

**Colorado Department of Natural Resources
Colorado Oil and Gas Conservation Commission
2014 Legislative Agenda Proposal – Flood Response**

Proposal #1

Title: **Authorize the Director of COGCC to issue binding orders in the event of a declared disaster emergency**

Summary of Proposal and Rationale:

The legislation will authorize the COGCC Director to issue immediate and binding orders to oil and gas operators in the event of a Governor-declared emergency. Current law does not authorize the Director this type of emergency authority.

During the September 2013 floods, nearly all oil and gas operators voluntarily shut-in more than 2600 wells, physically closing the well connection between the subsurface producing formation and the surface. This action significantly limited the risk of potential releases of oil and gas in the event of severe flood damage to wells and equipment. The voluntary and responsible actions by industry protected public safety and the environment.

However, in the post-flood assessment of emergency responses, submitted to COGCC were several reports of operators that did not shut-in wells in anticipation of the floods, and presumably these wells continuously produced throughout the floods, posing a danger of an uncontrolled release.

Under the proposal, operators in deliberate violation of a binding order would be subject to COGCC penalty. This expanded authority would also be deployed in the event of other Governor-declared emergencies, such as wildfire.

Current law generally empowers only the Commission, not the Director, to issue binding orders. In an emergency situation time is of the essence, and it will slow the COGCC's response to a disaster if required to convene the Commission, explain the details of the action needed, and obtain approval.

Key Changes: Authorizing the COGCC director to issue binding orders during an emergency

Affected Statutes: 34-60-104.5

Fiscal and Economic (Jobs) Impact: If there are order violations by oil and gas operators, fine revenue may increase.

Potential Supporters: Flood-impacted communities, environmental organization, oil and gas operators

Potential Opponents: Oil and gas operators

Potential Sponsors: Legislative Flood Disaster Committee

Consequences if Denied: Status quo