

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 18-0454.03 Thomas Morris x4218

HOUSE BILL 18-1419

HOUSE SPONSORSHIP

Foote and Jackson,

SENATE SPONSORSHIP

Jones and Kefalas,

House Committees

State, Veterans, & Military Affairs
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING ADDITIONAL SAFETY REQUIREMENTS FOR OIL AND GAS**
102 **OPERATORS, AND, IN CONNECTION THEREWITH, REQUIRING THE**
103 **DISCLOSURE OF THE LOCATION OF SUBSURFACE FACILITIES AND**
104 **THE SHARING OF OIL AND GAS OPERATORS' DEVELOPMENT**
105 **PLANS WITH AFFECTED LOCAL GOVERNMENTS AND REQUIRING**
106 **RULES REGARDING WELLHEAD INTEGRITY.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill requires the oil and gas conservation commission to

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
April 30, 2018

promulgate rules as soon as practicable to ensure proper wellhead integrity of all oil and gas production wells.

The bill requires an oil and gas operator to give electronic notice of the location of each flow line and gathering pipeline installed, owned, or operated by the operator to the director of the commission and each local government within whose jurisdiction the subsurface facility is located.

The commission promulgated several rules in 2016 to implement 2 of the recommendations of the governor's oil and gas task force. The bill also codifies some of the essential elements of one of the 2 recommendations, with the following modifications: The rules require operators to share their development plans with municipalities within whose jurisdictions the proposed operations will occur; and the bill adds counties within whose jurisdictions the proposed operations will occur.

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

2 **SECTION 1. Short title.** The short title of this act is the
3 "Preventing Explosions, Nondisclosures, and Toxic Releases Act".

4 **SECTION 2. Legislative declaration.** (1) The general assembly
5 hereby:

6 (a) Finds that current law does not require:

7 (I) The disclosure of oil and gas pipeline locations;

8 (II) The disclosure of oil and gas operators' development plans to
9 counties; or

10 (III) Current best practices regarding wellhead integrity;

11 (b) Declares that these defects adversely affect public health,
12 safety, and welfare; and

13 (c) Determines that this act is necessary to protect public health,
14 safety, and welfare.

15 **SECTION 3.** In Colorado Revised Statutes, 34-60-103, **amend**
16 the introductory portion; and **add** (4.1), (5.3), (6.2), and (6.4) as follows:

17 **34-60-103. Definitions.** As used in this article **60**, unless the

1 context otherwise requires:

2 (4.1) "DIRECTOR" MEANS THE DIRECTOR OF THE COMMISSION.

3 (5.3) "LOCAL GOVERNMENT" MEANS A HOME RULE OR STATUTORY
4 CITY, TOWN, TERRITORIAL CHARTER CITY, COUNTY, OR CITY AND COUNTY.

5 (6.2) "OIL AND GAS FACILITY" MEANS EQUIPMENT OR
6 IMPROVEMENTS, WHETHER SURFACE OR SUBSURFACE, USED OR INSTALLED
7 AT AN OIL AND GAS LOCATION FOR THE EXPLORATION, PRODUCTION,
8 WITHDRAWAL, GATHERING, TREATMENT, OR PROCESSING OF OIL OR
9 NATURAL GAS, INCLUDING FLOW LINES AND GATHERING LINES,
10 REGARDLESS OF WHETHER LOCATED UNDER OR NEAR A WELL PAD, TANK
11 FARM, OR OTHER SURFACE FACILITY.

12 (6.4) "OIL AND GAS LOCATION" MEANS A DEFINABLE AREA WHERE
13 AN OPERATOR HAS DISTURBED OR INTENDS TO DISTURB THE LAND
14 SURFACE IN ORDER TO LOCATE AN OIL AND GAS FACILITY.

15 **SECTION 4.** In Colorado Revised Statutes, 34-60-106, **add** (18)
16 as follows:

17 **34-60-106. Additional powers of commission - rules.** (18) AS
18 SOON AS PRACTICABLE, THE COMMISSION SHALL PROMULGATE RULES TO
19 ENSURE PROPER WELLHEAD INTEGRITY OF ALL OIL AND GAS PRODUCTION
20 WELLS. THE RULES MUST:

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

23 (b) TAKE INTO ACCOUNT REGULATORY DEVELOPMENTS AND
24 CHANGES IN OPERATIONAL PRACTICES THAT HAVE OCCURRED SINCE 2008,
25 INCLUDING:

26 (I) BEST PRACTICES REQUIRED BY OTHER STATES;

27 (II) THE AMERICAN PETROLEUM INSTITUTE'S RECOMMENDED

1 PRACTICE 100-1, HYDRAULIC FRACTURING SWELL INTEGRITY AND
2 FRACTURE CONTAINMENT AND RELATED AMERICAN PETROLEUM
3 INSTITUTE TECHNICAL DOCUMENT UPDATES ISSUED SINCE 2008; AND

4 (III) ANY OTHER APPLICABLE TECHNICAL GUIDANCE DEVELOPED
5 SINCE 2008 BY STANDARDS-SETTING ORGANIZATIONS AND STATE OIL AND
6 GAS REGULATORY BODIES.

7 **SECTION 5.** In Colorado Revised Statutes, **add** 34-60-131 and
8 34-60-132 as follows:

9 **34-60-131. Disclosure of location of subsurface oil and gas**
10 **facilities - definition.** (1) AN OPERATOR SHALL GIVE ELECTRONIC NOTICE
11 OF THE LOCATION OF EACH SUBSURFACE FACILITY INSTALLED, OWNED, OR
12 OPERATED BY THE OPERATOR TO EACH LOCAL GOVERNMENT WITHIN
13 WHOSE JURISDICTION THE SUBSURFACE FACILITY IS LOCATED.

14 (2) (a) THE NOTICE MUST DISTINGUISH BETWEEN SUBSURFACE
15 FACILITIES THAT WERE CONSTRUCTED OR INSTALLED ON OR AFTER THE
16 EFFECTIVE DATE OF THIS SECTION FROM THOSE THAT WERE CONSTRUCTED
17 OR INSTALLED BEFORE THE EFFECTIVE DATE OF THIS SECTION.

18 (b) AN OPERATOR SHALL:

19 (I) FILE THE NOTICE WITH REGARD TO A SUBSURFACE FACILITY
20 THAT WAS CONSTRUCTED OR INSTALLED:

21 (A) ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION WITHIN
22 FORTY-FIVE DAYS AFTER THE CONSTRUCTION OR INSTALLATION OF THE
23 SUBSURFACE FACILITY;

24 (B) BEFORE THE EFFECTIVE DATE OF THIS SECTION WITHIN SIX
25 MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION;

26 (II) SPECIFY WHETHER A SUBSURFACE FACILITY IS ACTIVE OR
27 ABANDONED; AND

1 (III) MAKE AN AFFIRMATIVE EFFORT TO LOCATE SUBSURFACE
2 FACILITIES THAT THE OPERATOR INSTALLED, OWNS, OR OPERATES,
3 REGARDLESS OF WHETHER:

4 (A) THE OPERATOR CONSTRUCTED OR INSTALLED THE FACILITY OR
5 ACQUIRED IT FROM A THIRD PARTY; OR

6 (B) THE FACILITY IS ACTIVE OR ABANDONED.

7 (3) FOR PURPOSES OF THIS SECTION, "SUBSURFACE FACILITY"
8 MEANS AN OIL AND GAS FACILITY THAT IS A FLOW LINE OR A GATHERING
9 LINE.

10 **34-60-132. Disclosure of development plans.** (1) A LOCAL
11 GOVERNMENT MAY REQUEST AN OPERATOR TO PROVIDE, AND IF SO
12 REQUESTED, THE OPERATOR SHALL PROVIDE, THE FOLLOWING
13 INFORMATION TO THE LOCAL GOVERNMENT:

14 (a) BASED ON AN OPERATOR'S CURRENT BUSINESS PLAN AS OF THE
15 DATE OF THE REQUEST, A GOOD-FAITH ESTIMATE OF THE NUMBER OF
16 WELLS THE OPERATOR INTENDS TO DRILL IN THE NEXT FIVE YEARS WITHIN
17 THE LOCAL GOVERNMENT'S JURISDICTION; AND

18 (b) A MAP SHOWING THE LOCATION WITHIN THE LOCAL
19 GOVERNMENT'S JURISDICTION OF THE OPERATOR'S EXISTING WELL SITES
20 AND RELATED OIL AND GAS FACILITIES; SITES FOR WHICH THE OPERATOR
21 HAS RECEIVED COMMISSION APPROVAL OR HAS SUBMITTED APPLICATIONS
22 TO THE COMMISSION FOR, DRILLING AND SPACING ORDERS; AND SITES THE
23 OPERATOR HAS IDENTIFIED FOR DEVELOPMENT ON ITS CURRENT DRILLING
24 SCHEDULE FOR WHICH IT HAS NOT YET SUBMITTED AN APPLICATION FOR
25 COMMISSION PERMITS.

26 (2) AN OPERATOR SHALL PROVIDE THE WELL ESTIMATES
27 REQUESTED PURSUANT TO THIS SECTION USING REASONABLE BUSINESS

1 JUDGMENT BASED ON INFORMATION KNOWN TO THE OPERATOR AS OF THE
2 DATE THE ESTIMATES ARE REQUESTED. WELL ESTIMATES ARE SUBJECT TO
3 CHANGE AT ANY TIME AT THE OPERATOR'S SOLE DISCRETION.

4 **SECTION 6. Applicability.** This act applies to conduct occurring
5 on or after the effective date of this act.

6 **SECTION 7. Safety clause.** The general assembly hereby finds,
7 determines, and declares that this act is necessary for the immediate
8 preservation of the public peace, health, and safety.