

STATE OF COLORADO

OFFICE OF THE GOVERNOR

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B 2014 005

EXECUTIVE ORDER

Creating the Task Force on State and Local Regulation of Oil and Gas Operations

Pursuant to the authority vested in the Office of the Governor of the State of Colorado, and in particular, pursuant to Article IV, Section 2 of the Colorado Constitution, I, John W. Hickenlooper, Governor of the State of Colorado, hereby issue this Executive Order creating the Task Force on State and Local Regulation of Oil and Gas Operations.

I. Background and Purpose

The state and local jurisdictions share an interest in efficient and effective regulations that provide for the responsible development of the state's oil and gas resources. The Colorado Oil and Gas Conservation Commission ("COGCC") is charged 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. At the same time, counties and municipalities ("local jurisdictions") provide planned and orderly development within Colorado and have broad 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 of Colorado's Front Range and that involves new technology such as horizontal drilling combined with hydraulic fracturing has caused a number of local jurisdictions to revisit the adequacy of their own regulations associated with oil and gas operations.

Colorado case law has established preemption rules that create a priority between potentially conflicting laws enacted by various levels of government, and industry, the state and local jurisdictions have operated within the parameters established by the courts. Occasionally, however, parties disagree whether a local rule is preempted by a state rule. Parties often hesitate to pursue resolution in court because proving and defending against preemption claims is an adversarial, cumbersome, time consuming, and expensive process. Instead, 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 Colorado's economy, quality of life, health, environment and wildlife. 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.

With this as the backdrop, and recognizing the state's interest in resolving issues that involve mixed regulatory jurisdiction between local governments and the state in an amicable manner between all parties, including entities wishing to develop oil and gas mineral resources, there is a need to establish this Task Force to examine the many facets of these issues and provide recommendations for policy or legislation on how best to achieve these goals.

II. Declaration and Directives

- A. The Task Force on State and Local Regulation of Oil and Gas Operations is hereby created for the purposes described in section I, above.
- B. The Task Force shall identify and strive to reach agreement on recommendations for policy or legislation to harmonize state and local regulatory structures as to activities associated with oil and gas operations with particular focus on the following objectives:
 1. the benefit of oil and gas development on the state's economy;
 2. protecting public health, water resources, the environment and wildlife;
 3. avoiding duplication and conflict between state and local regulations of oil and gas activities; and
 4. fostering a climate that encourages responsible oil and gas development.
- C. The issues that the Task Force addresses shall include, but not be limited to:
 1. distances between oil and gas wells and any occupied structure, or other restrictions on the location of an oil or gas well and its related production facilities, including but not limited to the requirement in COGCC Rule 604(c)(2)(E) regarding setting multiple well-pad facilities as far away as possible from occupied structures;
 2. adoption of laws or regulations by a local jurisdiction that are more or less stringent than those adopted by state government;
 3. adjustments to regulations that may reflect population density, geographic diversity and the unique conditions that may distinguish urban, suburban and rural communities;
 4. interaction between surface owners and energy companies when planning and locating oil and gas facilities;

5. floodplain restrictions;
 6. noise abatement;
 7. operational methods employed by oil and gas activities;
 8. air quality and dust management;
 9. traffic management and impacts; and
 10. fees, financial assurance, and inspection.
- D. The Task Force shall explore options that address the issues in section II(C), above, and that help clarify and/or better coordinate the regulatory jurisdiction over activities associated with oil and gas operations between state and local jurisdictions. Such options examined shall include, but not be limited to:
1. memorandums of agreement, intergovernmental agreements, and letters of cooperation and consent between the state and local jurisdictions;
 2. changes to existing laws or regulations; and
 3. suggested new laws and regulations.
- E. Recommendations of the Task Force regarding new or amended legislation shall be made by a two-thirds vote of the membership. If necessary and appropriate, those members in the minority may issue a separate report containing their recommendations.

III. Membership

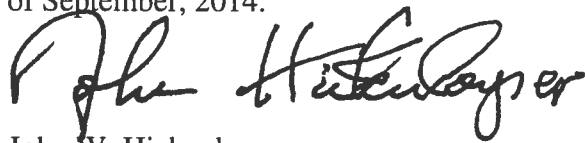
- A. The Task Force shall consist of twenty-one total members, two of whom shall co-chair the Task Force. The nineteen additional members of the Task Force shall represent the following organizations or subject-matter areas, as follows:
1. six members representing the oil and gas industry, the agricultural industry, and the home building industry;
 2. six members representing local government and the conservation community; and
 3. seven members representing a variety of interests.
- B. The Task Force shall meet as determined necessary by the co-chairs.

- C. The members of the Task Force shall receive no compensation nor shall they be reimbursed for travel or other expenses incurred in the performance of their duties.

IV. Duration

The Task Force shall report its recommendations and findings to the Governor by no later than February 27, 2015.

GIVEN under my hand and the
Executive Seal of the State of
Colorado, this eighth day
of September, 2014.

A handwritten signature in black ink, appearing to read "John W. Hickenlooper". The signature is fluid and cursive, with the first name "John" being particularly prominent.

John W. Hickenlooper
Governor