

# An Act

HOUSE BILL 23-1242

BY REPRESENTATIVE(S) Boesenecker and Joseph, Amabile, Bacon, Brown, deGruy Kennedy, Dickson, Froelich, Gonzales-Gutierrez, Hamrick, Kipp, Lindsay, Lindstedt, McCormick, Michaelson Jenet, Sirota, Story, Valdez, Velasco, Weissman, Bird, Herod, Jodeh, Mabrey; also SENATOR(S) Cutter and Priola, Jaquez Lewis.

CONCERNING WATER USED IN OIL AND GAS OPERATIONS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

**SECTION 1. Legislative declaration.** (1) The general assembly finds and determines that:

(a) Since the year 2000, Colorado has experienced a drought that, according to the Colorado state university's Colorado water institute, is the most severe drought in the southwestern United States since the year 800;

(b) The drought has affected every part of Colorado, and agricultural operations throughout the state have been negatively impacted due to reduced water supply for irrigation;

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*Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.*

(c) In the years 2020 and 2021, the historically dry conditions led to the four most destructive wildfires in recorded state history; and

(d) Compared to twentieth century levels, the flow of the Colorado river has declined twenty percent since the year 2000.

(2) The general assembly further finds and determines that:

(a) One way to conserve water is by increasing the recycling of produced water in oil and gas operations;

(b) To reduce the use of fresh water and increase the recycling of produced water in oil and gas operations, the Colorado oil and gas conservation commission, referred to in this section as the "commission", should ensure that it collects robust data regarding the existing use, recycling, and disposal of water in oil and gas operations;

(c) New rules adopted by the commission will also assist in the reduction of fresh water use and concomitant increase in produced water recycling; and

(d) A produced water consortium, consisting of individuals with expertise in produced water, environmental impacts, environmental justice concerns, and community perspectives, would be helpful for sorting through the issues related to water use in oil and gas operations, with the primary goal of the consortium being to reduce the use of fresh water and increase the recycling of produced water in oil and gas operations.

(3) Therefore, the general assembly declares that:

(a) The collection of oil and gas operations' water use data is intended to assist stakeholders, the commission, and the public to determine the best solutions for reducing the use of fresh water and increasing the recycling of produced water in oil and gas operations;

(b) The commission should adopt new rules to require a rapid and substantial reduction of the use of fresh water and the increase in the recycling of produced water in oil and gas operations; and

(c) To assist the commission and the public, a produced water

consortium should be appointed and should proceed in a collaborative manner, with efforts to achieve consensus among consortium members whenever possible. The consortium is intended to be an informational resource for the commission and the public and is not intended to be a party participant in any commission rule-making proceedings.

**SECTION 2.** In Colorado Revised Statutes, **add** 34-60-134 and 34-60-135 as follows:

**34-60-134. Reporting of water used in oil and gas operations - cumulative reporting - definitions - rules - repeal.** (1) **Definitions.** AS USED IN THIS SECTION AND IN SECTION 34-60-135, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "CONSORTIUM" MEANS THE COLORADO PRODUCED WATER CONSORTIUM CREATED IN SECTION 34-60-135 (2)(a).

(b) "DISPROPORTIONATELY IMPACTED COMMUNITY" HAS THE MEANING SET FORTH IN SECTION 24-4-109 (2)(b)(II).

(c) (I) "PRODUCED WATER" MEANS WATER, INCLUDING THE WATER'S MINERAL AND CHEMICAL COMPONENTS, IN OR INTRODUCED TO A GEOLOGICAL FORMATION, THAT IS COPRODUCED WITH OIL OR NATURAL GAS.

(II) "PRODUCED WATER" INCLUDES FLOWBACK WATER, EXCLUDING PROPPANTS RETURNED TO THE SURFACE.

(d) "RECYCLED OR REUSED PRODUCED WATER" MEANS PRODUCED WATER THAT IS RECONDITIONED INTO A REUSABLE FORM OR THAT IS REUSED WITHOUT RECONDITIONING.

(2) **Well reporting - rules.** BEGINNING SEPTEMBER 1, 2023, OPERATORS SHALL REPORT TO THE COMMISSION ON A MONTHLY BASIS, IN A MANNER THAT PROVIDES FOR CONCURRENT REPORTING WITH REQUIRED PRODUCTION REPORTING, FOR EACH OIL AND GAS WELL:

(a) THE VOLUME, EXPRESSED IN BARRELS, OF ALL FRESH WATER USED DOWNHOLE;

(b) THE VOLUME, EXPRESSED IN BARRELS, OF ALL RECYCLED OR

REUSED PRODUCED WATER USED DOWNHOLE;

(c) THE VOLUME, EXPRESSED IN BARRELS, OF ALL PRODUCED WATER THAT IS PRODUCED FROM THE WELL AND THE VOLUME, EXPRESSED IN BARRELS, OF THE PRODUCED WATER REMOVED FROM THE OIL AND GAS LOCATION FOR DISPOSAL, INCLUDING:

(I) THE DISPOSAL METHOD, AS DEFINED BY THE COMMISSION BY RULE; AND

(II) THE DISPOSAL LOCATION, INCLUDING FACILITY IDENTIFICATION, IF APPLICABLE; AND

(d) THE VOLUME, EXPRESSED IN BARRELS, OF ALL PRODUCED WATER THAT IS PRODUCED FROM THE WELL AND:

(I) RECYCLED OR REUSED IN ANOTHER WELL AT THE SAME OIL AND GAS LOCATION; AND

(II) REMOVED FROM THE OIL AND GAS LOCATION FOR RECYCLING OR REUSE IN OIL AND GAS OPERATIONS AT A DIFFERENT OIL AND GAS LOCATION, INCLUDING FOR USE BY ANOTHER OPERATOR.

(3) **Oil and gas location reporting - rules.** (a) BEGINNING JANUARY 1, 2024, AN OPERATOR SHALL REPORT TO THE COMMISSION, ON A QUARTERLY BASIS, FOR EACH OIL AND GAS LOCATION AT WHICH THE OPERATOR CONDUCTED OIL AND GAS OPERATIONS IN THE PREVIOUS REPORTING PERIOD:

(I) THE VOLUME, EXPRESSED IN BARRELS, AND WHETHER THE FRESH WATER WAS ACQUIRED FROM INDUSTRIAL, COMMERCIAL, MUNICIPAL, OR AGRICULTURAL WATER SOURCES FOR USE IN OIL AND GAS OPERATIONS AT THE OIL AND GAS LOCATION;

(II) THE VOLUME, EXPRESSED IN BARRELS, AND SOURCE OF ALL RECYCLED OR REUSED WATER USED IN OIL AND GAS OPERATIONS AT THE OIL AND GAS LOCATION;

(III) THE VOLUME, EXPRESSED IN BARRELS, OF ALL PRODUCED WATER DISPOSED OF FROM THE OIL AND GAS LOCATION, INCLUDING:

(A) THE DISPOSAL METHOD, AS DEFINED BY THE COMMISSION BY RULE; AND

(B) THE DISPOSAL LOCATION, INCLUDING FACILITY IDENTIFICATION, IF APPLICABLE;

(IV) THE VOLUME, EXPRESSED IN BARRELS, OF ALL PRODUCED WATER THAT IS REMOVED FROM THE OIL AND GAS LOCATION FOR RECYCLING OR REUSE IN OIL AND GAS OPERATIONS, INCLUDING BY ANOTHER OIL AND GAS OPERATOR; AND

(V) THE TOTAL VOLUME, EXPRESSED IN BARRELS, OF ALL WATER PRODUCED FROM ALL WELLS AT THE OIL AND GAS LOCATION IN EACH MONTH OF THE REPORTING PERIOD.

(b) AN OPERATOR SHALL:

(I) FILE THE REPORT REQUIRED UNDER SUBSECTION (3)(a) OF THIS SECTION NO LATER THAN FORTY-FIVE DAYS AFTER THE END OF THE PREVIOUS CALENDAR QUARTER; AND

(II) INCLUDE IN EACH REPORT FILED PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION THE TOTAL AMOUNTS OF ALL FRESH WATER, PRODUCED WATER, AND RECYCLED OR REUSED PRODUCED WATER MANAGED AT THE OIL AND GAS LOCATION FOR ANY PURPOSE. INFORMATION REPORTED UNDER THIS SUBSECTION (3)(b)(II) DOES NOT INCLUDE STORM WATER.

(4) **Scope of report - operational lifetime of a well.** AN OPERATOR'S PRODUCED WATER REPORTS DESCRIBED IN SUBSECTIONS (2) AND (3) OF THIS SECTION MUST DESCRIBE ALL WATER PRODUCED OR USED THROUGHOUT THE OPERATIONAL LIFETIME OF A WELL, BEGINNING WITH SITE CONSTRUCTION, DRILLING, COMPLETION, STIMULATION AND PRODUCTION OPERATIONS, ASSOCIATED PLUGGING AND ABANDONMENT, FACILITY DECOMMISSIONING, REMEDIATION, AND RECLAMATION.

(5) **Rules.** (a) FOR THE PURPOSE OF COLLECTING THE DATA REQUIRED BY SUBSECTIONS (2) AND (3) OF THIS SECTION, THE COMMISSION MAY ADOPT RULES AUTHORIZING OPERATORS TO INCLUDE INFORMATION IN THEIR REPORTS THAT IS NOT OTHERWISE REPORTED PURSUANT TO EXISTING COMMISSION RULES.

(b) THE COMMISSION SHALL NOT ADOPT A RULE DESIGNATING THE DATA REQUIRED PURSUANT TO SUBSECTION (5)(a) OF THIS SECTION AS CONFIDENTIAL INFORMATION THAT AN OPERATOR MAY REDACT WHEN REPORTING THE INFORMATION TO THE COMMISSION.

(c) (I) ON OR BEFORE DECEMBER 31, 2024, THE COMMISSION SHALL ADOPT RULES TO REQUIRE A STATEWIDE REDUCTION IN FRESH WATER USAGE, AND A CORRESPONDING INCREASE IN USAGE OF RECYCLED OR REUSED PRODUCED WATER, AT OIL AND GAS LOCATIONS. THE RULES MUST NOT APPLY TO ACTIVITIES OCCURRING WITHIN THE EXTERIOR BOUNDARIES OF AN INDIAN RESERVATION LOCATED WITHIN THE STATE.

(II) IN ADOPTING RULES PURSUANT TO SUBSECTION (5)(c)(I) OF THIS SECTION, THE COMMISSION SHALL CONSIDER:

(A) THE DATA IN REPORTS FILED WITH THE COMMISSION PURSUANT TO SUBSECTIONS (2) AND (3) OF THIS SECTION; AND

(B) RECOMMENDATIONS THAT THE CONSORTIUM DEVELOPS.

(d) THE RULES ADOPTED PURSUANT TO THIS SUBSECTION (5) MUST INCLUDE:

(I) REQUIREMENTS FOR NEW OIL AND GAS DEVELOPMENT PLANS AND SUBSTANTIAL MODIFICATIONS TO PREVIOUSLY APPROVED PERMITS TO INCLUDE A PLAN SPECIFYING THE METHODS AND LOCATIONS FOR TREATMENT OF THE PRODUCED WATER, QUANTIFYING RECYCLED OR REUSED PRODUCED WATER USED IN PLACE OF FRESH WATER, DESCRIBING EMISSION CONTROLS ASSOCIATED WITH PRODUCED WATER TREATMENT, AND INCLUDING ANY OTHER REQUIREMENTS THE COMMISSION DETERMINES ARE NECESSARY FOR IMPLEMENTATION OF THIS SECTION;

(II) A PROHIBITION AGAINST PLACEMENT OF A NEW CENTRALIZED PRODUCED WATER STORAGE OR TREATMENT FACILITY IN A DISPROPORTIONATELY IMPACTED COMMUNITY;

(III) A REQUIREMENT THAT AN OPERATOR QUANTIFY AND REPORT, FOR EACH OIL AND GAS LOCATION, THE VEHICLE MILES TRAVELED IN RELATION TO FRESH WATER AND PRODUCED WATER MANAGEMENT, INCLUDING VEHICLE MILES TRAVELED FOR THE RECYCLING AND REUSE OF

PRODUCED WATER.

(e) THE RULES ADOPTED PURSUANT TO SUBSECTION (5)(c) OF THIS SECTION:

(I) MUST:

(A) REQUIRE FOR EACH OIL AND GAS PRODUCTION BASIN AN ITERATIVE AND CONSISTENT INCREASE IN THE USE OF RECYCLED OR REUSED PRODUCED WATER WITHOUT INCREASING EMISSIONS ASSOCIATED WITH OIL AND GAS OPERATIONS; AND

(B) ESTABLISH, BASED ON RECOMMENDATIONS OF THE CONSORTIUM, AN ITERATIVE AND CONSISTENT SCHEDULE OF DATES THAT WILL SIGNIFICANTLY INCREASE THE USAGE OF RECYCLED OR REUSED PRODUCED WATER AND DECREASE THE AMOUNT OF FRESH WATER UTILIZED IN OIL AND GAS OPERATIONS IN THE STATE, WHILE ENSURING THE PROTECTION OF PUBLIC HEALTH, SAFETY, AND WELFARE; THE ENVIRONMENT; AND WILDLIFE RESOURCES. THE CONSORTIUM SHALL REVIEW THE DATES ANNUALLY TO ENSURE THAT THE DATES CONTINUE TO REPRESENT SIGNIFICANT ADVANCEMENT OF THE GOALS OF THIS SECTION, TAKING INTO CONSIDERATION POPULATION DYNAMICS, IMPROVEMENTS IN TECHNOLOGY, RESEARCH, BEST MANAGEMENT PRACTICES, AND INFRASTRUCTURE DEVELOPMENT AROUND PRODUCED WATER.

(II) MAY INCLUDE OIL-AND-GAS-BASIN-SPECIFIC BENCHMARKS TO COMPLY WITH THE REQUIREMENTS ESTABLISHED BY RULE PURSUANT TO SUBSECTION (5)(e)(I) OF THIS SECTION.

(6) **Cumulative impacts reporting.** THE COMMISSION SHALL INCLUDE IN ITS ANNUAL REPORTING ON CUMULATIVE IMPACTS OF OIL AND GAS OPERATIONS IN THE STATE INFORMATION REPORTED PURSUANT TO THIS SECTION.

(7) (a) ON OR BEFORE APRIL 1, 2025, THE COMMISSION SHALL SUBMIT A REPORT TO THE HOUSE OF REPRESENTATIVES ENERGY AND ENVIRONMENT COMMITTEE AND THE SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR SUCCESSOR COMMITTEES, SUMMARIZING THE REPORTS DEVELOPED PURSUANT TO THIS SECTION.

(b) THIS SUBSECTION (7) IS REPEALED, EFFECTIVE JULY 1, 2025.

**34-60-135. Colorado produced water consortium - created - membership - recommendations - definitions - review of functions - repeal.** (1) (a) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(I) "BENEFICIAL USE" HAS THE MEANING SET FORTH IN SECTION 37-92-103 (4).

(II) "DEPARTMENT" MEANS THE DEPARTMENT OF NATURAL RESOURCES.

(III) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE DEPARTMENT.

(IV) "GOVERNING BODY" MEANS THE GOVERNING BODY OF THE CONSORTIUM APPOINTED PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION TO APPOINT MEMBERS OF THE CONSORTIUM.

(V) "LOCAL GOVERNMENT" MEANS A STATUTORY OR HOME RULE CITY, CITY AND COUNTY, OR COUNTY.

(VI) "NONTRIBUTARY GROUNDWATER" HAS THE MEANING SET FORTH IN SECTION 37-90-103 (10.5).

(VII) "STATE INSTITUTION OF HIGHER EDUCATION" HAS THE MEANING SET FORTH IN SECTION 23-18-102 (10).

(VIII) "WATER RIGHT" HAS THE MEANING SET FORTH IN SECTION 37-92-103 (12).

(b) DEFINITIONS IN SECTION 34-60-134 (1) APPLY TO TERMS AS THEY ARE USED IN THIS SECTION.

(2) (a) THERE IS CREATED IN THE DEPARTMENT THE COLORADO PRODUCED WATER CONSORTIUM TO MAKE RECOMMENDATIONS THAT ARE PROTECTIVE OF PUBLIC HEALTH, SAFETY, AND WELFARE; THE ENVIRONMENT; AND WILDLIFE WITH REGARD TO:



(I) AN INFORMED PATH FOR THE RECYCLING AND REUSE OF PRODUCED WATER WITHIN, AND POTENTIALLY OUTSIDE OF, OIL AND GAS OPERATIONS IN THE STATE; AND

(II) MEASURES TO ADDRESS BARRIERS ASSOCIATED WITH THE UTILIZATION OF PRODUCED WATER.

(b) THE CONSORTIUM HAS NO ROLE WITHIN THE EXTERIOR BOUNDARIES OF AN INDIAN RESERVATION LOCATED WITHIN THE STATE.

(c) THE PRIMARY GOAL OF THE CONSORTIUM IS TO HELP REDUCE THE CONSUMPTION OF FRESH WATER WITHIN OIL AND GAS OPERATIONS. THE CONSORTIUM SHALL BRING TOGETHER THE FOLLOWING GROUPS TO COLLABORATE ON WORKING TOWARD THAT GOAL:

(I) STATE AND FEDERAL AGENCIES;

(II) RESEARCH INSTITUTIONS;

(III) STATE INSTITUTIONS OF HIGHER EDUCATION;

(IV) AFFECTED AND INTERESTED NONGOVERNMENTAL ORGANIZATIONS;

(V) LOCAL GOVERNMENTS;

(VI) AFFECTED INDUSTRIES;

(VII) ENVIRONMENTAL JUSTICE ORGANIZATIONS;

(VIII) DISPROPORTIONATELY IMPACTED COMMUNITY MEMBERS; AND

(IX) OTHER INTERESTED PARTIES.

(3) (a) (I) EXCEPT AS PROVIDED IN SUBSECTION (3)(a)(IV) OF THIS SECTION, A GOVERNING BODY OF THE CONSORTIUM SHALL MAKE APPOINTMENTS TO THE CONSORTIUM IN ACCORDANCE WITH THIS SUBSECTION (3). THE MEMBERS OF THE GOVERNING BODY ALSO SERVE AS MEMBERS OF THE CONSORTIUM.

(II) THE EXECUTIVE DIRECTOR OR THE EXECUTIVE DIRECTOR'S DESIGNEE SHALL APPOINT THE FOLLOWING THREE INDIVIDUALS TO SERVE AS THE GOVERNING BODY AND MEMBERS OF THE CONSORTIUM:

(A) ONE REPRESENTATIVE OF THE COMMISSION;

(B) ONE REPRESENTATIVE OF THE DIVISION OF WATER RESOURCES IN THE DEPARTMENT; AND

(C) ONE REPRESENTATIVE FROM THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT.

(III) THE GOVERNING BODY SHALL APPOINT THE FOLLOWING TWENTY-TWO MEMBERS OF THE CONSORTIUM:

(A) FOUR REPRESENTATIVES FROM A STATE OR FEDERAL AGENCY, OTHER THAN A COMMISSIONER OF THE COMMISSION, ASSOCIATED WITH THE REGULATION OF PRODUCED WATER, INCLUDING AT LEAST ONE MEMBER FROM THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT. A STAFF PERSON FOR THE COMMISSION MAY BE APPOINTED PURSUANT TO THIS SUBSECTION (3)(a)(III)(A).

(B) FOUR REPRESENTATIVES FROM RESEARCH INSTITUTIONS OR STATE INSTITUTIONS OF HIGHER EDUCATION WITH EXPERIENCE IN PRODUCED WATER;

(C) FOUR REPRESENTATIVES FROM ENVIRONMENTAL NONGOVERNMENTAL ORGANIZATIONS THAT ENGAGE IN WORK AND ADVOCATE FOR POLICIES RELATED TO PRODUCED WATER;

(D) FOUR REPRESENTATIVES FROM THE OIL AND GAS INDUSTRY, WITH ONE MEMBER APPOINTED FROM EACH OF THE FOLLOWING BASINS: THE DENVER-JULESBURG OIL AND GAS BASIN; THE PICEANCE OIL AND GAS BASIN; THE SAN JUAN OIL AND GAS BASIN; AND THE RATON OIL AND GAS BASIN;

(E) TWO REPRESENTATIVES WHO SERVE ON A GOVERNING BODY OF A LOCAL GOVERNMENT, WHO SHALL BE APPOINTED WITH CONSIDERATION OF THE NEED FOR GEOGRAPHIC REPRESENTATION OF AREAS OF THE STATE THAT HAVE CURRENT OR ANTICIPATED RECYCLED OR REUSED PRODUCED WATER; AND

(F) FOUR REPRESENTATIVES WITH EXPERTISE AND EXPERIENCE IN PRODUCED WATER.

(IV) THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT SIX MEMBERS OF THE CONSORTIUM AS FOLLOWS:

(A) THREE MEMBERS, EACH FROM A NONGOVERNMENTAL ORGANIZATION IN THE STATE THAT WORKS ON AND ADVOCATES FOR POLICIES RELATED TO ENVIRONMENTAL JUSTICE AND CONSERVATION, TWO OF WHOM ARE APPOINTED BY THE PRESIDENT OF THE SENATE AND ONE OF WHOM IS APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES; AND

(B) THREE MEMBERS, EACH OF WHOM MUST BE FROM A NONGOVERNMENTAL ORGANIZATION IN THE STATE THAT WORKS WITH AND ADVOCATES FOR DISPROPORTIONATELY IMPACTED COMMUNITIES AND COMMUNITIES OF COLOR OR MUST RESIDE IN A DISPROPORTIONATELY IMPACTED COMMUNITY, ONE OF WHOM IS APPOINTED BY THE PRESIDENT OF THE SENATE AND TWO OF WHOM ARE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

(b) ANY VACANCY IN MEMBERSHIP OF THE CONSORTIUM SHALL BE FILLED AS SOON AS PRACTICABLE IN ACCORDANCE WITH THE APPOINTMENT PROCESS SET FORTH IN SUBSECTION (3)(a)(III) OR (3)(a)(IV) OF THIS SECTION.

(c) THE GOVERNING BODY SHALL CALL THE FIRST MEETING OF THE CONSORTIUM, AT WHICH MEETING THE MEMBERS OF THE CONSORTIUM SHALL ELECT A MEMBER TO SERVE AS CHAIR OF THE CONSORTIUM. THE CHAIR OF THE CONSORTIUM SERVES FOR TWO YEARS, AND THE MEMBERS OF THE CONSORTIUM ELECT A NEW CHAIR AS NEEDED.

(d) (I) MEMBERS SHALL BE REIMBURSED FOR ACTUAL AND NECESSARY EXPENSES INCURRED WHILE PERFORMING OFFICIAL DUTIES, TOGETHER WITH MILEAGE, AT THE RATE AT WHICH MEMBERS OF THE GENERAL ASSEMBLY ARE REIMBURSED PURSUANT TO SECTION 2-2-317. ALL CONSORTIUM MEMBERS ARE ENTITLED TO RECEIVE FIFTY DOLLARS FOR EACH MEETING ATTENDED DURING THE 2023-24 STATE FISCAL YEAR; EXCEPT THAT MEMBERS WHO ARE APPOINTED UNDER SUBSECTION (3)(a)(IV)(B) OF THIS

SECTION AND RESIDE IN A DISPROPORTIONATELY IMPACTED COMMUNITY ARE ELIGIBLE TO RECEIVE AN ADDITIONAL ONE HUNDRED FIFTY DOLLARS FOR EACH MEETING ATTENDED DURING THE 2023-24 STATE FISCAL YEAR.

(II) A MEMBER OF THE CONSORTIUM WHO, AS PART OF THE MEMBER'S TYPICALLY ASSIGNED, REGULAR JOB DUTIES, RECEIVES PROFESSIONAL COMPENSATION FOR THE MEMBER'S PARTICIPATION IN A CONSORTIUM MEETING IS NOT ELIGIBLE FOR THE ADDITIONAL PER DIEM FOR REPRESENTATIVES OF A DISPROPORTIONATELY IMPACTED COMMUNITY PURSUANT TO SUBSECTION (3)(d)(I) OF THIS SECTION.

(III) THE DIRECTOR OF THE CONSORTIUM HIRED PURSUANT TO SUBSECTION (3)(e) OF THIS SECTION SHALL ANNUALLY ADJUST THE PER DIEM AMOUNTS SET FORTH IN SUBSECTION (3)(d)(I) OF THIS SECTION BASED ON THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKESWOOD FOR ALL ITEMS PAID BY ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

(IV) THE DIRECTOR OF THE CONSORTIUM SHALL DETERMINE THE FORM AND MANNER BY WHICH A CONSORTIUM MEMBER MAY REQUEST EXPENSE REIMBURSEMENT, MILEAGE REIMBURSEMENT, OR A PER DIEM ALLOWANCE.

(e) THE EXECUTIVE DIRECTOR SHALL HIRE A DIRECTOR AND A DIRECTOR OF RESEARCH TO ASSIST THE CONSORTIUM AS FOLLOWS:

(I) THE DIRECTOR OF THE CONSORTIUM SHALL PROVIDE ADMINISTRATIVE SUPPORT; COORDINATE MEETINGS AND MEMBERSHIP; WRITE GRANTS; PREPARE THE CONSORTIUM BUDGET; CONTRACT FOR ANALYSES AND STUDIES; AND INTERACT WITH AND REPORT TO AGENCIES AND THE GENERAL ASSEMBLY REGARDING POLICIES, RULE-MAKING PROCEEDINGS, AND LEGISLATION REGARDING REUSE, RECYCLING, AND BENEFICIAL USE OF PRODUCED WATER;

(II) THE DIRECTOR OF RESEARCH FOR THE CONSORTIUM SHALL MANAGE ACADEMIC ANALYSES, RESEARCH, PILOT PROJECTS, AND CASE STUDIES FOR THE CONSORTIUM.

(4) THE CONSORTIUM SHALL:

(a) PROVIDE RECOMMENDATIONS TO STATE AGENCIES AND THE GENERAL ASSEMBLY AS FOLLOWS:

(I) ON OR BEFORE MAY 1, 2024, HOW STATE AND FEDERAL AGENCIES CAN BETTER COORDINATE REGULATORY POLICIES RELATED TO PRODUCED WATER;

(II) ON OR BEFORE SEPTEMBER 1, 2024, TOPICS RELATED TO PRODUCED WATER;

(III) ON OR BEFORE NOVEMBER 1, 2024, ANY LEGISLATION OR AGENCY RULES NEEDED TO REMOVE BARRIERS TO THE SAFE RECYCLING AND REUSE OF PRODUCED WATER IN THE STATE, TAKING INTO CONSIDERATION:

(A) ENVIRONMENTAL JUSTICE ISSUES;

(B) ANY LEGAL ISSUES THAT MAY AFFECT THE RECYCLING AND REUSE OF PRODUCED WATER;

(C) TESTING STANDARDS AND PROCEDURES FOR TREATMENT OF PRODUCED WATER FOR BOTH CONVENTIONAL AND NONCONVENTIONAL OIL AND GAS EXPLORATION AND DEVELOPMENT;

(D) RESEARCH GAPS ASSOCIATED WITH THE TREATMENT OF PRODUCED WATER, INCLUDING GAPS IN ADDRESSING EMISSIONS FROM PRODUCED WATER TREATMENT AND STORAGE AND ANY OTHER DEFICIENCIES IN THE TREATMENT OF PRODUCED WATER;

(E) WATER SHARING AGREEMENTS; AND

(F) INFRASTRUCTURE AND STORAGE FOR PRODUCED WATER REUSE AND RECYCLING, SPECIFICALLY ADDRESSING NEW OR EXISTING PITS;

(IV) ON OR BEFORE DECEMBER 1, 2024, SHORT- AND LONG-TERM PRODUCED WATER REUSE AND RECYCLING GOALS FOR THE STATE AND CONTEMPORANEOUS DECREASES IN FRESH WATER USE;

(b) PARTICIPATE IN RELEVANT STATE AGENCY RULE-MAKING PROCEEDINGS REGARDING PRODUCED WATER; EXCEPT THAT THE CONSORTIUM SHALL NOT PARTICIPATE AS A PARTY IN ANY RULE-MAKING

PROCEEDING;

(c) ON OR BEFORE MARCH 1, 2024, DEVELOP GUIDANCE DOCUMENTS AND CASE STUDIES TO PROMOTE BEST PRACTICES FOR IN-FIELD RECYCLING AND REUSE OF PRODUCED WATER THROUGHOUT THE STATE;

(d) ON OR BEFORE JULY 1, 2024, BASED ON DATA REPORTED UNDER SECTION 34-60-134, ANALYZE AND REPORT ON CURRENT PRODUCED WATER INFRASTRUCTURE, STORAGE, AND TREATMENT FACILITIES WITHIN THE DIFFERENT OIL AND GAS PRODUCTION BASINS IN THE STATE, WITH SPECIFIC EMPHASIS ON OPPORTUNITIES WITHIN THE DENVER-JULESBURG OIL AND GAS PRODUCTION BASIN;

(e) ON OR BEFORE AUGUST 1, 2024, ANALYZE AND REPORT ON THE VOLUME OF PRODUCED WATER PRODUCED IN THE DIFFERENT OIL AND GAS PRODUCTION BASINS AVAILABLE FOR REUSE AND RECYCLING IN COMPARISON TO THE TOTAL VOLUME OF WATER NECESSARY FOR COMPLETION ACTIVITIES IN NEW OIL AND GAS OPERATIONS;

(f) ON OR BEFORE SEPTEMBER 1, 2024, ANALYZE AND REPORT ON THE INFRASTRUCTURE, STORAGE, AND TECHNOLOGY NECESSARY TO ACHIEVE DIFFERENT LEVELS OF RECYCLING AND REUSE OF PRODUCED WATER IN OIL AND GAS PRODUCTION BASINS THROUGHOUT THE STATE, WITH SPECIFIC EMPHASIS ON OPPORTUNITIES WITHIN THE DENVER-JULESBURG OIL AND GAS PRODUCTION BASIN;

(g) ON OR BEFORE JULY 1, 2025, EVALUATE ANALYTICAL AND TOXICOLOGICAL METHODS EMPLOYED DURING PRODUCED WATER TREATMENT AND ASSESS TOOLS USED TO EVALUATE PRODUCED WATER AND ITS POTENTIAL FOR USE OUTSIDE THE OIL FIELD; AND

(h) ON OR BEFORE APRIL 1, 2024, IN THE 2024 LEGISLATIVE SESSION AND ANNUALLY THEREAFTER, AND NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THROUGH THE DIRECTOR OF THE CONSORTIUM, UPDATE THE HOUSE OF REPRESENTATIVES ENERGY AND ENVIRONMENT COMMITTEE AND THE SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR SUCCESSOR COMMITTEES, ON THE CONSORTIUM'S WORK PURSUANT TO THIS SECTION.

(5) (a) ON OR BEFORE JULY 1, 2023, THE GOVERNING BODY AND

MEMBERSHIP OF THE CONSORTIUM SHALL BE APPOINTED PURSUANT TO SUBSECTION (3) OF THIS SECTION.

(b) THE CONSORTIUM SHALL MEET ON A MONTHLY BASIS DURING THE CONSORTIUM'S FIRST YEAR AND ON A QUARTERLY BASIS IN SUBSEQUENT YEARS, OR MORE OFTEN IF NEEDED AS DETERMINED BY THE CHAIR OF THE CONSORTIUM.

(6) (a) REPORTS AND ANALYSES THAT THE CONSORTIUM PROVIDES TO BOTH STATE AGENCIES AND THE GENERAL ASSEMBLY MUST BE INCLUSIVE OF ALL OF THE OPINIONS OF MEMBERS OF THE CONSORTIUM ON THE REPORTED TOPICS.

(b) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE EXECUTIVE DIRECTOR OR THE EXECUTIVE DIRECTOR'S DESIGNEE SHALL INCLUDE IN THE ANNUAL "SMART ACT" DEPARTMENTAL PRESENTATION, MADE TO A JOINT COMMITTEE OF THE GENERAL ASSEMBLY, PURSUANT TO SECTION 2-7-203 (2) A SUMMARY OF THE CONSORTIUM'S WORK, INCLUDING THE CONSORTIUM'S RECOMMENDATIONS MADE TO THE COMMISSION AND REPORTS PREPARED PURSUANT TO THIS SECTION.

(7) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2030. BEFORE THE REPEAL, THIS SECTION IS SCHEDULED FOR REVIEW IN ACCORDANCE WITH SECTION 24-34-104.

**SECTION 3.** In Colorado Revised Statutes, 24-34-104, add (31)(a)(X) as follows:

**24-34-104. General assembly review of regulatory agencies and functions for repeal, continuation, or reestablishment - legislative declaration - repeal.** (31) (a) The following agencies, functions, or both, are scheduled for repeal on September 1, 2030:

(X) THE COLORADO PRODUCED WATER CONSORTIUM CREATED IN SECTION 34-60-135 (2)(a).

**SECTION 4. Appropriation.** (1) For the 2023-24 state fiscal year, \$464,512 is appropriated to the department of natural resources for use by the Colorado oil and gas conservation commission. This appropriation is from the oil and gas conservation and environmental response fund created

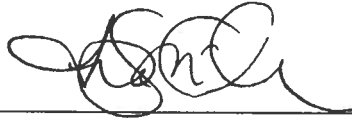
in section 34-60-122 (5)(a), C.R.S., and is based on an assumption that the commission will require an additional 4.0 FTE. To implement this act, the commission may use this appropriation for program costs.

(2) For the 2023-24 state fiscal year, \$30,169 is appropriated to the department of public health and environment for use by the water quality control division. This appropriation is from the perfluoroalkyl and polyfluoroalkyl substances cash fund created in section 8-20-206.5 (7)(a), C.R.S., and is based on an assumption that the division will require an additional 0.3 FTE. To implement this act, the division may use this appropriation for personal services related to the drinking water program.

**SECTION 5. Safety clause.** The general assembly hereby finds,



determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.



Julie McCluskie  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES



Steve Fenberg  
PRESIDENT OF  
THE SENATE

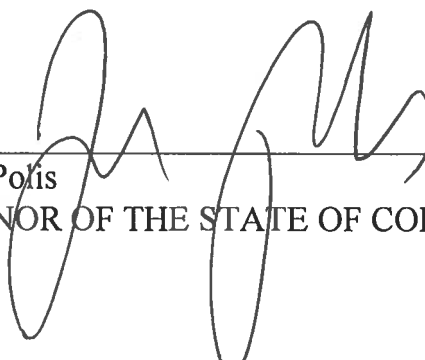


Robin Jones  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES



Cindi L. Markwell  
SECRETARY OF  
THE SENATE

APPROVED June 7, 2023 at 3:11pm  
(Date and Time)



Jared S. Polis  
GOVERNOR OF THE STATE OF COLORADO