

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 20-0266.02 Thomas Morris x4218

HOUSE BILL 20-1126

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A BILL FOR AN ACT

101 CONCERNING A REQUIREMENT THAT THE STATE APPROVE AN OIL AND
102 GAS PERMIT TO DRILL THAT HAS BEEN APPROVED BY A LOCAL
103 GOVERNMENT.

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>.)

Current law allows the director of the oil and gas conservation commission to delay the final determination regarding an oil and gas permit application pursuant to specified objective criteria. The bill repeals this authority and specifies that if a local government that has so-called "House Bill 1041 authority" approves an oil and gas application, the

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

commission or director shall approve the application for a permit to drill.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby:

4 (a) Finds that:

5 (I) The oil and natural gas industry is an essential economic driver
6 in the state of Colorado, supporting more than 213,000 jobs and
7 contributing \$31.7 billion to the state economy, \$7.6 billion in
8 compensation, and more than \$400 million through property taxes in 2014
9 to Colorado school districts and the state land board school trust;

10 (II) Colorado ranked 6th in natural gas production and 7th in oil
11 production nationwide, and in 2013 ranked 19th worldwide in natural gas
12 production, ahead of countries such as Pakistan, Thailand, and
13 Venezuela;

14 (III) The average salary in the oil and natural gas industry in 2016
15 was \$105,000, double the average wage of other industries in Colorado;

16 (IV) The 2015 U.S. oil and natural gas industry workforce
17 included more than 237,000 oil, natural gas, and petrochemical jobs filled
18 by women, which is a number that is projected to grow by 22% over the
19 next 20 years;

20 (V) Of the total number of oil and natural gas industry jobs in the
21 Mountain Region (Montana, Idaho, Wyoming, Colorado, Utah, Nevada,
22 Arizona, and New Mexico), women accounted for 15% (20,214 jobs) and
23 Hispanic workers accounted for 20% (26,314 jobs) in 2016;

24 (VI) IHS Markit, an industry market research consultant,
25 estimated that average U.S. household income was \$1,200 higher in 2012

1 thanks to energy from shale oil and natural gas, and estimated that this
2 figure could reach \$3,500 a year in 2025;

3 (VII) Average household energy costs in Colorado were 27% less
4 than the national average in 2016, due in large part to historically lower
5 natural gas prices in the state;

6 (VIII) In 2014, American households were estimated to enjoy
7 about \$800 in annual savings from lower energy costs attributable to
8 unconventional natural gas and to reap additional savings from lower oil
9 prices;

10 (IX) In 2015, the U.S. Environmental Protection Agency
11 concluded after a 5-year study that "hydraulic fracturing activities have
12 not led to widespread, systematic impacts to drinking water resources";

13 (X) The oil and natural gas industry has invested \$302 billion
14 between 1990 and 2016 to improve its environmental performance;

15 (XI) Nonattainment area emissions of volatile organic compounds
16 from oil and natural gas have decreased in Colorado by 45% between
17 2011 and 2016, while oil production has increased by 220%;

18 (XII) The oil and natural gas industry is very active in
19 communities throughout the state, including one operator that contributed
20 more than \$2 million to local organizations in 2014, another operator that
21 partnered with more than 30 Colorado organizations providing financial
22 support and volunteer time, and employees of one operator who
23 contributed more than 900 hours to working with the United Way;

24 (XIII) In the 5 years before 2016, Colorado has had 10 major
25 rule-makings, leading to the country's toughest rules for oil and gas
26 development that protect our people, our air, and our water; and

27 (b) Declares that this act is necessary to protect the viability of this

1 vital industry.

2 **SECTION 2.** In Colorado Revised Statutes, 34-60-106, **amend**
3 (1)(f)(III)(A); and **repeal** (1)(f)(III)(B) as follows:

4 **34-60-106. Additional powers of commission - rules -**
5 **definition.** (1) The commission also shall require:

6 (f) (III) (A) Notwithstanding any other provision of law, ~~including~~
7 ~~subsection (11) of this section, until the commission has promulgated any~~
8 ~~rules required to be adopted by subsections (2.5)(a), (11)(c), and (19) of~~
9 ~~this section and each rule specified in this subsection (1)(f)(III)(A) has~~
10 ~~become effective, the director may delay the final determination regarding~~
11 ~~a permit application if the director determines, pursuant to objective~~
12 ~~criteria to be published by the director within thirty days after April 16,~~
13 ~~2019, and following a public comment period, that the permit requires~~
14 ~~additional analysis to ensure the protection of public health, safety, and~~
15 ~~welfare or the environment or requires additional local government or~~
16 ~~other state agency consultation~~ IF A LOCAL GOVERNMENT THAT HAS LOCAL
17 PERMIT AUTHORITY, AS THOSE TERMS ARE DEFINED IN SECTION
18 24-65.1-102 (2) AND (3), RESPECTIVELY, APPROVES AN APPLICATION
19 SPECIFIED IN SUBSECTION (1)(f)(I) OF THIS SECTION, THE COMMISSION OR
20 THE DIRECTOR OF THE COMMISSION SHALL APPROVE THE APPLICATION FOR
21 A PERMIT TO DRILL.

22 (B) ~~This subsection (1)(f)(III) will be repealed if the rules~~
23 ~~specified in subsection (1)(f)(III)(A) of this section have become~~
24 ~~effective. The director shall notify the revisor of statutes in writing of the~~
25 ~~date on which all rules specified in subsection (1)(f)(III)(A) of this~~
26 ~~section have become effective by e-mailing the notice to~~
27 ~~revisorofstatutes.ga@state.co.us. This subsection (1)(f)(III) is repealed;~~

1 effective upon the date identified in the notice that the rules specified in
2 subsection (1)(f)(III)(A) of this section have become effective or, if the
3 notice does not specify that date, upon the date of the notice to the revisor
4 of statutes.

5 **SECTION 3. Act subject to petition - effective date -**
6 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
7 the expiration of the ninety-day period after final adjournment of the
8 general assembly (August 5, 2020, if adjournment sine die is on May 6,
9 2020); except that, if a referendum petition is filed pursuant to section 1
10 (3) of article V of the state constitution against this act or an item, section,
11 or part of this act within such period, then the act, item, section, or part
12 will not take effect unless approved by the people at the general election
13 to be held in November 2020 and, in such case, will take effect on the
14 date of the official declaration of the vote thereon by the governor.

15 (2) This act applies to conduct occurring on or after the applicable
16 effective date of this act.