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Final Fiscal Note

Drafting Number: LLS 23-0772 Date: August 7, 2023
Prime Sponsors: Sen. Pelton R.; Winter F. Bill Status: Signed into Law
Rep. Winter T.; Willford Fiscal Analyst: Matt Bishop | 303-866-4796
matt.bishop@coleg.gov

Bill Topic: OIL & GAS COMMISSION STUDY METHANE SEEPAGE RATON BASIN

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill commissions a study on methane seepage in the Raton Basin. It increases state expenditures in FY 2023-24 and FY 2024-25 only.

Appropriation Summary: For FY 2023-24, the bill requires and includes appropriations of \$643,681 to the Department of Natural Resources and the Department of Public Health and Environment.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 23-186

Table with 4 columns: Category, Budget Year FY 2023-24, Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill directs the Colorado Oil and Gas Conservation Commission (COGCC) in the Department of Natural Resources (DNR) and the Water Quality Control Division in the Department of Public Health and Environment (CDPHE) to conduct a study on capturing methane seepage in the Raton Basin and using water resulting from such capture. Study requirements include mapping suspected seepage areas and testing samples of gas and water. The COGCC, in consultation with DNR divisions, the Colorado Energy Office, and local governments, must submit the completed study to the General Assembly by June 30, 2025.

State Expenditures

The bill increases state expenditures in the Department of Natural Resources by \$558,500 across FY 2023-24 and FY 2024-25, paid from the Oil and Gas Conservation and Environmental Response Fund, and in the Department of Public Health and Environment by \$89,003 in FY 2023-24 and \$11,985 in FY 2024-25, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 23-186

	FY 2023-24	FY 2024-25
Department of Natural Resources		
Study Operations	\$345,000	-
Consultant	\$199,500	-
DNR Subtotal	\$558,500	-
Department of Public Health and Environment		
Personal Services	\$15,361	\$9,951
Consultant	\$70,000	-
Centrally Appropriated Costs ¹	\$3,642	\$2,034
FTE – Personal Services	0.2 FTE	0.1 FTE
CDPHE Subtotal	\$89,003	\$11,985
Total Cost	\$647,503	\$11,985
Total FTE	0.2 FTE	0.1 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

COGCC. The bill increases expenditures to complete the required study, which includes: an airborne study of methane seepage via aircraft or drones, estimated at \$150,000; quality testing of water samples, estimated at \$150,000; and quality testing of gas samples at \$45,000. Due to the technical nature of the study and the timeframe for implementation, the COGCC requires a consultant to coordinate study activities and produce the required documents. The study's scope is estimated to require 610 hours of labor at \$350 per hour. Workload will increase minimally for COGCC staff to execute the study contract and review deliverables.

Department of Public Health and Environment. Expenditures increase in FY 2023-24 and FY 2024-25 to collaborate on the study with the COGCC. This requires 0.2 FTE initially, and 0.1 FTE in FY 2024-25 to coordinate with the consultant, the COGCC, other divisions in DNR, and the Colorado Energy Office. CDPHE’s scope of the study includes water quality evaluation, water sampling plans, and toxicological impacts, estimated at 200 consultant hours at the same rate as above.

Department of Natural Resources. The bill increases workload for the Division of Water Resources, the Division of Mining, Reclamation, and Safety, and the Parks and Wildlife Division to coordinate with the COGCC on the study. No change in appropriations is required for this work.

Colorado Energy Office. Consulting on the study increases workload in FY 2023-24, which can be accomplished within existing appropriations.

Local Government

The bill increases workload in any local government that consults with the COGCC on the study. This workload is expected to be minimal.

Effective Date

The bill was signed into law by the Governor on June 2, 2023, and it took effect on August 7, 2023.

State Appropriations

For FY 2023-24, the bill requires the following appropriations, which require roll-forward spending authority for FY 2024-25:

- \$558,500 from the Oil and Gas Conservation and Environmental Response Fund to the Department of Natural Resources; and
- \$85,361 from the General Fund to the Department of Public Health and Environment, and 0.2 FTE.

State and Local Government Contacts

Colorado Energy Office	Counties	Information Technology
Law	Public Health and Environment	Natural Resources