

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

INTRODUCED

LLS NO. 23-0789.02 Sarah Lozano x3858

SENATE BILL 23-285

SENATE SPONSORSHIP

Priola and Hansen,

HOUSE SPONSORSHIP

McCormick,

Senate Committees

Agriculture & Natural Resources

House Committees

A BILL FOR AN ACT

101 **CONCERNING ENERGY AND CARBON MANAGEMENT REGULATION IN**
102 **COLORADO, AND, IN CONNECTION THEREWITH, CHANGING THE**
103 **NAME OF THE OIL AND GAS CONSERVATION COMMISSION TO THE**
104 **ENERGY AND CARBON MANAGEMENT COMMISSION AND**
105 **BROADENING THE COMMISSION'S REGULATORY AUTHORITY TO**
106 **INCLUDE THE REGULATION OF CERTAIN GEOTHERMAL**
107 **RESOURCE OPERATIONS AND INTRASTATE UNDERGROUND**
108 **NATURAL GAS STORAGE FACILITIES.**

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

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.*

<http://leg.colorado.gov>.)

Effective July 1, 2023, the bill changes the name of the oil and gas conservation commission to the energy and carbon management commission (commission) and expands the commission's regulatory authority to include the authority to regulate a broader scope of energy and carbon management areas beyond oil and gas (**section 1** of the bill). The bill also changes the name of the oil and gas conservation and environmental response fund to the energy and carbon management cash fund (fund) and allows the fund to also be used by the commission for the purposes of administering the expanded regulatory areas (**section 2**).

Current law states that the property right to the natural heat of the earth (geothermal resource) that lacks sufficient fluid associated with the geothermal resource (geothermal fluid) to transport commercial amounts of energy to the surface is an incident of ownership of the overlying surface unless expressly severed. **Section 6** states that, as to property rights acquired on or after July 1, 2023, the property right to a geothermal resource associated with nontributary groundwater (allocated geothermal resource) is also an incident of ownership of the overlying surface unless expressly severed.

Current law requires, prior to constructing a well to explore for or produce geothermal resources, the operator of the well to obtain a permit from the state engineer. **Section 7** defines different types of geothermal operations and bifurcates regulation of the different operations between the commission and the state engineer. Specifically, the commission is granted the exclusive authority to regulate operations (deep geothermal operations) for the exploration for or production of:

- An allocated geothermal resource; or
- A geothermal resource that is deeper than 2,500 feet below the surface.

The state engineer retains the exclusive authority to regulate operations that are not deep geothermal operations (shallow geothermal operations).

Prior to obtaining a permit from the commission to construct a well for deep geothermal operations, the applicant must provide evidence of any applicable siting application to the local government with jurisdiction over the deep geothermal operations, unless the local government does not regulate the siting of such operations. The commission and the state engineer may adopt rules for the assessment of fees for the processing and granting of a permit to construct a well for deep geothermal operations or shallow geothermal operations, as applicable. Any fees collected by the commission will be deposited by the state treasurer into the fund.

Current law requires, prior to the production of geothermal fluid from a well, the operator of the well to obtain a permit from the state engineer. **Section 8** instead requires:

- A permit from the state engineer prior to the use of a geothermal resource that is not an allocated geothermal resource (distributed geothermal resource);
- The state engineer to issue the permit for the use of a distributed geothermal resource after a determination that the proposed use is in accordance with applicable requirements for groundwater wells;
- A permit from the state engineer prior to the use of an allocated geothermal resource; and
- The state engineer to issue a permit for the use of an allocated geothermal resource after a finding that any associated geothermal fluid is nontributary.

Current law allows the state engineer to adopt procedures that establish geothermal management districts for the management of geothermal operations within the district. **Section 9** limits the scope of geothermal management districts to distributed geothermal resources. The state engineer is also required to notify the commission of any application for a geothermal management district that is anticipated to affect deep geothermal operations.

Section 10 allows the commission to adopt procedures by rule to establish geothermal resource units for allocated geothermal resources.

Section 12 grants the commission the exclusive authority to regulate any intrastate facility that stores natural gas in an underground facility that is not a pipeline facility subject to regulation by the public utilities commission (UNGS facility). If the commission submits a certification to, or enters into an agreement with, the federal secretary of transportation pursuant to applicable federal law, any rules regulating UNGS facilities must be at least as stringent as the applicable federal requirements. Before commencing construction of a new UNGS facility, the operator of the facility must provide evidence of any applicable siting application to a local government with jurisdiction over the UNGS facility, if applicable.

The commission may assess and collect fees from operators of UNGS facilities in an amount and frequency determined by the commission by rule. Any fees collected will be deposited into the fund.

The bill directs the commission to conduct the following studies, prepare reports summarizing the findings of the studies, and submit the reports to the general assembly:

- A technical study of the state's geothermal resources (**section 10**);
- A study, in collaboration with the state engineer, that evaluates the state regulatory structure for geothermal resources and whether any changes to law or rules are necessary (**section 10**);
- A study concerning the regulation and permitting of

- hydrogen (**section 18**); and
 - A study, in coordination with the public utilities commission, examining the siting and regulation of interstate pipelines (**section 18**).
- Sections 19 through 42** make conforming amendments.
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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 34-60-104.3, **amend**
3 (1) as follows:

4 **34-60-104.3. Energy and carbon management commission -**
5 **report - publication.** (1) There is created, in the department of natural
6 resources, the ~~oil and gas conservation~~ ENERGY AND CARBON
7 MANAGEMENT commission. The ~~oil and gas conservation~~ commission is
8 a **type 1** entity, as defined in section 24-1-105.

9 **SECTION 2.** In Colorado Revised Statutes, 34-60-122, **amend**
10 (1) and (5)(a) as follows:

11 **34-60-122. Expenses - energy and carbon management cash**
12 **fund created.** (1) (a) In addition to the filing and service fee required to
13 be paid under section 34-60-106 (1)(f) and the fees authorized for other
14 services provided by the commission by section 34-60-106 (16), there is
15 imposed on the market value at the well of all oil and natural gas
16 produced, saved, and sold or transported from the field where produced
17 in this state a charge not to exceed one and seven-tenths mills on the
18 dollar. The commission shall, by order, fix the amount of such charge in
19 the first instance and may, from time to time, reduce or increase the
20 amount thereof as, in its judgment, the expenses chargeable against the
21 ~~oil and gas conservation and environmental response~~ ENERGY AND
22 CARBON MANAGEMENT CASH fund specified in subsection (5) of this
23 section may require.

1 (b) On and after July 1, 2019, the commission shall ensure that the
2 unobligated portion of the fund does not exceed fifty percent of total
3 appropriations from the fund for the upcoming fiscal year and that there
4 is an adequate balance in the fund to support the operations of the
5 commission, ~~and~~ to address environmental response needs, AND TO FUND
6 THE PURPOSES IDENTIFIED IN SECTION 34-60-124 (10).

7 (5) (a) The commission shall collect all charges and penalties
8 under this article 60 and remit ~~them~~ THE CHARGES AND PENALTIES to the
9 state treasurer for deposit in the ~~oil and gas conservation and~~
10 ~~environmental response~~ ENERGY AND CARBON MANAGEMENT CASH fund,
11 which fund is hereby created in the state treasury.

12 **SECTION 3.** In Colorado Revised Statutes, 37-90-137, **amend**
13 (1) and (7)(a) as follows:

14 **37-90-137. Permits to construct wells outside designated**
15 **basins - fees - permit no groundwater right - evidence - time**
16 **limitation - well permits - rules.** (1) (a) On and after May 17, 1965, ~~no~~
17 A new ~~wells~~ WELL shall NOT be constructed outside the boundaries of a
18 designated groundwater basin ~~nor~~ AND the supply of water from existing
19 wells outside the boundaries of a designated groundwater basin SHALL
20 NOT BE increased or extended unless the user makes an application in
21 writing to the state engineer for a permit to construct a well, in a form ~~to~~
22 ~~be~~ prescribed by the state engineer.

23 (b) The applicant shall specify IN THE APPLICATION DESCRIBED IN
24 SUBSECTION (1)(a) OF THIS SECTION:

25 (I) The particular aquifer from which the water is to be diverted;

26 (II) The PROPOSED beneficial use ~~to which it is proposed to apply~~
27 ~~such~~ FOR THE water;

- 1 (III) The location of the proposed well;
- 2 (IV) The name of the owner of the land on which ~~such~~ THE
- 3 PROPOSED well will be located;
- 4 (V) The average annual amount of water applied for in acre-feet
- 5 per year;
- 6 (VI) The proposed maximum pumping rate in gallons per minute;
- 7 and
- 8 (VII) If the proposed use is agricultural irrigation, a description
- 9 of the land to be irrigated, ~~and the name of the owner thereof, together~~
- 10 ~~with such~~ OF THE LAND, AND ANY other reasonable information ~~as~~ THAT
- 11 the state engineer ~~may designate~~ DESIGNATES on the form prescribed.

12 (c) (I) NOTWITHSTANDING ANY PROVISION OF THIS SUBSECTION (1)

13 TO THE CONTRARY, THE REQUIREMENTS OF THIS SUBSECTION (1) DO NOT

14 APPLY TO WELLS CONSTRUCTED PURSUANT TO AN OPERATIONS PERMIT

15 ISSUED BY THE ENERGY AND CARBON MANAGEMENT COMMISSION

16 PURSUANT TO SECTION 37-90.5-106 (1)(b).

17 (II) EXCEPT FOR USES OF GROUNDWATER ASSOCIATED WITH

18 NONCONSUMPTIVE GEOTHERMAL OPERATIONS, AS DEFINED IN SECTION

19 37-90.5-103 (12), TO USE ALLOCATED GEOTHERMAL RESOURCES, AS

20 DEFINED IN SECTION 37-90.5-103 (1), A PERSON SHALL OBTAIN A USE

21 PERMIT ISSUED BY THE STATE ENGINEER PURSUANT TO SECTION

22 37-90.5-107 (1)(b) TO USE GROUNDWATER THAT IS OBTAINED FROM A

23 WELL CONSTRUCTED PURSUANT TO AN OPERATIONS PERMIT ISSUED BY THE

24 ENERGY AND CARBON MANAGEMENT COMMISSION PURSUANT TO SECTION

25 37-90.5-106 (1)(b)(II).

26 (7) In the case of dewatering of geologic formations by

27 withdrawing nontributary groundwater to facilitate or permit mining of

1 minerals:

2 (a) (I) Except for coal bed methane wells, ~~no~~ A well permit is NOT
3 required unless the nontributary groundwater being removed will be
4 beneficially used.

5 (II) Except for coal bed methane wells, ~~no~~ A well permit is NOT
6 required if the nontributary groundwater being removed to facilitate or
7 permit the mining of minerals will be used only by operators within the
8 geologic basin where the groundwater is removed to facilitate or permit
9 the mining of minerals, including:

10 (A) Injection into a properly permitted disposal well;

11 (B) Evaporation or percolation in a properly permitted pit;

12 (C) Disposal at a properly permitted commercial facility;

13 (D) Roadspreading or reuse for enhanced recovery, drilling, well
14 stimulation, well maintenance, pressure control, pump operations, dust
15 control on-site or off-site, pipeline and equipment testing, equipment
16 washing, or fire suppression;

17 (E) Discharge into state waters in accordance with the "Colorado
18 Water Quality Control Act", article 8 of title 25, ~~C.R.S.~~, and the rules
19 promulgated under that act; ~~or~~

20 (F) Evaporation at a properly permitted centralized exploration
21 and production waste management facility; OR

22 (G) GENERATING ENERGY OR OTHERWISE USING HEAT FROM
23 GROUNDWATER FOR THE MINING OF MINERALS.

24 **SECTION 4.** In Colorado Revised Statutes, 37-90.5-102, **amend**
25 (1)(b) as follows:

26 **37-90.5-102. Legislative declaration.** (1) The general assembly
27 hereby declares that:

1 (b) The development of geothermal resources should be
2 undertaken in such a manner as to safeguard life, health, property, public
3 welfare, and the environment, ~~and to~~ INCLUDING WILDLIFE RESOURCES;
4 encourage the maximum economic recovery of ~~the~~ EACH resource and
5 prevent its waste; AND PROTECT ASSOCIATED CORRELATIVE RIGHTS; AND

6 **SECTION 5.** In Colorado Revised Statutes, **amend** 37-90.5-103
7 as follows:

8 **37-90.5-103. Definitions.** As used in this ~~article~~ ARTICLE 90.5,
9 unless the context otherwise requires:

10 ~~(1) "Direct use" means the utilization of geothermal resources for~~
11 ~~commercial, residential, agricultural, public facilities, or other energy~~
12 ~~needs other than the commercial production of electricity.~~

13 (1) (a) "ALLOCATED GEOTHERMAL RESOURCE" MEANS ANY
14 GEOTHERMAL RESOURCE THAT IS ASSOCIATED WITH NONTRIBUTARY
15 GROUNDWATER.

16 (b) "ALLOCATED GEOTHERMAL RESOURCE" DOES NOT INCLUDE
17 GROUNDWATER IN THE DENVER BASIN AQUIFERS.

18 (2) "COMMISSION" MEANS THE ENERGY AND CARBON
19 MANAGEMENT COMMISSION CREATED IN SECTION 34-60-104.3 (1).

20 (3) (a) "DEEP GEOTHERMAL OPERATION" MEANS ANY
21 EXPLORATION FOR OR PRODUCTION OF:

22 (I) ALLOCATED GEOTHERMAL RESOURCES; OR

23 (II) GEOTHERMAL RESOURCES THAT ARE DEEPER THAN TWO
24 THOUSAND FIVE HUNDRED FEET BELOW THE SURFACE.

25 (b) (I) "DEEP GEOTHERMAL OPERATION" INCLUDES THE
26 FOLLOWING ACTIVITIES RELATED TO THE OPERATION OF A WELL:

27 (A) CONDUCTING GEOPHYSICAL OPERATIONS;

1 (B) DRILLING TEST BORES AND MONITORING WELLS;

2 (C) SITING;

3 (D) INSTALLING AND OPERATING FLOWLINES;

4 (E) DRILLING;

5 (F) DEEPENING;

6 (G) RECOMPLETING;

7 (H) REWORKING;

8 (I) REPURPOSING; AND

9 (J) ABANDONING.

10 (II) "DEEP GEOTHERMAL OPERATION" ALSO INCLUDES ANY
11 CONSTRUCTING, SITE PREPARING, DISPOSING OF GEOTHERMAL WASTES, OR
12 RECLAIMING ACTIVITIES ASSOCIATED WITH THE ACTIVITIES DESCRIBED IN
13 SUBSECTION (3)(b)(I) OF THIS SECTION.

14 (c) "DEEP GEOTHERMAL OPERATION" DOES NOT INCLUDE:

15 (I) ANY EXPLORATION OR PRODUCTION ACTIVITIES ASSOCIATED
16 WITH THE GROUNDWATER IN THE DENVER BASIN AQUIFERS; OR

17 (II) THE USE OF ANY HEAT EXTRACTED WITH PRODUCED FLUIDS IN
18 AN OIL AND GAS OPERATION IF THE HEAT IS ONLY UTILIZED TO REDUCE
19 EMISSIONS FROM THE OPERATION IN THE SAME LOCATION AS THE WELL
20 FROM WHICH IT WAS PRODUCED AND WOULD OTHERWISE NOT BE
21 ECONOMICALLY FEASIBLE AS A STANDALONE GEOTHERMAL RESOURCE
22 PROJECT.

23 (4) "DENVER BASIN AQUIFERS" MEANS THE DAWSON, DENVER,
24 ARAPAHOE, AND LARAMIE-FOX HILLS AQUIFERS, AS DESCRIBED IN THE
25 RULES ADOPTED BY THE STATE ENGINEER PURSUANT TO SECTION
26 37-90-137 (9)(a) AND (9)(b).

27 (5) "DISPROPORTIONATELY IMPACTED COMMUNITY" HAS THE

1 MEANING SET FORTH IN SECTION 24-4-109 (2)(b)(II).

2 (6) "DISTRIBUTED GEOTHERMAL RESOURCE" MEANS ANY
3 GEOTHERMAL RESOURCE THAT IS NOT AN ALLOCATED GEOTHERMAL
4 RESOURCE.

5 ~~(1.5)~~(7) "Geothermal by-products" means dissolved or entrained
6 minerals and gases that may be obtained from the material medium,
7 excluding hydrocarbon substances and carbon dioxide.

8 ~~(2)~~ (8) "Geothermal fluid" means naturally occurring
9 groundwater, brines, vapor, and steam associated with a geothermal
10 resource.

11 ~~(3)~~ (9) "Geothermal resource" means the natural heat of the earth
12 and includes:

- 13 (a) The energy that may be extracted from that natural heat;
- 14 (b) The material medium used to extract the energy from a
15 geothermal resource; and
- 16 (c) Geothermal by-products.

17 ~~(4)~~ (10) "Hot dry rock" means a geothermal resource ~~which~~ THAT
18 lacks sufficient geothermal fluid to transport commercial amounts of
19 energy to the surface and ~~which~~ THAT is not ~~in association~~ ASSOCIATED
20 with an economically useful groundwater resource.

21 ~~(5)~~ (11) "Material medium" means geothermal fluid as well as any
22 other substance used to transfer energy from a geothermal resource.

23 (12) "NONCONSUMPTIVE GEOTHERMAL OPERATION" MEANS AN
24 OPERATION USING GEOTHERMAL RESOURCES IN WHICH THE VOLUME OF
25 GEOTHERMAL FLUID EXTRACTED FROM AN AQUIFER OR FORMATION IS NO
26 MORE THAN THE VOLUME OF THE GEOTHERMAL FLUID REINJECTED IN THE
27 SAME AQUIFER OR FORMATION OVER A REASONABLE TIME FRAME AND

1 DISTANCE.

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

4 (14) "SHALLOW GEOTHERMAL OPERATION" MEANS ANY
5 GEOTHERMAL OPERATION THAT IS NOT A DEEP GEOTHERMAL OPERATION.

6 (15) "WATER RIGHT" HAS THE MEANING SET FORTH IN SECTION
7 37-92-103 (12).

8 **SECTION 6.** In Colorado Revised Statutes, 37-90.5-104, **amend**
9 (2) and (4) as follows:

10 **37-90.5-104. Ownership declaration.** (2) The property right to
11 a hot dry rock resource OR A GEOTHERMAL RESOURCE ASSOCIATED WITH
12 NONTRIBUTARY GROUNDWATER is an incident of the ownership of the
13 overlying surface, unless THE PROPERTY RIGHT IS severed, reserved, or
14 transferred with the subsurface estate expressly.

15 (4) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
16 CONTRARY, nothing in this section: ~~shall be~~

17 (a) ~~deemed to derogate~~ DEROGATES the rights of a landowner to
18 nontributary groundwater; OR

19 (b) AFFECTS ANY OWNERSHIP OR RIGHTS TO A GEOTHERMAL
20 RESOURCE ASSOCIATED WITH NONTRIBUTARY GROUNDWATER, WHICH
21 RESOURCE IS ACQUIRED BEFORE JULY 1, 2023.

22 **SECTION 7.** In Colorado Revised Statutes, **repeal and reenact,**
23 **with amendments,** 37-90.5-106 as follows:

24 **37-90.5-106. Regulation of geothermal resource operations -**
25 **reinjection - fees - rules.** (1) (a) (I) THE STATE ENGINEER HAS THE
26 EXCLUSIVE AUTHORITY TO REGULATE SHALLOW GEOTHERMAL
27 OPERATIONS AND MAY ADOPT RULES THAT REGULATE SHALLOW

1 GEOTHERMAL OPERATIONS.

2 (II) PRIOR TO CONSTRUCTING A TEST BORE, MONITORING WELL, OR
3 PRODUCTION WELL OR REWORKING AN EXISTING WELL ASSOCIATED WITH
4 SHALLOW GEOTHERMAL OPERATIONS, THE OWNER OR OPERATOR OF THE
5 WELL SHALL OBTAIN AN OPERATIONS PERMIT FROM THE STATE ENGINEER.

6 (III) THE STATE ENGINEER MAY ADOPT RULES FOR THE
7 ASSESSMENT OF REASONABLE FEES FOR THE PROCESSING AND ISSUANCE
8 OF A PERMIT PURSUANT TO SUBSECTION (1)(a)(II) OF THIS SECTION.

9 (b) (I) THE COMMISSION HAS THE EXCLUSIVE AUTHORITY TO
10 REGULATE DEEP GEOTHERMAL OPERATIONS AND MAY ADOPT RULES THAT
11 REGULATE DEEP GEOTHERMAL OPERATIONS.

12 (II) PRIOR TO CONSTRUCTING A WELL ASSOCIATED WITH DEEP
13 GEOTHERMAL OPERATIONS, THE OWNER OR OPERATOR OF THE WELL SHALL
14 OBTAIN AN OPERATIONS PERMIT FROM THE COMMISSION.

15 (III) IN ISSUING AN OPERATIONS PERMIT PURSUANT TO SUBSECTION
16 (1)(b)(II) OF THIS SECTION, THE COMMISSION MAY ALLOW FOR THE USE OF
17 GROUNDWATER AS PART OF NONCONSUMPTIVE GEOTHERMAL OPERATIONS
18 AS A MATERIAL MEDIUM FOR ALLOCATED GEOTHERMAL RESOURCES THAT
19 HAVE BEEN DETERMINED TO BE NONTRIBUTARY PURSUANT TO SECTION
20 37-90.5-107 (1)(b).

21 (IV) THE COMMISSION MAY ADOPT RULES FOR THE ASSESSMENT OF
22 REASONABLE FEES FOR THE PROCESSING AND ISSUANCE OF A PERMIT
23 PURSUANT TO SUBSECTION (1)(b)(II) OF THIS SECTION.

24 (2) (a) IN EXERCISING ITS REGULATORY AUTHORITY PURSUANT TO
25 SUBSECTION (1)(b) OF THIS SECTION, THE COMMISSION SHALL ADOPT
26 RULES THAT:

27 (I) PROTECT PUBLIC HEALTH, SAFETY, AND WELFARE, INCLUDING

1 THE PROTECTION OF THE ENVIRONMENT AND WILDLIFE RESOURCES; AND

2 (II) AVOID, MINIMIZE, OR MITIGATE ADVERSE IMPACTS ON
3 DISPROPORTIONATELY IMPACTED COMMUNITIES.

4 (b) THE COMMISSION SHALL NOT ISSUE AN OPERATIONS PERMIT
5 PURSUANT TO SUBSECTION (1)(b)(II) OF THIS SECTION UNLESS THE
6 APPLICANT PROVIDES EVIDENCE TO THE COMMISSION THAT:

7 (I) THE APPLICANT HAS FILED AN APPLICATION WITH THE LOCAL
8 GOVERNMENT WITH JURISDICTION TO APPROVE THE SITING OF THE
9 PROPOSED DEEP GEOTHERMAL OPERATIONS, INCLUDING THE LOCAL
10 GOVERNMENT'S DISPOSITION OF THE APPLICATION; OR

11 (II) THE LOCAL GOVERNMENT WITH JURISDICTION TO APPROVE THE
12 SITING OF THE PROPOSED DEEP GEOTHERMAL OPERATIONS DOES NOT
13 REGULATE THE SITING OF DEEP GEOTHERMAL OPERATIONS.

14 (3) WHERE THE MAINTENANCE OF UNDERGROUND PRESSURES, THE
15 PREVENTION OF SUBSIDENCE, OR THE DISPOSAL OF BRINES IS NECESSARY,
16 REINJECTION OF GEOTHERMAL FLUID MAY BE REQUIRED BY THE STATE
17 ENGINEER OR THE COMMISSION.

18 (4) THE COMMISSION SHALL TRANSFER ALL FEES COLLECTED FOR
19 PERMITS ISSUED BY THE COMMISSION PURSUANT TO SUBSECTION
20 (1)(b)(IV) OF THIS SECTION TO THE STATE TREASURER, WHO SHALL CREDIT
21 THE FEES TO THE ENERGY AND CARBON MANAGEMENT CASH FUND
22 CREATED IN SECTION 34-60-122 (5).

23 (5) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
24 CONTRARY, NOTHING IN THIS SECTION AFFECTS THE OWNERSHIP,
25 ADMINISTRATION, OR DETERMINATION OF WATER RIGHTS OR RIGHTS TO
26 NONTRIBUTARY GROUNDWATER.

27 (6) (a) ON AND AFTER JULY 1, 2023, EXCEPT AS SET FORTH IN

1 SUBSECTION (6)(b)(II) OF THIS SECTION, THE COMMISSION IS RESPONSIBLE
2 FOR ADMINISTERING AND ENFORCING ANY PERMITS ISSUED BY THE STATE
3 ENGINEER PURSUANT TO THIS SECTION THAT COVER DEEP GEOTHERMAL
4 OPERATIONS.

5 (b) THE RIGHTS, POWERS, DUTIES, FUNCTIONS, AND OBLIGATIONS
6 CONCERNING PERMITS ISSUED BY THE STATE ENGINEER PURSUANT TO THIS
7 SECTION THAT COVER DEEP GEOTHERMAL OPERATIONS ARE TRANSFERRED,
8 EFFECTIVE JULY 1, 2023, TO THE COMMISSION. THE STATE ENGINEER
9 RETAINS ANY RIGHTS, POWERS, DUTIES, FUNCTIONS, AND OBLIGATIONS
10 NECESSARY TO ISSUE, ADMINISTER, AND ENFORCE ANY PERMITS THAT
11 COVER:

12 (I) SHALLOW GEOTHERMAL OPERATIONS; AND

13 (II) THE USE OF GEOTHERMAL FLUID IN DEEP GEOTHERMAL
14 OPERATIONS PURSUANT TO SECTION 37-90.5-107, EXCEPT FOR
15 NONCONSUMPTIVE GEOTHERMAL OPERATIONS.

16 (c) THE RULES OF THE STATE ENGINEER PERTAINING TO THE
17 RIGHTS, POWERS, DUTIES, FUNCTIONS, AND OBLIGATIONS TRANSFERRED TO
18 THE COMMISSION PURSUANT TO SUBSECTION (6)(b) OF THIS SECTION
19 CONTINUE IN EFFECT AND APPLY TO THE COMMISSION UNTIL THE RULES
20 ARE REPLACED BY RULES ADOPTED BY THE COMMISSION PURSUANT TO
21 SUBSECTION (1)(b)(I) OF THIS SECTION.

22 (d) THE COMMISSION AND THE STATE ENGINEER SHALL ENTER INTO
23 MEMORANDA OF UNDERSTANDING, INTERAGENCY AGREEMENTS, OR BOTH,
24 AS APPROPRIATE, TO PROVIDE FOR THE TIMELY TRANSFER OF THE RIGHTS,
25 POWERS, DUTIES, FUNCTIONS, AND OBLIGATIONS TRANSFERRED TO THE
26 COMMISSION PURSUANT TO SUBSECTION (6)(b) OF THIS SECTION.

27 **SECTION 8.** In Colorado Revised Statutes, **amend** 37-90.5-107

1 as follows:

2 **37-90.5-107. Permits for the use of geothermal resources -**

3 **rules.** (1) (a) AFTER RECEIPT OF THE NECESSARY APPLICATION, THE STATE
4 ENGINEER SHALL ISSUE A USE PERMIT TO USE DISTRIBUTED GEOTHERMAL
5 RESOURCES AFTER A DETERMINATION THAT THE PROPOSED USE MEETS THE
6 REQUIREMENTS DESCRIBED IN SECTION 37-90-137 (2)(b).

7 (b) AFTER RECEIPT OF THE NECESSARY APPLICATION, THE STATE
8 ENGINEER SHALL ISSUE A USE PERMIT TO USE ALLOCATED GEOTHERMAL
9 RESOURCES IN ACCORDANCE WITH SECTION 37-90-137 (4) AND AFTER A
10 DETERMINATION THAT ANY ASSOCIATED GEOTHERMAL FLUID IS
11 NONTRIBUTARY GROUNDWATER. FOR THE PURPOSES OF THIS SECTION, THIS
12 DETERMINATION MUST BE BASED ON:

13 (I) A DECREE OF THE WATER COURT;

14 (II) A PERMIT TO CONSTRUCT A WELL TO WITHDRAW
15 NONTRIBUTARY GROUNDWATER ISSUED BY THE STATE ENGINEER
16 PURSUANT TO SECTION 37-90-137;

17 (III) RULES ADOPTED BY THE STATE ENGINEER PURSUANT TO
18 SECTION 37-90-137 (7)(c) FOR PRODUCED WATER THAT APPLY TO USE
19 PERMITS THAT ARE LIMITED TO THE USE OF WATER AS A MATERIAL
20 MEDIUM AS THE ONLY BENEFICIAL USE OF WATER; OR

21 (IV) RULES ADOPTED BY THE STATE ENGINEER PURSUANT TO
22 SUBSECTION (6)(a) OF THIS SECTION.

23 ~~(1) (2) The use of water as a material medium is recognized as a~~
24 ~~beneficial use. of such water. All applications to appropriate groundwater~~
25 ~~in order to utilize its geothermal energy shall be considered an application~~
26 ~~to appropriate geothermal fluid.~~

27 ~~(2) (3) (a) Prior to the production of geothermal fluid from a well,~~

1 ~~other than for flow-testing purposes, a permit to appropriate shall be~~
2 ~~obtained from the state engineer. This~~ THE requirement shall not apply TO
3 ISSUE A USE PERMIT PURSUANT TO SUBSECTION (1) OF THIS SECTION
4 APPLIES to nondiversionary utilization methods; however, ~~such exemption~~
5 ~~shall not prevent~~ NOTHING IN THIS SUBSECTION (3)(a) PREVENTS the
6 developer of a geothermal resource from establishing a ~~property~~ WATER
7 right based on ~~his~~ THE DEVELOPER'S actual utilization.

8 (b) THE REQUIREMENT TO ISSUE A USE PERMIT PURSUANT TO
9 SUBSECTION (1)(b) OF THIS SECTION DOES NOT APPLY TO OPERATIONS
10 THAT ARE SOLELY NONCONSUMPTIVE GEOTHERMAL OPERATIONS.

11 ~~(b)~~ (c) The USE permit to appropriate required by this subsection
12 ~~(2)~~ ISSUED PURSUANT TO SUBSECTION (1) OF THIS SECTION may be waived
13 by the state engineer for a diversionary utilization method ~~which is~~
14 ~~nonconsumptive and which will~~ THAT DOES not impair valid, prior water
15 rights.

16 ~~(c)~~ (d) The USE permit to appropriate required by this subsection
17 ~~(2)~~ ISSUED PURSUANT TO SUBSECTION (1) OF THIS SECTION may allow for
18 nonconsumptive secondary uses of geothermal fluid, including the
19 recovery of geothermal by-products, and may allow for consumptive
20 secondary uses of geothermal fluid, including sale, which ~~will~~ DO not
21 impair valid, prior water rights.

22 (e) NOTWITHSTANDING ANY PROVISION OF THIS SUBSECTION (3) TO
23 THE CONTRARY, A WATER RIGHT TO USE A DISTRIBUTED GEOTHERMAL
24 RESOURCE MAY BE OBTAINED ONLY IN WATER COURT AND IS SUBJECT TO
25 ARTICLE 92 OF THIS TITLE 37. THE BENEFICIAL USE OF ENERGY EXTRACTED
26 FROM GEOTHERMAL FLUID ASSOCIATED WITH A DISTRIBUTED
27 GEOTHERMAL RESOURCE IS THE BASIS, MEASURE, AND LIMIT OF THE

1 WATER RIGHT, AND EFFICIENT APPLICATION METHODS MUST BE USED FOR
2 THE USE OF ENERGY TO QUALIFY AS A BENEFICIAL USE.

3 ~~(3) The state engineer shall grant a permit to appropriate~~
4 ~~geothermal fluids within one hundred eighty-two days after the filing of~~
5 ~~an application upon a finding that:~~

6 (a) ~~The proposed appropriation will not materially injure a valid,~~
7 ~~prior water or geothermal right;~~

8 (b) ~~The applicant has acquired or purchased an option to acquire~~
9 ~~adequate water rights to offset any material injury; or~~

10 (c) ~~The applicant has obtained and offered to provide to any~~
11 ~~affected party an equivalent amount of replacement water of comparable~~
12 ~~quality.~~

13 (4) ~~The appropriation of a geothermal fluid that is nontributary~~
14 ~~groundwater shall be in accordance with section 37-90-137 (4).~~

15 (5) ~~The essence of the water right granted by a permit to~~
16 ~~appropriate geothermal fluid is the ability to extract geothermal energy~~
17 ~~from such fluid. The beneficial use of such energy is the basis, measure,~~
18 ~~and limit of the right and requires that efficient application methods be~~
19 ~~utilized.~~

20 (4) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
21 CONTRARY, SECTION 37-90-137 (4) APPLIES TO ANY CONSUMPTIVE USE OF
22 ALLOCATED GEOTHERMAL RESOURCES.

23 (6) (5) The provisions of articles 90 and 92 of this title TITLE 37
24 relating to notice, hearings, appeals, and the administration of water rights
25 shall govern APPLY TO all matters arising under this section PERMITTING
26 ACTIONS BY THE STATE ENGINEER PURSUANT TO THIS SECTION.

27 (7) ~~Any application to appropriate a geothermal fluid pending on~~

1 ~~June 10, 1983, shall be processed and evaluated under existing law prior~~
2 ~~to June 10, 1983.~~

3 (8) ~~For purposes of this section, "materially injure" and "material~~
4 ~~injury" include any diminution or alteration in the quantity, temperature,~~
5 ~~or quality of any valid, prior water or geothermal right; except that, with~~
6 ~~regard to a geothermal right, "materially injure" and "material injury"~~
7 ~~include a diminution or alteration in the temperature of water only if the~~
8 ~~diminution or alteration adversely affects the valid, prior geothermal~~
9 ~~right.~~

10 (6) (a) (I) THE STATE ENGINEER MAY ADOPT RULES FOR THE
11 ADMINISTRATION OF THIS SECTION, INCLUDING RULES AND PROCEDURES
12 FOR THE DETERMINATIONS DESCRIBED IN SUBSECTION (1)(b) OF THIS
13 SECTION.

14 (II) THE STATE ENGINEER'S RULE-MAKING AUTHORITY PURSUANT
15 TO SUBSECTION (6)(a)(I) OF THIS SECTION INCLUDES THE AUTHORITY TO
16 ADOPT RULES:

17 (A) PURSUANT TO WHICH GEOTHERMAL FLUID, IN WHOLE OR IN
18 PART, IS DETERMINED TO BE NONTRIBUTARY PURSUANT TO SUBSECTION
19 (1)(b) OF THIS SECTION; AND

20 (B) THAT PROVIDE RULE-MAKING AND ADJUDICATORY
21 PROCEDURES FOR THE DETERMINATIONS DESCRIBED IN SUBSECTION
22 (6)(a)(II)(A) OF THIS SECTION THAT ARE MADE AFTER THE INITIAL
23 RULE-MAKING CONDUCTED PURSUANT TO SUBSECTION (1)(b) OF THIS
24 SECTION.

25 (b) IN ANY RULE-MAKING PROCEEDING CONDUCTED PURSUANT TO
26 THIS SECTION, ANY INTERESTED PERSON HAS THE RIGHT OF
27 CROSS-EXAMINATION. JUDICIAL REVIEW OF ANY RULES ADOPTED

1 PURSUANT TO THIS SECTION AND ANY NONTRIBUTARY GROUNDWATER
2 DETERMINATIONS MADE PURSUANT TO SUBSECTION (1)(b) OF THIS
3 SECTION MUST BE IN ACCORDANCE WITH SECTION 24-4-106; EXCEPT THAT
4 VENUE MUST BE EXCLUSIVELY IN THE WATER COURT FOR THE WATER
5 DIVISION OR DIVISIONS WHERE THE GROUNDWATER THAT IS THE SUBJECT
6 OF ANY APPLICABLE RULE OR DETERMINATION IS LOCATED.

7 (c) IN ANY JUDICIAL ACTION SEEKING TO CURTAIL OR DECLARE
8 UNLAWFUL THE WITHDRAWAL, USE, OR DISPOSAL OF GROUNDWATER
9 PURSUANT TO THIS SECTION, THERE IS A REBUTTABLE PRESUMPTION THAT
10 ANY DETERMINATION MADE BY THE STATE ENGINEER PURSUANT TO
11 SUBSECTION (1)(b) OF THIS SECTION IS VALID.

12 (d) ANY RULES ADOPTED PURSUANT TO THIS SECTION MUST NOT
13 CONFLICT WITH EXISTING LAWS AND DO NOT AFFECT THE VALIDITY OF
14 GROUNDWATER WELL PERMITS EXISTING PRIOR TO THE ADOPTION OF THE
15 RULES.

16 **SECTION 9.** In Colorado Revised Statutes, 37-90.5-108, **amend**
17 (1) introductory portion, (1)(b), and (1)(c); and **add** (3) as follows:

18 **37-90.5-108. Geothermal management districts.** (1) The state
19 engineer may adopt procedures ~~under which~~ THAT ESTABLISH geothermal
20 management districts ~~may be established~~ APPLICABLE TO DISTRIBUTED
21 GEOTHERMAL RESOURCES. In ~~such~~ GEOTHERMAL MANAGEMENT districts,
22 the state engineer ~~has the authority to~~ MAY:

23 (b) Control the quantity of geothermal fluid extracted from
24 DISTRIBUTED geothermal resources by ~~such~~ methods and procedures ~~as he~~
25 THAT THE STATE ENGINEER deems appropriate, including requirements to
26 reinject; AND

27 (c) Adopt a comprehensive plan for the most efficient use of

1 DISTRIBUTED geothermal resources, guided by the principles of equitable
2 apportionment, maximum economic recovery, and prevention of waste.

3 (3) THE STATE ENGINEER SHALL NOTIFY THE COMMISSION OF ANY
4 APPLICATION FOR A GEOTHERMAL MANAGEMENT DISTRICT THAT IS
5 ANTICIPATED TO AFFECT DEEP GEOTHERMAL OPERATIONS.

6 **SECTION 10.** In Colorado Revised Statutes, **add** 37-90.5-109,
7 37-90.5-110, and 37-90.5-111 as follows:

8 **37-90.5-109. Geothermal resource units - rules.** (1) THE
9 COMMISSION MAY ADOPT PROCEDURES BY RULE TO ESTABLISH
10 GEOTHERMAL RESOURCE UNITS APPLICABLE TO ALLOCATED GEOTHERMAL
11 RESOURCES. IN ITS REGULATION OF GEOTHERMAL RESOURCE UNITS, THE
12 COMMISSION MAY:

13 (a) CONTROL WELL-SPACING AND PRODUCTION RATES;

14 (b) CONTROL THE QUANTITY OF GEOTHERMAL FLUID EXTRACTED
15 FROM ALLOCATED GEOTHERMAL RESOURCES BY METHODS AND
16 PROCEDURES THAT THE COMMISSION DEEMS APPROPRIATE, INCLUDING
17 REQUIREMENTS TO REINJECT;

18 (c) ADOPT A COMPREHENSIVE UNIT PLAN THAT ENCOURAGES
19 SUSTAINABLE USE OF ALLOCATED GEOTHERMAL RESOURCES; AND

20 (d) REQUIRE EQUITABLE COMPENSATION TO ANY IMPACTED OWNER
21 OF AN ALLOCATED GEOTHERMAL RESOURCE.

22 (2) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
23 CONTRARY, NOTHING IN THIS SECTION AFFECTS THE OWNERSHIP,
24 ADMINISTRATION, AGGREGATION, OR DETERMINATION OF WATER RIGHTS.

25 **37-90.5-110. Geothermal resource studies - report - repeal.**

26 (1)(a) THE COMMISSION SHALL FUND A TECHNICAL STUDY OF THE STATE'S
27 GEOTHERMAL RESOURCES THAT INCLUDES:

- 1 (I) A RESOURCE EVALUATION;
- 2 (II) A DESCRIPTION OF POTENTIAL APPLICATIONS OF EMERGING
- 3 TECHNOLOGIES;
- 4 (III) AN EVALUATION OF POTENTIAL IMPACTS;
- 5 (IV) AN ECONOMIC ANALYSIS; AND
- 6 (V) A DESCRIPTION OF ANY POTENTIAL OPPORTUNITIES TO UTILIZE
- 7 EXISTING INFRASTRUCTURE.

8 (b) ON OR BEFORE JULY 1, 2024, THE COMMISSION SHALL POST THE

9 RESULTS OF THE STUDY ON THE COMMISSION'S WEBSITE.

10 (2) (a) THE COMMISSION AND THE STATE ENGINEER SHALL

11 COLLABORATE ON A STUDY THAT EVALUATES THE STATE REGULATORY

12 STRUCTURE FOR GEOTHERMAL RESOURCES IN THE STATE AND WHETHER

13 ANY CHANGES TO STATE LAW OR RULES ARE NECESSARY.

14 (b) ON OR BEFORE DECEMBER 31, 2024, THE COMMISSION SHALL:

15 (I) DRAFT A REPORT DESCRIBING THE RESULTS OF THE STUDY AND

16 POST THE REPORT ON THE COMMISSION'S WEBSITE; AND

17 (II) SUBMIT THE REPORT TO THE GENERAL ASSEMBLY.

18 (3) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2025.

19 **37-90.5-111. Coordination between the commission and the**

20 **state engineer.** (1) WHEN AN OPERATIONS PERMIT IS ISSUED BY THE

21 COMMISSION PURSUANT TO SECTION 37-90.5-106 (1)(b)(II) AND A USE

22 PERMIT IS ISSUED BY THE STATE ENGINEER PURSUANT TO SECTION

23 37-90.5-107 (1), THE COMMISSION AND THE STATE ENGINEER SHALL

24 COORDINATE TO:

25 (a) ENSURE THAT ANY APPLICABLE REQUIREMENTS OF THE

26 COMMISSION AND THE STATE ENGINEER ARE MET; AND

27 (b) DETERMINE WHETHER AN ACCOUNTING FOR THE USE AND

1 REINJECTION OF GEOTHERMAL FLUID PURSUANT TO THE APPLICABLE
2 PERMIT MAY BE SUBMITTED TO ONLY THE COMMISSION OR ONLY THE
3 STATE ENGINEER.

4 **SECTION 11.** In Colorado Revised Statutes, 34-64-102, **amend**
5 the introductory portion and (1); and **add** (1.5) and (3.5) as follows:

6 **34-64-102. Definitions.** As used in this ~~article~~ ARTICLE 64, unless
7 the context otherwise requires:

8 (1) "Commission" means the ~~oil and gas conservation~~ ENERGY
9 AND CARBON MANAGEMENT ~~commission of the state of Colorado~~
10 CREATED IN SECTION 34-60-104.3 (1).

11 (1.5) "DISPROPORTIONATELY IMPACTED COMMUNITY" HAS THE
12 MEANING SET FORTH IN SECTION 24-4-109 (2)(b)(II).

13 (3.5) (a) "UNDERGROUND NATURAL GAS STORAGE FACILITY"
14 MEANS A FACILITY THAT STORES NATURAL GAS IN AN UNDERGROUND
15 FACILITY, INCLUDING A DEPLETED HYDROCARBON RESERVOIR, AN AQUIFER
16 RESERVOIR, OR A SOLUTION-MINED SALT CAVERN RESERVOIR.

17 (b) "UNDERGROUND NATURAL GAS STORAGE FACILITY" INCLUDES
18 ANY OF THE FOLLOWING EQUIPMENT ASSOCIATED WITH THE STORAGE OF
19 NATURAL GAS IN AN UNDERGROUND FACILITY:

20 (I) INJECTION, WITHDRAWAL, MONITORING, AND OBSERVATION
21 WELLS;

22 (II) WELLBORES AND DOWNHOLE COMPONENTS;

23 (III) WELLHEADS AND ASSOCIATED WELLHEAD PIPING;

24 (IV) WING-VALVE ASSEMBLIES THAT ISOLATE THE WELLHEAD
25 FROM CONNECTED PIPING BEYOND THE WING-VALVE ASSEMBLIES; AND

26 (V) ANY OTHER EQUIPMENT, FACILITY, RIGHT-OF-WAY, OR
27 BUILDING USED IN THE STORAGE OF NATURAL GAS IN AN UNDERGROUND

1 FACILITY.

2 (c) "UNDERGROUND NATURAL GAS STORAGE FACILITY" DOES NOT
3 INCLUDE ANY PIPELINE FACILITIES OR EQUIPMENT SUBJECT TO REGULATION
4 BY THE PUBLIC UTILITIES COMMISSION.

5 **SECTION 12.** In Colorado Revised Statutes, **add** 34-64-108 as
6 follows:

7 **34-64-108. Regulation of intrastate underground natural gas**
8 **storage facilities - fees - rules.** (1) (a) NOTWITHSTANDING SECTION
9 40-2-115, THE COMMISSION HAS THE EXCLUSIVE AUTHORITY TO REGULATE
10 ALL INTRASTATE UNDERGROUND NATURAL GAS STORAGE FACILITIES IN
11 THE STATE. THE COMMISSION MAY ADOPT RULES FOR THE PERMITTING AND
12 REGULATION OF INTRASTATE UNDERGROUND NATURAL GAS STORAGE
13 FACILITIES.

14 (b) THE COMMISSION MAY SUBMIT A CERTIFICATION TO, OR ENTER
15 INTO AN AGREEMENT WITH, THE UNITED STATES SECRETARY OF
16 TRANSPORTATION UNDER 49 U.S.C. SECS. 60105 AND 60106, AS
17 AMENDED, TO AUTHORIZE THE COMMISSION TO ENFORCE THE RULES OF
18 THE UNITED STATES DEPARTMENT OF TRANSPORTATION CONCERNING
19 INTRASTATE UNDERGROUND NATURAL GAS STORAGE FACILITIES
20 PROMULGATED UNDER 49 U.S.C. SEC. 60101 ET SEQ., AS AMENDED.

21 (c) IF THE COMMISSION SUBMITS A CERTIFICATION TO THE UNITED
22 STATES SECRETARY OF TRANSPORTATION OR ENTERS INTO AN AGREEMENT
23 WITH THE UNITED STATES SECRETARY OF TRANSPORTATION PURSUANT TO
24 SUBSECTION (1)(b) OF THIS SECTION, ANY RULES ADOPTED BY THE
25 COMMISSION PURSUANT TO SUBSECTION (1)(a) OF THIS SECTION MUST BE
26 AT LEAST AS STRINGENT AS THE APPLICABLE FEDERAL REQUIREMENTS.

27 (2) IN EXERCISING ITS REGULATORY AUTHORITY PURSUANT TO

1 SUBSECTION (1) OF THIS SECTION, THE COMMISSION:

2 (a) SHALL REGULATE INTRASTATE UNDERGROUND NATURAL GAS
3 STORAGE FACILITIES IN A MANNER THAT PROTECTS PUBLIC HEALTH,
4 SAFETY, AND WELFARE, INCLUDING THE PROTECTION OF THE
5 ENVIRONMENT AND WILDLIFE RESOURCES;

6 (b) SHALL AVOID, MINIMIZE, OR MITIGATE ADVERSE IMPACTS ON
7 DISPROPORTIONATELY IMPACTED COMMUNITIES; AND

8 (c) MAY ASSESS AND COLLECT REGULATORY AND PERMITTING
9 FEES FROM THE OPERATORS OF INTRASTATE UNDERGROUND NATURAL GAS
10 STORAGE FACILITIES IN AN AMOUNT AND FREQUENCY DETERMINED BY THE
11 COMMISSION BY RULE.

12 (3) AN OPERATOR OF AN INTRASTATE UNDERGROUND NATURAL
13 GAS STORAGE FACILITY SHALL NOT CONSTRUCT A NEW FACILITY UNLESS
14 THE OPERATOR PROVIDES EVIDENCE TO THE COMMISSION THAT:

15 (a) THE OPERATOR HAS FILED AN APPLICATION WITH THE LOCAL
16 GOVERNMENT WITH JURISDICTION TO APPROVE THE SITING OF THE
17 PROPOSED INTRASTATE UNDERGROUND NATURAL GAS STORAGE FACILITY,
18 INCLUDING THE LOCAL GOVERNMENT'S DISPOSITION OF THE APPLICATION;
19 OR

20 (b) THE LOCAL GOVERNMENT WITH JURISDICTION TO APPROVE THE
21 SITING OF THE PROPOSED INTRASTATE UNDERGROUND NATURAL GAS
22 STORAGE FACILITY DOES NOT REGULATE THE SITING OF SUCH FACILITIES.

23 (4) THE COMMISSION SHALL TRANSFER ALL FEES COLLECTED
24 UNDER THIS SECTION TO THE STATE TREASURER, WHO SHALL CREDIT THE
25 FEES TO THE ENERGY AND CARBON MANAGEMENT CASH FUND CREATED IN
26 SECTION 34-60-122 (5).

27 **SECTION 13.** In Colorado Revised Statutes, 40-2-115, **amend**

1 (1)(d)(II)(C) and (2)(b); and **add** (1)(f) and (2)(c) as follows:

2 **40-2-115. Cooperation with other states and with the United**
3 **States - rules - definitions.** (1) (d) (II) The commission's gas pipeline
4 safety rules must address, and may be more stringent than required by
5 federal standards with regard to:

6 (C) Mapping of all pipelines within the commission's jurisdiction.
7 For this purpose, the commission may incorporate information from any
8 existing flowline maps or other maps prepared by the ~~oil and gas~~
9 ~~conservation~~ ENERGY AND CARBON MANAGEMENT commission CREATED
10 IN SECTION 34-60-104.3 (1) and showing pipelines subject to the
11 jurisdiction of that agency. The public utilities commission's mapping
12 requirements for pipelines within its jurisdiction must incorporate the
13 same standards for confidentiality, security, and public access and
14 limitations on the scale of publicly available images as adopted by the ~~oil~~
15 ~~and gas conservation~~ ENERGY AND CARBON MANAGEMENT commission in
16 2 CCR 404-1, rule 1101.e.

17 (f) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
18 CONTRARY, THE COMMISSION SHALL NOT ADOPT ANY RULES THAT
19 REGULATE UNDERGROUND NATURAL GAS STORAGE FACILITIES.

20 (2) As used in this section:

21 (b) "Transportation of gas" or "transporting gas" means the
22 gathering, transmission, or distribution of gas by pipeline, as defined in
23 49 CFR 192.3. ~~or its storage.~~

24 (c) "UNDERGROUND NATURAL GAS STORAGE FACILITY" HAS THE
25 MEANING SET FORTH IN SECTION 34-64-102 (3.5).

26 **SECTION 14.** In Colorado Revised Statutes, 25-15-101, **amend**
27 the introductory portion and (6)(b)(IX) as follows:

1 **25-15-101. Definitions.** As used in this ~~article~~ ARTICLE 15, unless
2 the context otherwise requires:

3 (6) (b) "Hazardous waste" does not include:

4 (IX) Waste from oil and gas ~~activities~~ OPERATIONS, AS DEFINED IN
5 SECTION 34-60-103 (6.5), OR FROM DEEP GEOTHERMAL OPERATIONS, AS
6 DEFINED IN SECTION 37-90.5-103 (3), including, but not limited to, drilling
7 fluids, produced water, and other wastes associated with the exploration,
8 development, or production of crude oil, natural gas, or geothermal
9 ~~energy, which~~ RESOURCES, THAT is disposed of in accordance with the
10 requirements of the ~~oil and gas~~ ENERGY AND CARBON MANAGEMENT
11 commission pursuant to ARTICLE 90.5 OF TITLE 37 AND article 60 of title
12 34, ~~C.R.S.~~ AS APPLICABLE.

13 **SECTION 15.** In Colorado Revised Statutes, 29-20-104, **amend**
14 (1)(h) introductory portion, (1)(h)(II), and (1)(h)(VI) as follows:

15 **29-20-104. Powers of local governments - definition.**

16 (1) Except as expressly provided in section 29-20-104.5, the power and
17 authority granted by this section does not limit any power or authority
18 presently exercised or previously granted. Each local government within
19 its respective jurisdiction has the authority to plan for and regulate the use
20 of land by:

21 (h) Regulating the surface impacts of oil and gas operations, AS
22 DEFINED IN SECTION 34-60-103 (6.5), DEEP GEOTHERMAL OPERATIONS, AS
23 DEFINED IN SECTION 37-90.5-103 (3), AND INTRASTATE NATURAL GAS
24 STORAGE FACILITIES, AS DEFINED IN SECTION 34-64-102 (3.5), in a
25 reasonable manner to address matters specified in this subsection (1)(h)
26 and to protect and minimize adverse impacts to public health, safety, and
27 welfare and the environment. Nothing in this subsection (1)(h) is intended

1 to alter, expand, or diminish the authority of local governments to
2 regulate air quality under section 25-7-128. ~~For purposes of AS USED IN~~
3 this subsection (1)(h), "minimize adverse impacts" means, to the extent
4 necessary and reasonable, to protect public health, safety, and welfare and
5 the environment by avoiding adverse impacts from ~~oil and gas~~ THE
6 operations DESCRIBED IN THIS SUBSECTION (1)(h) and minimizing and
7 mitigating the extent and severity of those impacts that cannot be avoided.

8 The following matters are covered by this subsection (1)(h):

9 (II) The location and siting of ~~oil and gas facilities and oil and gas~~
10 ~~locations, as those terms are defined in section 34-60-103 (6.2) and (6.4)~~
11 THE OPERATIONS DESCRIBED IN THIS SUBSECTION (1)(h);

12 (VI) All other nuisance-type effects of ~~oil and gas development~~
13 THE OPERATIONS DESCRIBED IN THIS SUBSECTION (1)(h); and

14 **SECTION 16.** In Colorado Revised Statutes, 34-60-103, **amend**
15 (2) and (4.5) as follows:

16 **34-60-103. Definitions.** As used in this article 60, unless the
17 context otherwise requires:

18 (2) "Commission" means the ~~oil and gas conservation~~ ENERGY
19 AND CARBON MANAGEMENT commission CREATED IN SECTION
20 34-60-104.3 (1).

21 (4.5) "Exploration and production waste" means those wastes that
22 are generated during the drilling of and production from oil and gas wells,
23 DURING THE DRILLING OF AND PRODUCTION FROM WELLS REGULATED BY
24 THE COMMISSION PURSUANT TO ARTICLE 90.5 OF TITLE 37, or during
25 primary field operations and that are exempt from regulation as hazardous
26 wastes under subtitle c of the federal "Resource Conservation and
27 Recovery Act of 1976", 42 U.S.C. ~~sec.~~ SECS. 6901 to 6934, as amended.

1 **SECTION 17.** In Colorado Revised Statutes, 34-60-124, **amend**
2 (1) introductory portion, (1)(f), (2), (3), (4) introductory portion, (4)(a)
3 introductory portion, (4)(b), (5), (8), and (10); and **add** (1)(g) and (4)(d)
4 as follows:

5 **34-60-124. Energy and carbon management cash fund -**
6 **definitions - repeal.** (1) ~~The following moneys shall be credited~~ STATE
7 TREASURER SHALL CREDIT THE FOLLOWING MONEY to the ~~oil and gas~~
8 ~~conservation and environmental response~~ fund:

9 (f) ~~Moneys~~ MONEY recovered from the sale of salvaged
10 equipment, as provided for in ~~paragraph (c) of subsection (6)~~ SUBSECTION
11 (6)(c) of this section; AND

12 (g) MONEY CREDITED TO THE FUND PURSUANT TO SECTIONS
13 34-64-108 (4) AND 37-90.5-106 (4).

14 (2) The ~~moneys~~ MONEY in the ~~oil and gas conservation and~~
15 ~~environmental response~~ fund ~~shall~~ DOES not revert to the general fund at
16 the end of any fiscal year.

17 (3) The ~~moneys~~ MONEY in the ~~oil and gas conservation and~~
18 ~~environmental response~~ fund ~~shall be~~ IS subject to annual appropriation
19 by the general assembly; except that ~~moneys~~ MONEY deposited in the fund
20 constituting forfeited security or other financial assurance provided by
21 operators in accordance with section 34-60-106 (3.5) and (13) ~~shall be~~ IS
22 continuously appropriated to the commission for the purpose of fulfilling
23 obligations under this ~~article~~ ARTICLE 60 upon which an operator has
24 defaulted.

25 (4) The ~~oil and gas conservation and environmental response~~ fund
26 may be expended:

27 (a) By the commission, or by the director at the commission's

1 direction, prior to, during, or after the conduct of ~~oil and gas~~ ANY
2 operations SUBJECT TO THE AUTHORITY OF THE COMMISSION to:

3 (b) For purposes authorized by section 23-41-114 (4); ~~C.R.S.~~ AND

4 (d) (I) TO CONDUCT THE STUDIES DESCRIBED IN SECTIONS
5 34-60-134, 34-60-135, AND 37-90.5-110.

6 (II) THIS SUBSECTION (4)(d) IS REPEALED, EFFECTIVE JULY 1, 2025.

7 (5) The director of the ~~oil and gas conservation~~ commission shall
8 prepare an annual report for the executive director of the department of
9 natural resources and the governor regarding the operations of and
10 disbursements from the fund.

11 (8) ~~(a) For purposes of AS USED IN this section:~~

12 (a) "FUND" MEANS THE ENERGY AND CARBON MANAGEMENT CASH
13 FUND CREATED IN SECTION 34-60-122 (5).

14 (b) (I) "Responsible party" means any person who conducts an oil
15 and gas operation in a manner ~~which is in contravention of~~ THAT
16 VIOLATES any then-applicable provision of this ~~article~~ ARTICLE 60, or of
17 any rule ~~regulation~~, or order of the commission, or of any permit that
18 threatens to cause, or actually causes, a significant adverse environmental
19 impact to any air, water, soil, or biological resource. "Responsible party"
20 includes any person who disposes of any ~~other~~ waste by mixing it with
21 exploration and production waste that threatens to cause, or actually
22 causes, a significant adverse environmental impact to any air, water, soil,
23 or biological resource.

24 ~~(b) (II) Except as otherwise provided in paragraph (a) of this~~
25 ~~subsection (8)~~ SUBSECTION (8)(b)(I) OF THIS SECTION, "responsible party"
26 does not include any landowner, whether of the surface estate, mineral
27 estate, or both, who does not engage in, or assume responsibility for, the

1 conduct of oil and gas operations.

2 (10) ~~The fund shall be expended by the commission or by the~~
3 ~~director~~ COMMISSION OR THE DIRECTOR OF THE COMMISSION SHALL
4 EXPEND THE MONEY IN THE FUND for the purposes of administering the
5 provisions of this ~~article~~ ARTICLE 60 AND SECTIONS 34-64-108 AND
6 37-90.5-106 (1)(b), including staffing, overhead, enforcement, and the
7 payment of environmental responses costs, and for paying expenses in
8 connection with the interstate oil and gas compact commission.

9 **SECTION 18.** In Colorado Revised Statutes, **add** 34-60-134 and
10 34-60-135 as follows:

11 **34-60-134. Hydrogen study - report - repeal.** (1) THE
12 COMMISSION SHALL CONDUCT A STUDY AND DEVELOP RECOMMENDATIONS
13 CONCERNING THE REGULATION AND PERMITTING OF THE UNDERGROUND
14 STORAGE OF HYDROGEN, THE TRANSPORTATION OF HYDROGEN THROUGH
15 PIPELINES, AND ANY OTHER HYDROGEN OPERATIONS RELATED TO OR
16 INTERCONNECTED WITH THE COMMISSION'S DIRECTIVE AND REGULATORY
17 AUTHORITY IN THE STATE. THE COMMISSION SHALL DEVELOP
18 RECOMMENDATIONS THAT:

19 (a) PROTECT PUBLIC HEALTH, SAFETY, AND WELFARE, INCLUDING
20 PROTECTION OF THE ENVIRONMENT AND WILDLIFE RESOURCES; AND

21 (b) AVOID ADVERSE IMPACTS ON DISPROPORTIONATELY IMPACTED
22 COMMUNITIES, AS DEFINED IN SECTION 24-4-109 (2)(b)(II).

23 (2) IN CONDUCTING THE STUDY, THE COMMISSION SHALL CONSULT
24 WITH OTHER STATE AGENCIES, LOCAL GOVERNMENTS, ENVIRONMENTAL
25 JUSTICE ORGANIZATIONS, AND OTHER RELEVANT STAKEHOLDERS.

26 (3) NO LATER THAN JULY 1, 2024, THE COMMISSION SHALL:

27 (a) PREPARE A REPORT SUMMARIZING THE FINDINGS OF THE STUDY,

1 INCLUDING THE RECOMMENDATIONS DESCRIBED IN SUBSECTION (1) OF
2 THIS SECTION;

3 (b) POST THE REPORT ON THE COMMISSION'S WEBSITE; AND

4 (c) SUBMIT THE REPORT TO THE GENERAL ASSEMBLY.

5 (4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2025.

6 **34-60-135. Pipeline study - report - repeal.** (1) THE
7 COMMISSION SHALL COORDINATE WITH THE PUBLIC UTILITIES COMMISSION
8 TO CONDUCT A STUDY EXAMINING THE EXISTING ADMINISTRATIVE
9 STRUCTURE FOR INTRASTATE PIPELINE SITING AND SAFETY REGULATION IN
10 THE STATE, INCLUDING IDENTIFYING ANY EXISTING JURISDICTIONAL GAPS,
11 ANALYZING EXISTING SAFETY RULES, REVIEWING JURISDICTIONAL
12 STRATEGIES FOR THE STATE, AND EVALUATING RESOURCE NEEDS FOR SAFE
13 AND PROTECTIVE REGULATION. BASED ON THE FINDINGS OF THE STUDY,
14 THE COMMISSION SHALL DEVELOP RECOMMENDATIONS THAT:

15 (a) PROTECT PUBLIC HEALTH, SAFETY, AND WELFARE, INCLUDING
16 PROTECTION OF THE ENVIRONMENT AND WILDLIFE RESOURCES; AND

17 (b) AVOID ADVERSE IMPACTS ON DISPROPORTIONATELY IMPACTED
18 COMMUNITIES, AS DEFINED IN SECTION 24-4-109 (2)(b)(II).

19 (2) IN CONDUCTING THE STUDY, THE COMMISSION AND THE PUBLIC
20 UTILITIES COMMISSION SHALL CONSULT WITH OTHER STATE AGENCIES,
21 LOCAL GOVERNMENTS, ENVIRONMENTAL JUSTICE ORGANIZATIONS, AND
22 OTHER RELEVANT STAKEHOLDERS.

23 (3) NO LATER THAN DECEMBER 1, 2024, THE COMMISSION SHALL:

24 (a) COORDINATE WITH THE PUBLIC UTILITIES COMMISSION TO
25 PREPARE A REPORT SUMMARIZING THE FINDINGS OF THE STUDY,
26 INCLUDING THE RECOMMENDATIONS DESCRIBED IN SUBSECTION (1) OF
27 THIS SECTION;

1 (b) POST THE REPORT ON THE COMMISSION'S WEBSITE; AND

2 (c) SUBMIT THE REPORT TO THE GENERAL ASSEMBLY.

3 (4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2025.

4 **SECTION 19.** In Colorado Revised Statutes, 2-3-128, **amend**

5 (1)(a) as follows:

6 **2-3-128. Oil and gas - performance audit - report - definitions**

7 **- repeal.** (1) As used in this section, unless the context otherwise
8 requires:

9 (a) "Commission" means the ~~oil and gas conservation~~ ENERGY
10 AND CARBON MANAGEMENT commission created in section 34-60-104.3

11 (1).

12 **SECTION 20.** In Colorado Revised Statutes, 23-41-114, **amend**

13 (4)(b)(I)(B), (4)(b)(II)(B), (4)(b)(II)(C), (4)(b)(III)(B), (4)(b)(III)(C),

14 (4)(b)(IV)(B), (4)(b)(IV)(C), (4)(b)(V)(B), (4)(b)(VI)(B), and

15 (4)(b)(VI)(C) as follows:

16 **23-41-114. Colorado energy research institute - creation.**

17 (4) The institute shall conduct:

18 (b) The following specific research and educational programs
19 designed to meet the information needs of the department of natural
20 resources, other agencies of the state's executive branch, the legislature,
21 and the public:

22 (I) (B) For the purposes authorized by this ~~subparagraph (I)~~
23 SUBSECTION (4)(b)(I), up to five hundred thousand dollars of the
24 unencumbered balance available in the ~~oil and gas conservation and~~
25 ~~environmental response~~ ENERGY AND CARBON MANAGEMENT CASH fund
26 created in section 34-60-122 (5) ~~C.R.S.~~, may be expended.

27 (II) (B) For the purpose authorized by this ~~subparagraph (II)~~

1 SUBSECTION (4)(b)(II), up to one million dollars of the unencumbered
2 balance available in the ~~oil and gas conservation and environmental~~
3 ~~response~~ ENERGY AND CARBON MANAGEMENT CASH fund created in
4 section 34-60-122 (5) ~~C.R.S.~~, may be expended.

5 (C) Of the amount specified in ~~sub-subparagraph (B) of this~~
6 ~~subparagraph (H)~~ SUBSECTION (4)(b)(II)(B) OF THIS SECTION: Five
7 hundred thousand dollars may be expended in the state fiscal year
8 beginning July 1, 2005; and five hundred thousand dollars may be
9 expended in the state fiscal year beginning July 1, 2006, if an estimate
10 made on or about May 1, 2006, of the projected unencumbered balance
11 that will be available in the ~~oil and gas conservation and environmental~~
12 ~~response~~ ENERGY AND CARBON MANAGEMENT CASH fund on July 1, 2006,
13 exceeds two and one-half million dollars.

14 (III) (B) For the purpose authorized by this ~~subparagraph (H)~~
15 SUBSECTION (4)(b)(III), up to three hundred seventy-five thousand dollars
16 of the unencumbered balance available in the ~~oil and gas conservation~~
17 ~~and environmental response~~ ENERGY AND CARBON MANAGEMENT CASH
18 fund created in section 34-60-122 (5) ~~C.R.S.~~, may be expended.

19 (C) Of the amount specified in ~~sub-subparagraph (B) of this~~
20 ~~subparagraph (H)~~ SUBSECTION (4)(b)(III)(B) OF THIS SECTION: One
21 hundred seventy-five thousand dollars may be expended in the state fiscal
22 year beginning July 1, 2005; and two hundred thousand dollars may be
23 expended in the state fiscal year beginning July 1, 2006, if an estimate
24 made on or about May 1, 2006, of the projected unencumbered balance
25 that will be available in the ~~oil and gas conservation and environmental~~
26 ~~response~~ ENERGY AND CARBON MANAGEMENT CASH fund on July 1, 2006,
27 exceeds two and one-half million dollars.

1 (IV) (B) For the purpose authorized by this ~~subparagraph (IV)~~
2 SUBSECTION (4)(b)(IV), up to one million dollars of the unencumbered
3 balance available in the ~~oil and gas conservation and environmental~~
4 ~~response~~ ENERGY AND CARBON MANAGEMENT CASH fund created in
5 section 34-60-122 (5) ~~C.R.S.~~, may be expended.

6 (C) Of the amount specified in ~~sub-subparagraph (B) of this~~
7 ~~subparagraph (IV)~~ SUBSECTION (4)(b)(IV)(B) OF THIS SECTION: Five
8 hundred thousand dollars may be expended in the state fiscal year
9 beginning July 1, 2005; and five hundred thousand dollars may be
10 expended in the state fiscal year beginning July 1, 2006, if an estimate
11 made on or about May 1, 2006, of the projected unencumbered balance
12 that will be available in the ~~oil and gas conservation and environmental~~
13 ~~response~~ ENERGY AND CARBON MANAGEMENT CASH fund on July 1, 2006,
14 exceeds two and one-half million dollars.

15 (V) (B) For the purpose authorized by this ~~subparagraph (V)~~
16 SUBSECTION (4)(b)(V)(B), up to fifty-six thousand dollars of the
17 unencumbered balance available in the ~~oil and gas conservation and~~
18 ~~environmental response~~ ENERGY AND CARBON MANAGEMENT CASH fund
19 created in section 34-60-122 (5) ~~C.R.S.~~, may be expended.

20 (VI) (B) For the purpose authorized by this ~~subparagraph (VI)~~
21 SUBSECTION (4)(b)(VI), up to one hundred twenty-five thousand dollars
22 of the unencumbered balance available in the ~~oil and gas conservation~~
23 ~~and environmental response~~ ENERGY AND CARBON MANAGEMENT CASH
24 fund created in section 34-60-122 (5) ~~C.R.S.~~, may be expended.

25 (C) Of the amount specified in ~~sub-subparagraph (B) of this~~
26 ~~subparagraph (VI)~~ SUBSECTION (4)(b)(VI)(B) OF THIS SECTION:
27 Seventy-five thousand dollars may be expended in the state fiscal year

1 beginning July 1, 2005; and fifty thousand dollars may be expended in the
2 state fiscal year beginning July 1, 2006, if an estimate made on or about
3 May 1, 2006, of the projected unencumbered balance that will be
4 available in the ~~oil and gas conservation and environmental response~~
5 ENERGY AND CARBON MANAGEMENT CASH fund on July 1, 2006, exceeds
6 two and one-half million dollars.

7 **SECTION 21.** In Colorado Revised Statutes, 24-1-124, **amend**
8 (3)(f) as follows:

9 **24-1-124. Department of natural resources - creation -**
10 **divisions.** (3) The department of natural resources consists of the
11 following divisions:

12 (f) The ~~oil and gas conservation~~ ENERGY AND CARBON
13 MANAGEMENT commission ~~of the state of Colorado~~ CREATED IN SECTION
14 34-60-104.3 (1) and the office of the director ~~thereof~~ OF THE COMMISSION,
15 created in article 60 of title 34. The ~~oil and gas conservation~~ commission
16 ~~of the state of Colorado~~ and the office of the director are **type 1** entities,
17 as defined in section 24-1-105, and exercise their powers and perform
18 their duties and functions under the department of natural resources as a
19 division ~~thereof~~ OF THE DEPARTMENT.

20 **SECTION 22.** In Colorado Revised Statutes, 24-33-104, **amend**
21 (1)(f) as follows:

22 **24-33-104. Composition of the department.** (1) The department
23 of natural resources consists of the following commissions, divisions,
24 boards, offices, and councils:

25 (f) The ~~oil and gas conservation~~ ENERGY AND CARBON
26 MANAGEMENT commission ~~of the state of Colorado~~ CREATED IN SECTION
27 34-60-104.3 (1);

1 **SECTION 23.** In Colorado Revised Statutes, 24-35-115, **amend**
2 (3) as follows:

3 **24-35-115. Mineral audit program.** (3) The cost of each of the
4 following audits shall be paid by an appropriation from the general fund:
5 Severance tax revenues, revenues accruing to leases managed by the state
6 board of land commissioners authorized in section 36-1-113, ~~C.R.S.~~; and
7 revenues accruing to the ~~oil and gas conservation and environmental~~
8 ~~response~~ ENERGY AND CARBON MANAGEMENT CASH fund created in
9 section 34-60-122 (5). ~~C.R.S.~~ At the end of each fiscal year, beginning
10 with the fiscal year starting July 1, 1986, the ~~oil and gas conservation~~
11 ENERGY AND CARBON MANAGEMENT commission and the state board of
12 land commissioners shall each repay, from the ~~oil and gas conservation~~
13 ~~and environmental response~~ ENERGY AND CARBON MANAGEMENT CASH
14 fund created by section 34-60-122 (5) ~~C.R.S.~~, and the state land board
15 TRUST administration fund created by section 36-1-145 (2)(a), ~~C.R.S.~~, to
16 the general fund the cost of such audits performed on their respective
17 fund, which reimbursement shall not exceed the dollar amount of the
18 collections received by each agency from such audits.

19 **SECTION 24.** In Colorado Revised Statutes, 24-65.5-102,
20 **amend** the introductory portion and (2.5) as follows:

21 **24-65.5-102. Definitions - legislative declaration.** As used in this
22 ~~article~~ ARTICLE 65.5, unless the context otherwise requires:

23 (2.5) "Commission" means the ~~Colorado oil and gas conservation~~
24 ENERGY AND CARBON MANAGEMENT commission created in ~~section~~
25 ~~34-60-104, C.R.S.~~ SECTION 34-60-104.3 (1).

26 **SECTION 25.** In Colorado Revised Statutes, 24-75-402, **amend**
27 (5)(ii) as follows:

1 **24-75-402. Cash funds - limit on uncommitted reserves -**
2 **reduction in the amount of fees - exclusions - definitions.**

3 (5) Notwithstanding any provision of this section to the contrary, the
4 following cash funds are excluded from the limitations specified in this
5 section:

6 (ii) ~~The oil and gas conservation and environmental response~~
7 ENERGY AND CARBON MANAGEMENT CASH fund created in section
8 34-60-122 (5); ~~C.R.S.;~~

9 **SECTION 26.** In Colorado Revised Statutes, 25-7-109, **amend**
10 (10)(c) as follows:

11 **25-7-109. Commission to promulgate emission control**
12 **regulation.** (10) (c) Notwithstanding the grant of authority to the ~~oil and~~
13 ~~gas conservation~~ ENERGY AND CARBON MANAGEMENT commission in
14 article 60 of title 34, including specifically section 34-60-105 (1), the
15 commission may regulate air pollution from oil and gas facilities listed in
16 subsection (10)(a) of this section, including during preproduction
17 activities, drilling, and completion.

18 **SECTION 27.** In Colorado Revised Statutes, 25-7-133, **amend**
19 (7)(d)(III) as follows:

20 **25-7-133. Legislative review and approval of state**
21 **implementation plans and rules - legislative declaration - definition.**

22 (7) (d) (III) The regulated entity shall deliver the notice required pursuant
23 to ~~subparagraph (H) of this paragraph (d)~~ SUBSECTION (7)(d)(II) OF THIS
24 SECTION to the local government designee, if any, registered with the
25 ~~Colorado oil and gas conservation~~ ENERGY AND CARBON MANAGEMENT
26 commission CREATED IN SECTION 34-60-104.3 (1) for receipt of
27 information relating to oil and gas operations within a local jurisdiction

1 and shall include a phone number for a contact person. If the local
2 jurisdiction does not have a local government designee, the REGULATED
3 ENTITY SHALL DELIVER THE notice ~~shall be provided~~ to the municipal
4 clerk.

5 **SECTION 28.** In Colorado Revised Statutes, 25-8-202, **amend**
6 (7) introductory portion as follows:

7 **25-8-202. Duties of commission - rules.** (7) The commission and
8 the division shall recognize water quality responsibilities of the following
9 state agencies, referred to in this subsection (7) as the "implementing
10 agencies": The office of mined land reclamation; the state engineer; the
11 ~~oil and gas conservation~~ ENERGY AND CARBON MANAGEMENT commission
12 CREATED IN SECTION 34-60-104.3 (1); and the state agency responsible for
13 activities related to the federal "Resource Conservation and Recovery Act
14 of 1976", 42 U.S.C. SEC. 6901 ET SEQ., as amended, and related state
15 programs. Activities subject to the jurisdiction of the implementing
16 agencies that result in discharge to state waters shall be regulated as
17 follows:

18 **SECTION 29.** In Colorado Revised Statutes, 25-8-205, **amend**
19 (4) as follows:

20 **25-8-205. Control regulations.** (4) The commission shall
21 coordinate and cooperate with the state engineer, the Colorado water
22 conservation board, the ~~oil and gas conservation~~ ENERGY AND CARBON
23 MANAGEMENT commission CREATED IN SECTION 34-60-104.3 (1), the state
24 board of health, and other state agencies having regulatory powers in
25 order to avoid adopting control regulations that would be either redundant
26 or unnecessary.

27 **SECTION 30.** In Colorado Revised Statutes, 29-20-104, **amend**

1 (3)(a) as follows:

2 **29-20-104. Powers of local governments - definition.** (3) (a) To
3 provide a local government with technical expertise regarding whether a
4 preliminary or final determination of the location of an oil and gas facility
5 or oil and gas location within its respective jurisdiction could affect oil
6 and gas resource recovery:

7 (I) Once an operator, as defined in section 34-60-103 (6.8), files
8 an application for the location and siting of an oil and gas facility or oil
9 and gas location and the local government has made either a preliminary
10 or final determination regarding the application, the local government
11 having land use jurisdiction may ask the director of the ~~oil and gas~~
12 ~~conservation~~ ENERGY AND CARBON MANAGEMENT commission pursuant
13 to section 34-60-104.5 (3) to appoint a technical review board to conduct
14 a technical review of the preliminary or final determination and issue a
15 report that contains the board's conclusions.

16 (II) Once a local government has made a final determination
17 regarding an application specified in subsection (3)(a)(I) of this section
18 or if the local government has not made a final determination on an
19 application within two hundred ten days after filing by the operator, the
20 operator may ask the director of the ~~oil and gas conservation~~ ENERGY AND
21 CARBON MANAGEMENT commission pursuant to section 34-60-104.5 (3)
22 to appoint a technical review board to conduct a technical review of the
23 final determination and issue a report that contains the board's
24 conclusions.

25 **SECTION 31.** In Colorado Revised Statutes, 30-20-109, **amend**
26 (1.5)(d)(I) as follows:

27 **30-20-109. Commission to promulgate rules - definitions.**

1 (1.5) (d) The department shall:

2 (I) Coordinate with the ~~Colorado oil and gas conservation~~ ENERGY
3 AND CARBON MANAGEMENT commission created in ~~section 34-60-104,~~
4 ~~C.R.S.~~ SECTION 34-60-104.3 (1), governing bodies having jurisdiction,
5 and the federal bureau of land management to identify potential EP waste
6 disposal sites that are located reasonably close to oil and gas operation
7 areas on either federal or nonfederal land and that meet the set-back
8 requirements of this subsection (1.5); and

9 **SECTION 32.** In Colorado Revised Statutes, 30-20-120, **amend**
10 (5) as follows:

11 **30-20-120. Imminent and substantial endangerment from solid**
12 **waste - definitions.** (5) The provisions of this section ~~shall~~ DO not apply
13 to sites regulated by the ~~oil and gas conservation~~ ENERGY AND CARBON
14 MANAGEMENT commission created by ~~section 34-60-104, C.R.S.,~~ IN
15 SECTION 34-60-104.3 (1) or BY the oil inspection section of the
16 department of labor and employment pursuant to article 20 of title 8.
17 ~~C.R.S.~~

18 **SECTION 33.** In Colorado Revised Statutes, 34-60-102, **amend**
19 (2) as follows:

20 **34-60-102. Legislative declaration.** (2) It is further declared to
21 be in the public interest to assure that producers and consumers of natural
22 gas are afforded the protection and benefits of those laws and regulations
23 of the United States ~~which~~ THAT affect the price and allocation of natural
24 gas and crude oil, including the federal "Natural Gas Policy Act of 1978",
25 15 U.S.C. sec. 3301 ET SEQ., AS AMENDED, and particularly that the ~~oil~~
26 ~~and gas conservation~~ ENERGY AND CARBON MANAGEMENT commission
27 ~~established by section 34-60-104,~~ CREATED IN SECTION 34-60-104.3 (1)

1 be empowered to exercise such powers and authorities as may be
2 delegated to it by the laws or regulations of the United States, including
3 said "Natural Gas Policy Act of 1978", and, in the exercise of such
4 powers and authorities, to make such rules ~~and regulations~~ and to execute
5 such agreements and waivers as are reasonably required to implement
6 such power and authority.

7 **SECTION 34.** In Colorado Revised Statutes, 34-60-106, **amend**
8 (7)(a) as follows:

9 **34-60-106. Additional powers of commission - rules -**
10 **definitions - repeal.** (7) (a) The commission may establish, charge, and
11 collect docket fees for the filing of applications, petitions, protests,
12 responses, and other pleadings. All fees shall be deposited in the ~~oil and~~
13 ~~gas conservation and environmental response~~ ENERGY AND CARBON
14 MANAGEMENT CASH fund ~~established by section 34-60-122~~ CREATED IN
15 SECTION 34-60-122 (5) and are subject to appropriations by the general
16 assembly for the purposes of this article 60.

17 **SECTION 35.** In Colorado Revised Statutes, 34-60-118.5,
18 **amend** (5) introductory portion, (5.5), (6), and (8)(a) as follows:

19 **34-60-118.5. Payment of proceeds - definitions.** (5) Absent a
20 bona fide dispute over the interpretation of a contract for payment, the ~~oil~~
21 ~~and gas conservation~~ commission ~~shall have~~ HAS jurisdiction to determine
22 the following:

23 (5.5) Before hearing the merits of any proceeding regarding
24 payment of proceeds pursuant to this section, the ~~oil and gas conservation~~
25 commission shall determine whether a bona fide dispute exists regarding
26 the interpretation of a contract defining the rights and obligations of the
27 payer and payee. If the commission finds that such a dispute exists, the

1 commission shall decline jurisdiction over the dispute and the parties may
2 seek resolution of the matter in district court.

3 (6) The commission may assign to the parties the costs of any
4 administrative proceeding pursuant to this section in such proportions as
5 it deems appropriate and may award reasonable attorney fees and costs to
6 the prevailing party. The ~~moneys~~ MONEY received by the commission to
7 cover the costs of such administrative proceedings shall be transmitted to
8 the state treasurer, who shall credit ~~such moneys~~ THE MONEY to the ~~oil~~
9 ~~and gas conservation and environmental response~~ ENERGY AND CARBON
10 MANAGEMENT CASH fund created in ~~section 34-60-122~~ SECTION
11 34-60-122 (5).

12 (8) (a) Nothing in this section shall be construed to alter existing
13 substantive rights or obligations nor to impose upon the ~~oil and gas~~
14 ~~conservation~~ commission any duty to interpret a contract from which the
15 obligation to pay proceeds arises.

16 **SECTION 36.** In Colorado Revised Statutes, 34-60-121, **amend**
17 (1)(d) as follows:

18 **34-60-121. Violations - penalties - rules - legislative**
19 **declaration.** (1) (d) An operator subject to a penalty order shall pay the
20 amount due within thirty days after its imposition unless the operator files
21 a judicial appeal. The commission may recover penalties owed under this
22 section in a civil action brought by the attorney general at the request of
23 the commission in the second judicial district. ~~Moneys~~ MONEY collected
24 through the imposition of penalties shall be credited first to any legal
25 costs and attorney fees incurred by the attorney general in the recovery
26 action and then to the environmental response account in the ~~oil and gas~~
27 ~~conservation and environmental response~~ ENERGY AND CARBON

1 MANAGEMENT CASH fund created in ~~section 34-60-122~~ SECTION
2 34-60-122 (5).

3 **SECTION 37.** In Colorado Revised Statutes, **amend** 34-61-101
4 as follows:

5 **34-61-101. Boreholes penetrating coal seams.** It is the duty of
6 the owner, or person in charge of any borehole ~~which~~ THAT penetrates any
7 workable coal seam or any accessible or inaccessible coal mine
8 excavation, to notify the ~~state oil and gas conservation~~ ENERGY AND
9 CARBON MANAGEMENT commission CREATED IN SECTION 34-60-104.3 (1)
10 of the location of ~~such~~ THE borehole by designating the particular
11 five-acre subdivision of the land section on which ~~such~~ THE borehole is
12 situated, and the depth and thickness of every workable coal seam or
13 accessible or inaccessible coal mine excavation penetrated by ~~such~~ THE
14 borehole. On receipt of such notification, the ~~state oil and gas~~
15 ~~conservation~~ ENERGY AND CARBON MANAGEMENT commission shall at
16 once notify the chief inspector of coal mines.

17 **SECTION 38.** In Colorado Revised Statutes, 37-90-103, **amend**
18 the introductory portion and (10.9) as follows:

19 **37-90-103. Definitions - repeal.** As used in this ~~article~~ ARTICLE
20 90, unless the context otherwise requires:

21 (10.9) "Oil and gas well" means a well permitted by the ~~Colorado~~
22 ~~oil and gas conservation~~ ENERGY AND CARBON MANAGEMENT commission
23 CREATED IN SECTION 34-60-104.3 (1) or a well authorized by a federal or
24 tribal entity for the primary purpose of mining, including exploration or
25 production, of petroleum products.

26 **SECTION 39.** In Colorado Revised Statutes, 37-91-102, **amend**
27 the introductory portion and (16)(b)(I) as follows:

1 **37-91-102. Definitions.** As used in this ~~article~~ ARTICLE 91, unless
2 the context otherwise requires:

3 (16) (b) (I) "Well" does not include:

4 (A) Certain types of monitoring and observation wells, dewatering
5 wells, and test holes that the board specifies in rules ~~and regulations~~ in
6 order to allow for their construction, utilization, and abandonment by
7 other than a well construction contractor; ~~nor does such term include~~

8 (B) An excavation made for the purpose of obtaining or
9 prospecting for minerals or those wells subject to the jurisdiction of the
10 ~~oil and gas conservation~~ ENERGY AND CARBON MANAGEMENT
11 commission, as provided in article 60 of title 34; ~~C.R.S.~~; or

12 (C) ~~those~~ Wells subject to the jurisdiction of the office of mined
13 land reclamation, as provided in article 33 of title 34. ~~C.R.S.~~

14 **SECTION 40.** In Colorado Revised Statutes, 37-92-103, **amend**
15 (5.5) as follows:

16 **37-92-103. Definitions.** As used in this article 92, unless the
17 context otherwise requires:

18 (5.5) "Coal bed methane well" means a well permitted by the
19 ~~Colorado oil and gas conservation~~ ENERGY AND CARBON MANAGEMENT
20 commission ~~CREATED IN SECTION 34-60-104.3 (1)~~ or a well authorized by
21 a federal or tribal entity and constructed for the primary purpose of
22 producing methane gas from a coal bed.

23 **SECTION 41.** In Colorado Revised Statutes, 38-35.7-108,
24 **amend** (1)(a) as follows:

25 **38-35.7-108. Disclosure of oil and gas activity - rules.**

26 (1) (a) By January 1, 2016, the real estate commission created in section
27 12-10-206 shall promulgate a rule requiring each contract of sale or

1 seller's property disclosure for residential real property that is subject to
2 the commission's jurisdiction to disclose the following or substantially
3 similar information:

4 **THE SURFACE ESTATE OF THE PROPERTY MAY BE**
5 **OWNED SEPARATELY FROM THE UNDERLYING MINERAL**
6 **ESTATE, AND TRANSFER OF THE SURFACE ESTATE MAY**
7 **NOT INCLUDE TRANSFER OF THE MINERAL ESTATE. THIRD**
8 **PARTIES MAY OWN OR LEASE INTERESTS IN OIL, GAS, OR**
9 **OTHER MINERALS UNDER THE SURFACE, AND THEY MAY**
10 **ENTER AND USE THE SURFACE ESTATE TO ACCESS THE**
11 **MINERAL ESTATE.**

12 **THE USE OF THE SURFACE ESTATE TO ACCESS THE**
13 **MINERALS MAY BE GOVERNED BY A SURFACE USE**
14 **AGREEMENT, A MEMORANDUM OR OTHER NOTICE OF**
15 **WHICH MAY BE RECORDED WITH THE COUNTY CLERK**
16 **AND RECORDER.**

17 **THE OIL AND GAS ACTIVITY THAT MAY OCCUR ON**
18 **OR ADJACENT TO THIS PROPERTY MAY INCLUDE, BUT IS**
19 **NOT LIMITED TO, SURVEYING, DRILLING, WELL**
20 **COMPLETION OPERATIONS, STORAGE, OIL AND GAS, OR**
21 **PRODUCTION FACILITIES, PRODUCING WELLS,**
22 **REWORKING OF CURRENT WELLS, AND GAS GATHERING**
23 **AND PROCESSING FACILITIES.**

24 **THE BUYER IS ENCOURAGED TO SEEK ADDITIONAL**
25 **INFORMATION REGARDING OIL AND GAS ACTIVITY ON OR**
26 **ADJACENT TO THIS PROPERTY, INCLUDING DRILLING**
27 **PERMIT APPLICATIONS. THIS INFORMATION MAY BE**

1 **AVAILABLE FROM THE ~~COLORADO OIL AND GAS~~**
2 **~~CONSERVATION~~ ENERGY AND CARBON MANAGEMENT**
3 **COMMISSION.**

4 **SECTION 42.** In Colorado Revised Statutes, 39-29-109.3,
5 **amend** (1)(a) as follows:

6 **39-29-109.3. Severance tax operational fund - core reserve -**
7 **grant program reserve - definitions - repeal.** (1) The executive director
8 of the department of natural resources shall submit with the department's
9 budget request for each fiscal year a list and description of the programs
10 the executive director recommends to be funded from the severance tax
11 operational fund created in section 39-29-109 (2)(b), referred to in this
12 section as the "operational fund". The general assembly may appropriate
13 money from the total money available in the operational fund to fund
14 recommended programs as follows:

15 (a) (I) For programs or projects within the ~~Colorado oil and gas~~
16 ~~conservation~~ ENERGY AND CARBON MANAGEMENT commission CREATED
17 IN SECTION 34-60-104.3 (1), up to thirty-five percent of the ~~moneys~~
18 MONEY in the operational fund for fiscal years commencing on or after
19 July 1, 2009.

20 (II) ~~Moneys~~ MONEY appropriated for programs or projects
21 pursuant to ~~subparagraph (I) of this paragraph~~ (a) SUBSECTION (1)(a)(I)
22 OF THIS SECTION shall be used by the ~~Colorado oil and gas conservation~~
23 ENERGY AND CARBON MANAGEMENT commission for plugging and
24 abandonment projects, for well-site location reclamation projects, or for
25 regulatory and environmental programs or projects as specifically
26 appropriated by the general assembly for use on such programs or
27 projects; except that, if the commission determines that an emergency

1 exists, the commission may expend any ~~moneys~~ MONEY received for the
2 emergency without any further appropriation. In determining the uses of
3 ~~these moneys~~ THIS MONEY, the commission shall give priority to uses that
4 reduce industry fees and mill levies.

5 **SECTION 43. Effective date.** This act takes effect July 1, 2023.

6 **SECTION 44. 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, or safety.