

STATE OF COLORADO

OFFICE OF THE GOVERNOR

136 State Capitol Building
Denver, Colorado 80203
Phone (303) 866 - 2471
Fax (303) 866 - 2003



John W. Hickenlooper
Governor

B 2012-002

EXECUTIVE ORDER

Creating the Task Force on Cooperative Strategies Regarding State and Local Regulation of Oil and Gas Development

Pursuant to the authority vested in the Office of the Governor of the state of Colorado, I, John W. Hickenlooper, Governor of the State of Colorado, hereby issue this Executive Order creating the Task Force on Cooperative Strategies Regarding State and Local Regulation of Oil and Gas Development.

I. Background, Need and Purpose

As oil and gas activity expands throughout Colorado, in large part due to horizontal drilling combined with hydraulic fracturing that together are launching new shale oil and gas plays, counties and municipalities (“local jurisdictions”) are evaluating whether to adopt their own rules governing development activities.

The Colorado Oil and Gas Conservation Act, C.R.S. § 34-60-101, *et seq.*, charges the Colorado Oil and Gas Conservation Commission (“COGCC”) with fostering the responsible development of Colorado’s oil and gas resources in a manner consistent with the protection of public health, safety and welfare, including protection of the environment and wildlife. Pursuant to this statutory directive, the COGCC has broad powers to further the state’s interest in oil and gas development. This includes the power to pass regulations governing development and the COGCC has comprehensively updated its regulations to address both surface and subsurface protections. The state’s regulations also provide multiple opportunities for local government participation.

At the same time, local jurisdictions have the duty to provide planned and orderly development within Colorado and have statutory authority to balance basic human needs and environmental concerns when regulating the use of land within their boundaries. The increased oil and gas activity that is occurring in new areas and that involves new technology has caused a number of local jurisdictions to revisit the adequacy of their own regulations.

Colorado case law established the operational conflict rules. Industry, the State, and local jurisdictions successfully operate within the parameters established by the courts. Occasionally, however, parties disagree whether a local rule is in conflict with a state rule. Parties hesitate to pursue resolution in court because proving operational conflict is an adversarial, cumbersome,

time consuming, and expensive process. It is in the interest of all parties to seek ways in which the concerns of local jurisdictions, operators, and the State can be addressed collaboratively.

The State, local jurisdictions, and industry share an interest in efficient and effective regulations that provide for the responsible development of the state's oil and gas resources. As such, the State and local jurisdictions, in collaboration with the oil and gas industry, seek to fashion mechanisms through which they can coordinate their efforts and achieve a complimentary regulatory structure that benefits our economy, health, environment and wildlife.

The Speaker of the House of Representatives and the President of the Senate support this Task Force and it is hereby established with the following mission and scope and will examine the many facets of these issues and strive to reach consensus on how best to achieve its mission.

II. Mission and Scope

- A. The Task Force shall identify and strive to reach agreement on mechanisms to work collaboratively and coordinate state and local jurisdiction regulatory structures for the purpose of benefiting Colorado's economy and protecting public health, the environment and wildlife, and to avoid duplication and conflict of state and local jurisdiction regulations of oil and gas activities and to help foster a climate that encourages responsible development.

- B. The issues that the Task Force addresses shall include, but not be limited to:
 - 1. setbacks of oil and gas facilities or roads necessary for oil an gas operations from any building, public road, above-ground utility line, railroad, or water body, or other restrictions on the location of an oil or gas well and its related production facilities;
 - 2. floodplain restrictions;
 - 3. protection of wildlife and livestock;
 - 4. noise abatement;
 - 5. operational methods employed by oil and gas activities;
 - 6. air quality and dust management;
 - 7. traffic management and impacts; and
 - 8. fees, financial assurance, and inspection.

- C. The Task Force shall explore any and all options that address the issues in paragraph B and helps clarify and/or better coordinate the regulatory jurisdiction over oil and gas operations between state and local jurisdictions. Such options examined shall include, but are not limited to:
1. utilization of local government liaisons and local jurisdiction designees regarding permitted oil and gas activities;
 2. state training workshops for local jurisdiction representatives;
 3. memorandums of agreement, intergovernmental agreements, and letters of cooperation and consent between the state and local jurisdictions;
 4. changes to existing laws or regulations; and
 5. suggested new laws and regulations.

III. Membership

- A. The Task Force shall be chaired by the Executive Director of the Colorado Department of Natural Resources.
- B. Member of the Task Force shall be limited to the following:
1. the Executive Director of the Colorado Department of Local Affairs, or his or her designee;
 2. two members of the Colorado Oil and Gas Conservation Commission as determined by said Commission;
 3. the President of the Board of Directors of Colorado Counties, Incorporated, or his or her designee who must also be a member of said organization ;
 4. the President of the Board of Directors of the Colorado Municipal League, or his or her designee who must also be a member of said organization;
 5. the Chief Executive of the Colorado Petroleum Association, or his or her designee;
 6. the Chief Executive Officer of the Colorado Oil and Gas Association, or his or her designee;
 7. the Executive Director of Colorado Conservation Voters, or his or her designee;

8. one member appointed by the Speaker of the House of Representatives;
9. one member appointed by the President of the Senate; and
10. the Colorado Attorney General or the Attorney General's designee.

IV. Duration

This Executive Order shall continue in existence until the Task Force reports its recommendations and findings to the Governor, the Speaker of the House of Representatives, and the President of the Senate but no later than April 18, 2012, unless it is either terminated or extended beyond that date by further Executive Order of the Governor.



GIVEN under my hand and the
Executive Seal of the State of
Colorado, this twenty-ninth day of
February, 2012.

A handwritten signature in black ink, reading "John W. Hickenlooper".

John W. Hickenlooper
Governor