

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 24-0807.01 Sarah Lozano x3858

HOUSE BILL 24-1330

HOUSE SPONSORSHIP

Bacon and Willford, Kipp

SENATE SPONSORSHIP

Cutter,

House Committees

Energy & Environment
Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING MODIFICATIONS OF PROCESSES TO OBTAIN PERMITS FOR**
102 **ACTIVITIES THAT IMPACT AIR QUALITY.**

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>.)

Section 1 of the bill clarifies that a request for general permit registration does not constitute having a valid construction permit (permit).

Section 1 also requires the division of administration in the department of public health and environment (division) or the air quality control commission (commission), in evaluating a permit application for

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.

an emitting source (source) that includes an oil and gas system (oil and gas system), to:

- Aggregate emissions from the oil and gas system; and
- Include emissions from exploration and preproduction activities.

Section 2 requires that the division or the commission only grant permits for certain proposed sources in a nonattainment area if:

- The division or commission determines that the proposed source will not contribute to an exceedance of any applicable national ambient air quality standard (determination);
- The owner or operator of the proposed source achieves emissions reductions of each air pollutant for which the nonattainment area is in nonattainment that are equal to or greater than the anticipated emissions of the proposed source; and
- The proposed source is not in a disproportionately impacted community.

On and after January 1, 2025, the division or commission must base any determination on the modeling of air quality impacts from emissions (air quality modeling).

If a permit is granted after air quality modeling is conducted:

- Any assumption used in the air quality modeling must be included in the permit as a permit condition; and
- Any averaging time utilized for a permit condition must be no greater than the averaging time for any applicable national ambient air quality standard.

Section 3 requires the energy and carbon management commission to require that an oil and gas operator obtain a permit from the division or the commission before making a final determination on an oil and gas permit application.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend 25-7-114.2**
3 as follows:

4 **25-7-114.2. Construction permits - oil and gas operations -**
5 **definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT
6 OTHERWISE REQUIRES:

7 (a) "MODIFY" OR "MODIFIED" MEANS ANY PHYSICAL CHANGE IN,

1 OR CHANGE IN THE METHOD OF OPERATION OF, A STATIONARY SOURCE
2 THAT:

3 (I) INCREASES THE AMOUNT OF ANY AIR POLLUTANT EMITTED BY
4 THE STATIONARY SOURCE BY ANY AMOUNT ON AN ANNUAL OR HOURLY
5 BASIS; OR

6 (II) RESULTS IN THE EMISSIONS OF ANY AIR POLLUTANT NOT
7 PREVIOUSLY EMITTED BY THE STATIONARY SOURCE.

8 (b) "OIL AND GAS FACILITY" HAS THE MEANING SET FORTH IN
9 SECTION 34-60-103 (6.2).

10 (c) "OIL AND GAS LOCATION" HAS THE MEANING SET FORTH IN
11 SECTION 34-60-103 (6.4).

12 (d) "OIL AND GAS SYSTEM" INCLUDES ALL OF THE OIL AND GAS
13 FACILITIES THAT ARE UNDER COMMON CONTROL OF AN OPERATOR AND
14 THAT ARE EITHER:

15 (I) LOCATED AT THE SAME OIL AND GAS LOCATION; OR

16 (II) LOCATED AT DIFFERENT OIL AND GAS LOCATIONS THAT ARE
17 WITHIN TWO MILES OF EACH OTHER, MEASURED FROM THE EDGE OF EACH
18 OIL AND GAS LOCATION, AND THAT USE SHARED EQUIPMENT.

19 (e) "OPERATOR" HAS THE MEANING SET FORTH IN SECTION
20 34-60-103 (6.8).

21 (f) "SHARED EQUIPMENT" INCLUDES STORAGE TANKS, PHASE
22 SEPARATORS, NATURAL GAS DEHYDRATORS, FLOWLINES, BOILERS, SPARK
23 IGNITION AND COMPRESSION IGNITION ENGINES, GLYCOL DEHYDRATORS,
24 AMINE SWEETENING UNITS, EMISSIONS CONTROL DEVICES, PIPELINE
25 COMPRESSORS, UNDERGROUND INJECTION WELLS, AND PUMP STATIONS.

26 (2) (a) ~~No~~ A person shall NOT construct or substantially alter
27 MODIFY any building, facility, structure, or installation, except

1 single-family residential structures, or install any machine, equipment, or
2 other device, or commence the conduct of any ~~such activity~~ OF THESE
3 ACTIVITIES, or commence performance of any combinations ~~thereof~~ OF
4 THESE ACTIVITIES, or commence operations of any of ~~the same which~~
5 THESE ACTIVITIES THAT will or do constitute a new stationary source or
6 a new indirect air pollution source without first obtaining or having a
7 valid construction permit ~~therefor~~ FOR THESE ACTIVITIES from the division
8 or commission, as the case may be; except that ~~no~~ A construction permit
9 ~~shall be~~ IS NOT required for new indirect air pollution sources until
10 ~~regulations~~ RULES regarding construction permits for ~~such~~ NEW INDIRECT
11 AIR POLLUTION sources have been promulgated by the commission, but ~~in~~
12 ~~no event shall regulations~~ RULES governing indirect air pollution sources
13 MUST NOT be more stringent than those required for compliance with the
14 federal act and final rules and regulations adopted pursuant ~~thereto~~ TO
15 THE FEDERAL ACT.

16 (b) Any emission permit validly issued prior to July 1, 1992,
17 pursuant to section 25-7-114, as ~~said~~ THAT section existed prior to July 1,
18 1992, and in effect on or after July 1, 1992, ~~shall be~~ IS deemed to be a
19 valid construction permit issued pursuant to this section. The commission
20 shall designate by ~~regulation~~ RULE those classes of minor or insignificant
21 sources of air pollution ~~which~~ THAT are exempt from the requirement for
22 a permit because of ~~their~~ THE MINOR OR INSIGNIFICANT SOURCE'S
23 negligible impact on air quality.

24 (c) A REQUEST FOR GENERAL PERMIT REGISTRATION DOES NOT
25 CONSTITUTE OBTAINING OR HAVING A VALID CONSTRUCTION PERMIT.

26 (3) IN EVALUATING A CONSTRUCTION PERMIT APPLICATION FOR A
27 PROPOSED NEW OR MODIFIED OIL AND GAS SYSTEM, INCLUDING IN

1 DETERMINING WHETHER THE OIL AND GAS SYSTEM IS A MAJOR OR MINOR
2 SOURCE AND INCLUDING IN ANY AIR QUALITY MODELING REQUIRED
3 PURSUANT TO SECTION 25-7-114.9 (2)(b)(II)(A), THE DIVISION OR THE
4 COMMISSION, AS APPLICABLE, SHALL:

- 5 (a) AGGREGATE EMISSIONS ACROSS THE OIL AND GAS SYSTEM; AND
- 6 (b) INCLUDE EMISSIONS FROM EXPLORATION AND PREPRODUCTION
7 ACTIVITIES.

8 **SECTION 2.** In Colorado Revised Statutes, **add** 25-7-114.9 as
9 follows:

10 **25-7-114.9. Requirements for oil and gas permit applications**
11 **in a nonattainment area - definitions.** (1) AS USED IN THIS SECTION,
12 UNLESS THE CONTEXT OTHERWISE REQUIRES:

13 (a) "AIR QUALITY MODELING" MEANS THE MODELING OF AIR
14 QUALITY IMPACTS OF THE COMBINED EMISSIONS FROM ALL EMISSION UNITS
15 AT A PROPOSED NEW OR MODIFIED OIL AND GAS SYSTEM THAT IS
16 CONDUCTED PURSUANT TO THE MOST RECENT VERSION OF APPENDIX W OF
17 40 CFR 51, OR ANY SUCCESSOR FEDERAL REGULATION, AND ANY
18 RELEVANT FEDERAL ENVIRONMENTAL PROTECTION AGENCY GUIDANCE
19 FOR OZONE AND FINE PARTICULATE MATTER PERMIT MODELING.

20 (b) "MODIFY" OR "MODIFIED" MEANS ANY PHYSICAL CHANGE IN,
21 OR CHANGE IN THE METHOD OF OPERATION OF, AN OIL AND GAS SYSTEM
22 THAT:

23 (I) INCREASES THE AMOUNT OF ANY AIR POLLUTANT EMITTED BY
24 THE OIL AND GAS SYSTEM BY ANY AMOUNT ON AN ANNUAL OR HOURLY
25 BASIS; OR

26 (II) RESULTS IN THE EMISSIONS OF ANY AIR POLLUTANT NOT
27 PREVIOUSLY EMITTED BY THE OIL AND GAS SYSTEM.

1 (c) "NONATTAINMENT AIR POLLUTANT" MEANS ANY AIR
2 POLLUTANT, INCLUDING ANY PRECURSOR AIR POLLUTANTS, FOR WHICH A
3 NONATTAINMENT AREA IS IN NONATTAINMENT WITH ANY APPLICABLE
4 NATIONAL AMBIENT AIR QUALITY STANDARD.

5 (d) "NONATTAINMENT AREA" MEANS ANY AREA THAT IS
6 DESIGNATED BY THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY AS
7 BEING IN NONATTAINMENT WITH ANY APPLICABLE NATIONAL AMBIENT AIR
8 QUALITY STANDARD.

9 (e) "OIL AND GAS SYSTEM" HAS THE MEANING SET FORTH IN
10 SECTION 25-7-114.2 (1).

11 (2) (a) FOR ANY PROPOSED NEW OR MODIFIED OIL AND GAS SYSTEM
12 IN A NONATTAINMENT AREA, THE DIVISION OR COMMISSION, AS
13 APPLICABLE, MAY GRANT A CONSTRUCTION PERMIT APPLICATION
14 PURSUANT TO THIS ARTICLE 7 ONLY IF:

15 (I) THE DIVISION OR COMMISSION DETERMINES THAT THE
16 PROPOSED NEW OR MODIFIED OIL AND GAS SYSTEM WILL NOT CAUSE OR
17 CONTRIBUTE TO AN EXCEEDANCE OF ANY APPLICABLE NATIONAL AMBIENT
18 AIR QUALITY STANDARDS AND WILL COMPLY WITH ALL OTHER APPLICABLE
19 FEDERAL REGULATIONS;

20 (II) THE OWNER OR OPERATOR OF THE PROPOSED NEW OR
21 MODIFIED OIL AND GAS SYSTEM ACHIEVES EMISSIONS REDUCTIONS OF
22 EACH NONATTAINMENT AIR POLLUTANT FROM EXISTING SOURCES IN THE
23 NONATTAINMENT AREA THAT ARE EQUAL TO OR GREATER THAN THE
24 ANTICIPATED EMISSIONS OF EACH NONATTAINMENT AIR POLLUTANT BY
25 THE PROPOSED NEW OR MODIFIED OIL AND GAS SYSTEM; AND

26 (III) THE PROPOSED NEW OR MODIFIED OIL AND GAS SYSTEM IS NOT
27 LOCATED IN A DISPROPORTIONATELY IMPACTED COMMUNITY.

1 (b) (I) ON AND AFTER JANUARY 1, 2025, THE DIVISION OR
2 COMMISSION, AS APPLICABLE, SHALL BASE ANY DETERMINATION MADE
3 PURSUANT TO SUBSECTION (2)(a)(I) OF THIS SECTION ON AIR QUALITY
4 MODELING, WHICH DETERMINATION MUST NOT BE BASED ON AIR QUALITY
5 MONITORING IN LIEU OF AIR QUALITY MODELING.

6 (II) THE AIR QUALITY MODELING DESCRIBED IN SUBSECTION
7 (2)(b)(I) OF THIS SECTION MUST INCLUDE:

8 (A) IF APPLICABLE, MODELING OF THE AIR QUALITY IMPACTS OF
9 THE EMISSIONS DESCRIBED IN SECTION 25-7-114.2 (3); AND

10 (B) MODELING TO EXAMINE COMPLIANCE WITH THE ONE-HOUR
11 NITROGEN DIOXIDE NATIONAL AMBIENT AIR QUALITY STANDARDS.

12 (c) IF A CONSTRUCTION PERMIT APPLICATION IS GRANTED BY THE
13 DIVISION OR COMMISSION, AS APPLICABLE, BASED ON AIR QUALITY
14 MODELING PURSUANT TO SUBSECTION (2)(b)(I) OF THIS SECTION:

15 (I) ANY ASSUMPTION USED IN THE AIR QUALITY MODELING AND
16 ANY EMISSIONS REDUCTIONS THAT THE OWNER OR OPERATOR WILL
17 ACHIEVE PURSUANT TO SUBSECTION (2)(a)(II) OF THIS SECTION MUST BE
18 INCLUDED IN THE CONSTRUCTION PERMIT AS AN ENFORCEABLE PERMIT
19 CONDITION; AND

20 (II) ANY AVERAGING TIME UTILIZED FOR AN ENFORCEABLE PERMIT
21 CONDITION DESCRIBED IN SUBSECTION (2)(c)(I) OF THIS SECTION MUST BE
22 NO GREATER THAN THE AVERAGING TIME FOR ANY APPLICABLE NATIONAL
23 AMBIENT AIR QUALITY STANDARD.

24 **SECTION 3.** In Colorado Revised Statutes, 34-60-106, **amend**
25 (1)(i) and (1)(j); and **add** (1)(k) as follows:

26 **34-60-106. Additional powers of commission - rules -**
27 **definitions - repeal.** (1) The commission also shall require:

1 (i) Certificates of clearance in connection with the transportation
2 and delivery of oil and gas or any product; ~~and~~

3 (j) Metering or other measuring of oil, gas, or product in pipelines,
4 gathering systems, loading racks, refineries, or other places; AND

5 (k) THAT AN OPERATOR APPLYING FOR A PERMIT FROM THE
6 COMMISSION OBTAIN ANY CONSTRUCTION PERMIT REQUIRED BY ARTICLE
7 7 OF TITLE 25 FOR THE APPLICABLE OIL AND GAS LOCATION FROM THE
8 DIVISION OF ADMINISTRATION IN THE DEPARTMENT OF PUBLIC HEALTH AND
9 ENVIRONMENT OR THE AIR QUALITY CONTROL COMMISSION, AS
10 APPLICABLE, BEFORE MAKING A FINAL DETERMINATION ON THE PERMIT
11 APPLICATION.

12 **SECTION 4. Applicability.** This act applies to conduct occurring
13 on or after the effective date of this act, including determinations of
14 applications pending on the effective date.

15 **SECTION 5. Safety clause.** The general assembly finds,
16 determines, and declares that this act is necessary for the immediate
17 preservation of the public peace, health, or safety or for appropriations for
18 the support and maintenance of the departments of the state and state
19 institutions.