER OF APPLICATIONS FOR PERMITS TO DRILL FOR WHICH APPROVAL HAS BEEN WITHHELD, INCLUDING THE ULTIMATE DISPOSITION OF SUCH APPLICATIONS. THIS SUB-SUBPARAGRAPH (B) IS REPEALED, EFFECTED JULY 1, 2010.

(II) Promulgate rules, ~~and regulations~~ IN CONSULTATION WITH THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, to protect the health, safety, and welfare of the general public in the conduct of oil and gas operations. THE RULES SHALL PROVIDE A TIMELY AND EFFICIENT PROCEDURE IN WHICH THE DEPARTMENT HAS AN OPPORTUNITY TO PROVIDE COMMENTS DURING THE COMMISSION'S DECISION-MAKING PROCESS. THIS RULE-MAKING SHALL BE COORDINATED WITH THE RULE-MAKING REQUIRED IN SECTION 34-60-127 (3) (d), AS ENACTED BY HOUSE BILL 07-1298 AT THE FIRST REGULAR SESSION OF THE SIXTY-SIXTH GENERAL ASSEMBLY, SO THAT THE TIMELY AND EFFICIENT PROCEDURE ESTABLISHED PURSUANT TO THIS SUBSECTION (11) IS APPLICABLE TO THE DEPARTMENT AND TO THE DIVISION OF WILDLIFE.

(b) UPON REQUEST BY THE COMMISSION, THE GENERAL ASSEMBLY, ACTING BY BILL, MAY EXTEND THE DEADLINE TO PROMULGATE RULES

PURSUANT TO THIS SUBSECTION (11) UNTIL JULY 1, 2008. THE GENERAL ASSEMBLY SHALL REVIEW THE RULES PROMULGATED PURSUANT TO THIS SUBSECTION (11) ACTING BY BILL PURSUANT TO SECTION 24-4-103, C.R.S., AND RESERVES THE RIGHT TO ALTER OR REPEAL SUCH RULES.

SECTION 6. 34-60-106 (11), as amended by House Bill 07-1180, enacted at the first regular session of the sixty-sixth general assembly, is amended to read:

34-60-106. Additional powers of the commission - rules - repeal. (11) (a) EXCEPT AS SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (11), BY APRIL 1, 2008, the commission shall: ~~promulgate rules:~~

~~(a)~~ (I) (A) ~~To protect the health, safety, and welfare of the general public in the conduct of oil and gas operations;~~ PROMULGATE RULES TO ESTABLISH A TIMELY AND EFFICIENT PROCEDURE FOR THE REVIEW OF APPLICATIONS FOR A PERMIT TO DRILL AND APPLICATIONS FOR AN ORDER ESTABLISHING OR AMENDING A DRILLING AND SPACING UNIT.

(B) THE COMMISSION SHALL SEMIANNUALLY SUBMIT A REPORT TO THE GENERAL ASSEMBLY THAT TRACKS THE NUMBER OF APPLICATIONS FOR PERMITS TO DRILL, THE AVERAGE TIME TO REVIEW AND ISSUE PERMITS TO DRILL, AND A DESCRIPTION OF THE NUMBER AND CHARACTER OF APPLICATIONS FOR PERMITS TO DRILL FOR WHICH APPROVAL HAS BEEN WITHHELD, INCLUDING THE ULTIMATE DISPOSITION OF SUCH APPLICATIONS. THIS SUB-SUBPARAGRAPH (B) IS REPEALED, EFFECTED JULY 1, 2010.

(II) PROMULGATE RULES, IN CONSULTATION WITH THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, TO PROTECT THE HEALTH, SAFETY, AND WELFARE OF THE GENERAL PUBLIC IN THE CONDUCT OF OIL AND GAS OPERATIONS. THE RULES SHALL PROVIDE A TIMELY AND EFFICIENT PROCEDURE IN WHICH THE DEPARTMENT HAS AN OPPORTUNITY TO PROVIDE COMMENTS DURING THE COMMISSION'S DECISION-MAKING PROCESS. THIS RULE-MAKING SHALL BE COORDINATED WITH THE RULE-MAKING REQUIRED IN SECTION 34-60-127 (3) (d), AS ENACTED BY HOUSE BILL 07-1298 AT THE FIRST REGULAR SESSION OF THE SIXTY-SIXTH GENERAL ASSEMBLY, SO THAT THE TIMELY AND EFFICIENT PROCEDURE ESTABLISHED PURSUANT TO THIS SUBSECTION (11) IS APPLICABLE TO THE DEPARTMENT AND TO THE DIVISION OF WILDLIFE.

(b) (I) UPON REQUEST BY THE COMMISSION, THE GENERAL ASSEMBLY, ACTING BY BILL, MAY EXTEND THE DEADLINE TO PROMULGATE RULES PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (11) UNTIL JULY 1, 2008. THE GENERAL ASSEMBLY SHALL REVIEW THE RULES PROMULGATED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (11) ACTING BY BILL PURSUANT TO SECTION 24-4-103, C.R.S., AND RESERVES THE RIGHT TO ALTER OR REPEAL SUCH RULES.

~~(b)~~ (II) By January 1, 2008, THE COMMISSION SHALL PROMULGATE RULES to ensure the accuracy of oil and gas production reporting by establishing standards for wellhead oil and gas measurement and reporting. At a minimum, the rules shall address engineering standards, heating value, specific gravity, pressure, temperature, meter certification and calibration, and methodology for sales reconciliation to wellhead meters. The rules shall be consistent with standards established by the American society for testing and materials, the American petroleum institute, the gas processors association, or other applicable standards-setting organizations, and shall not affect contractual rights or obligations.

SECTION 7. 34-60-119, Colorado Revised Statutes, is amended to read:

34-60-119. Production - limitation. This article shall never be construed to require, permit, or authorize the commission or any court to make, enter, or enforce any order, rule, ~~regulation,~~ or judgment THAT PRORATES PRODUCTION BY requiring restriction of production of any pool or of any well, except a well or wells drilled in violation of section 34-60-116, to an amount less than the well or pool can produce without waste.

SECTION 8. Appropriation. In addition to any other appropriation, there is hereby appropriated, out of any moneys in the oil and gas conservation and environmental response fund created in section 34-60-122, Colorado Revised Statutes, not otherwise appropriated, to the department of public health and environment, for allocation to the division of administration, for the fiscal year beginning July 1, 2007, the sum of one hundred thousand dollars ($100,000) and 1 FTE, or so much thereof as may be necessary, for the implementation of this act.

SECTION 9. Effective date. This act shall take effect upon

passage; except that section 5 of this act shall take effect only if House Bill 07-1180 is not enacted or does not become law, and section 6 of this act shall take effect only if House Bill 07-1180 is enacted and becomes law.

SECTION 10. 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.

Andrew Romanoff SPEAKER OF THE HOUSE OF REPRESENTATIVES	Joan Fitz-Gerald PRESIDENT OF THE SENATE
Marilyn Eddins CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES	Karen Goldman SECRETARY OF THE SENATE

APPROVED_____

Bill Ritter, Jr.
GOVERNOR OF THE STATE OF COLORADO