

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0656.03 Sarah Lozano x3858

SENATE BILL 24-159

SENATE SPONSORSHIP

Jaquez Lewis and Priola,

HOUSE SPONSORSHIP

Boesenecker and Marvin,

Senate Committees

Agriculture & Natural Resources

House Committees

A BILL FOR AN ACT

101 **CONCERNING MODIFICATIONS TO PROCESSES TO FURTHER PROTECT**
102 **PUBLIC HEALTH IN ENERGY AND CARBON MANAGEMENT.**

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>.)

On or before July 1, 2027, **section 2** of the bill requires the energy and carbon management commission (commission) to adopt rules (permitting rules) to cease issuing new oil and gas permits (permits) before January 1, 2030, which rules must include certain reductions in the total number of oil and gas wells covered by new permits issued in 2028 and 2029.

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

Section 2 also requires the commission to include as a condition in any permit issued after July 1, 2024, that certain operations must commence on or before December 31, 2032, as to each oil and gas well included in the permit.

If the commission determines that mitigation of adverse environmental impacts is necessary as a result of oil and gas operations, current law requires the commission to issue an order requiring a responsible party to perform the mitigation. If the responsible party refuses to perform the mitigation or is identified after the state provides funds for the mitigation, the commission must sue the responsible party to recover the costs of the mitigation. **Section 3** changes current law by:

- Expanding mitigation to include mitigation of adverse environmental impacts as a result of any activity regulated by the commission;
- Adding a prior owner or operator to the definition of "responsible party"; and
- Allowing a current or prior owner or operator to be held jointly and severally liable for the costs of any mitigation.

Section 4 requires the office of future of work to present recommendations as a result of the adoption of the permitting rules to the general assembly in January 2028.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Oil and gas production has resulted in negative cumulative
5 impacts to Coloradans from over one hundred thousand wells drilled over
6 decades. Adverse health impacts of oil and gas pollution are known to
7 include premature deaths, heart and lung disease, neurological issues, and
8 gastrointestinal problems, and over half of all Coloradans live in areas
9 exposed to pollution from oil and gas operations, including many
10 communities that are disproportionately impacted by pollution.

11 (b) International reports and agreements reflect the need to end oil
12 and gas expansion. For example, the twenty-eighth Conference of the
13 Parties to the United Nations Framework Convention on Climate Change

1 called unanimously for a transition away from fossil fuels, and the
2 International Energy Agency states that an end to new fossil fuel
3 development is needed for a fifty percent chance of limiting global
4 warming to one and one-half degrees Celsius.

5 (c) Climate pollution from oil and gas wells in Colorado
6 exacerbates climate change, which has been declared the greatest global
7 threat to public health by two hundred medical journals, and has adverse
8 impacts on Coloradans' health and well-being as described in section
9 25-7-102, Colorado Revised Statutes;

10 (d) Phasing out new oil and gas permits is feasible for Colorado's
11 energy needs: The industry extracts roughly four times more natural gas
12 and two times more oil than Coloradans use, most existing wells will
13 continue to produce for decades, and energy needs are increasingly being
14 met by renewable sources. The state's economy is ready for the clean
15 energy transition, and House Bill 23-1074, enacted in 2023, has
16 authorized a study to determine how to support oil and gas workers and
17 communities through the vital and necessary decades of change.

18 (e) It is a matter of great importance to public health and safety
19 that costs associated with safely decommissioning, plugging, and
20 remediating oil and gas and other activities regulated by the energy and
21 carbon management commission be paid to the fullest extent by all
22 potentially responsible parties rather than falling to the public; and

23 (f) Because the oil and gas industry has previously shifted the
24 responsibility of hundreds of millions of dollars of remediation activity
25 from oil and gas owners and operators to the public, it is just and
26 equitable for the owners and operators that have profited from oil and gas
27 activity to pay for the remediation costs and for any inactive oil and gas

1 wells to be quickly plugged and reclaimed to lessen any toxic burdens on
2 communities and wildlife.

3 **SECTION 2.** In Colorado Revised Statutes, **add** 34-60-106.5 as
4 follows:

5 **34-60-106.5. Prohibition on new oil and gas permits starting**
6 **in 2030 - requirement for operations by 2032 - rules - definitions.**

7 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
8 REQUIRES:

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

11 (b) "OIL AND GAS WELL" DOES NOT INCLUDE A CLASS II OR CLASS
12 VI INJECTION WELL CLASSIFIED IN 40 CFR 144.6.

13 (c) "PERMIT" HAS THE MEANING SET FORTH IN SECTION 34-60-103
14 (7.5) AND INCLUDES:

15 (I) A PERMIT OR OTHER APPROVAL ISSUED BY THE COMMISSION
16 THAT COULD RESULT IN:

17 (A) NEW DRILLING, DEEPENING, REENTERING, OR RECOMPLETION
18 OPERATIONS; OR

19 (B) INCREASED HYDROCARBON PRODUCTION; AND

20 (II) AN OIL AND GAS LOCATION ASSESSMENT, AN APPLICATION FOR
21 A PERMIT-TO-DRILL, AN OIL AND GAS DEVELOPMENT PLAN, AND A
22 COMPREHENSIVE AREA PLAN.

23 (2) NOTWITHSTANDING ANY PROVISION OF THIS ARTICLE 60 TO THE
24 CONTRARY, ON OR BEFORE JULY 1, 2027, THE COMMISSION SHALL ADOPT
25 RULES TO CEASE ISSUING NEW PERMITS FOR OIL AND GAS WELLS BEFORE
26 JANUARY 1, 2030. THE RULES ADOPTED PURSUANT TO THIS SUBSECTION
27 (2) MUST ADDRESS, AT A MINIMUM:

1 (a) CRITERIA FOR THE ISSUANCE OF NEW PERMITS DURING THE
2 TIME PERIOD BEGINNING JANUARY 1, 2028, AND ENDING DECEMBER 31,
3 2029, WHICH CRITERIA MUST INCLUDE A CONSISTENT REDUCTION IN THE
4 AMOUNT OF NEW PERMITS ISSUED BY THE COMMISSION IN EACH YEAR OF
5 THE TIME PERIOD, WHICH AMOUNT OF NEW PERMITS MUST NOT COVER
6 MORE THAN:

7 (I) SIX HUNDRED SIXTY OIL AND GAS WELLS DURING THE TIME
8 PERIOD BEGINNING JANUARY 1, 2028, AND ENDING DECEMBER 31, 2028;
9 AND

10 (II) THREE HUNDRED THIRTY OIL AND GAS WELLS DURING THE
11 TIME PERIOD BEGINNING JANUARY 1, 2029, AND ENDING DECEMBER 31,
12 2029; AND

13 (b) AMENDMENT OF COMMISSION RULES TO REMOVE ANY
14 AUTHORIZATION TO ISSUE NEW PERMITS, EFFECTIVE JANUARY 1, 2030.

15 (3) THE CONSISTENT REDUCTION IN THE AMOUNT OF PERMITS
16 ISSUED PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION MUST
17 PRIORITIZE REDUCTIONS IN DISPROPORTIONATELY IMPACTED
18 COMMUNITIES.

19 (4) THE COMMISSION SHALL INCLUDE AS A CONDITION IN ANY
20 PERMIT ISSUED AFTER JULY 1, 2024, THAT DRILLING, DEEPENING,
21 REENTERING, OR RECOMPLETION OPERATIONS MUST COMMENCE ON OR
22 BEFORE DECEMBER 31, 2032, AS TO EACH OIL AND GAS WELL INCLUDED IN
23 THE PERMIT.

24 **SECTION 3.** In Colorado Revised Statutes, 34-60-124, **amend**
25 (7), (8)(b), and (9) as follows:

26 **34-60-124. Energy and carbon management cash fund -**
27 **definitions - legislative declaration - repeal.** (7) If the commission

1 determines that mitigation of a significant adverse environmental impact
2 on any air, water, soil, or biological resource is necessary as a result of the
3 conduct of ~~oil and gas operations~~ ANY ACTIVITY REGULATED BY THE
4 COMMISSION, the commission shall issue an order requiring the
5 responsible party to perform ~~such~~ THE mitigation. If the responsible party
6 cannot be identified or refuses to comply with ~~such~~ THE order, the
7 commission shall authorize the necessary expenditures from the fund. The
8 commission shall bring suit in the second judicial district to recover ~~such~~
9 THE expenditures from any responsible party ~~who~~ THAT refuses to
10 perform ~~such~~ THE mitigation or any responsible party ~~who~~ THAT is
11 subsequently identified, ~~such~~ THE action to be brought within a two-year
12 period ~~from~~ AFTER the date that final expenditures were authorized.
13 ~~Moneys~~ MONEY recovered as a result of ~~such~~ THE suit ~~shall~~ MUST first be
14 applied to the commission's legal costs and attorney fees and ~~shall~~ MUST
15 then be credited to the fund.

16 (8) As used in this section:

17 (b) (I) (A) "Responsible party" means any person ~~who~~ THAT
18 conducts ~~an oil and gas operation in a manner that violates any~~
19 ~~then-applicable provision of this article 60, or of any rule or order of the~~
20 ~~commission, or of any permit~~ ANY ACTIVITY REGULATED BY THE
21 COMMISSION that threatens to cause, or actually causes, a significant
22 adverse environmental impact to any air, water, soil, or biological
23 resource.

24 (B) "Responsible party" includes any person ~~who~~ THAT disposes
25 of any ~~other~~ waste by mixing it with exploration and production waste
26 that threatens to cause, or actually causes, a significant adverse
27 environmental impact to any air, water, soil, or biological resource.

1 (C) IN THE EVENT THAT A CURRENT OWNER OR OPERATOR CANNOT
2 BE IDENTIFIED OR REFUSES TO PAY THE EXPENDITURES DESCRIBED IN
3 SUBSECTION (7) OF THIS SECTION, "RESPONSIBLE PARTY" MAY INCLUDE
4 ANY PRIOR OWNER OR OPERATOR, REGARDLESS OF WHETHER THE PRIOR
5 OWNER OR OPERATOR VIOLATED ANY PROVISION OF LAW DURING THE
6 PRIOR OWNER'S OR OPERATOR'S PERIOD OF OWNERSHIP OR OPERATION.

7 (D) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE
8 INCLUSION OF A PRIOR OWNER OR OPERATOR AS A RESPONSIBLE PARTY
9 PURSUANT TO SUBSECTION (8)(b)(I)(C) OF THIS SECTION APPLIES TO
10 OWNERSHIP OR OPERATIONS OCCURRING BEFORE THE EFFECTIVE DATE OF
11 THIS SENATE BILL 24-___, ENACTED IN 2024.

12 (II) Except as otherwise provided in subsection (8)(b)(I) of this
13 section, "responsible party" does not include any landowner, whether of
14 the surface estate, mineral estate, or both, ~~who~~ THAT does not engage in,
15 or assume responsibility for, the conduct ~~of oil and gas operations~~
16 DESCRIBED IN SUBSECTION (7) OF THIS SECTION.

17 (9) For purposes of this section, any person ~~who~~ THAT is found to
18 be a responsible party shall be deemed to have consented to the
19 jurisdiction of the commission and the courts of the state of Colorado.
20 ~~Each responsible party shall be liable only for a proportionate share of~~
21 ~~any costs imposed under this section and shall not be held jointly and~~
22 ~~severally liable for such costs~~ RESPONSIBLE PARTIES MAY BE HELD
23 JOINTLY AND SEVERALLY LIABLE FOR ANY COSTS IMPOSED UNDER THIS
24 SECTION.

25 **SECTION 4.** In Colorado Revised Statutes, 8-15.8-104, **add** (3)
26 as follows:

27 **8-15.8-104. Reports - recommendations.** (3) IN JANUARY 2028,

1 THE OFW SHALL PROVIDE TO THE BUSINESS, LABOR, AND TECHNOLOGY
2 COMMITTEE OF THE SENATE AND THE BUSINESS AFFAIRS AND LABOR
3 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, OR THEIR SUCCESSOR
4 COMMITTEES, A RECOMMENDATION OF ANY FURTHER EVALUATION,
5 STUDY, OR ACTION NECESSARY AS A RESULT OF THE RULES ADOPTED
6 PURSUANT TO SECTION 34-60-106.5 DURING THE DEPARTMENT'S
7 PRESENTATION AT HEARINGS HELD PURSUANT TO THE "SMART ACT",
8 PART 2 OF ARTICLE 7 OF TITLE 2.

9 **SECTION 5.** In Colorado Revised Statutes, 34-60-106, **amend**
10 (2) introductory portion ; and **add** (1.1) as follows:

11 **34-60-106. Additional powers of commission - rules -**
12 **definitions - repeal.** (1.1) THIS SUBSECTION (1.1) AND SUBSECTION
13 (1)(f)(I) OF THIS SECTION ARE REPEALED, EFFECTIVE JANUARY 1, 2033.

14 (2) EXCEPT AS SET FORTH IN SECTION 34-60-106.5, the
15 commission may regulate:

16 **SECTION 6. Applicability.** Section 34-60-124 (7), (8)(b), and
17 (9), Colorado Revised Statutes, as amended in section 3 of this act,
18 applies to conduct occurring before the effective date of this act.

19 **SECTION 7. Safety clause.** The general assembly finds,
20 determines, and declares that this act is necessary for the immediate
21 preservation of the public peace, health, or safety or for appropriations for
22 the support and maintenance of the departments of the state and state
23 institutions.