



Legislative Council Staff
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Fiscal Note

Drafting Number: LLS 23-0772 **Date:** March 15, 2023
Prime Sponsors: Sen. Pelton R.; Winter F. **Bill Status:** Senate Transportation & Energy
Rep. Winter T.; Willford **Fiscal Analyst:** Matt Bishop | 303-866-4796
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Bill Topic: **OIL & GAS COMMISSION STUDY METHANE SEEPAGE RATON BASIN**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill commissions a study on methane seepage and implements a new regulatory category for methane recovery in the Raton Basin. It increases state expenditures in FY 2023-24 only.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$424,500 to the Department of Natural Resources.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 23-186

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue			
Expenditures	Cash Funds	\$424,500	-
Transfers			
Other Budget Impacts			

Summary of Legislation

The bill directs the Colorado Oil and Gas Conservation Commission (COGCC) in the Department of Natural Resources to conduct a study on capturing methane seepage in the Raton Basin and using water resulting from such capture. The COGCC, in consultation with local governments, must submit the completed study to the General Assembly by December 1, 2023. The COGCC must also implement a regulatory category for methane capture in the Raton Basin.

State Expenditures

The bill increases state expenditures in the Department of Natural Resources by \$424,500 in FY 2023-24 only, paid from the Oil and Gas Conservation and Environmental Response Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 23-186

	FY 2023-24	FY 2024-25
Department of Natural Resources		
Study Operations	\$225,000	-
Consultant	\$199,500	-
Total Cost	\$424,500	-

COGCC. The bill increases expenditures to complete the required study and implement the new regulatory category.

- **Study.** Study activities include airborne study of methane seepage via aircraft or drones, estimated at \$150,000, and quality testing of water samples, estimated at \$75,000. Due to the technical nature of the study and the timeframe for implementation, the COGCC requires a consultant to coordinate study activities and produce the required documents. The study's scope is estimated to require 570 hours of labor at \$350 per hour. Workload will increase minimally for COGCC staff to execute the study contract and review deliverables.
- **Legal services.** Creating a new regulatory category requires rulemaking supported legal services provided by the Department of Law. This workload is expected to be minimal, and no change in appropriations is required.

Local Government

The bill increases workload in any local government that consults with the COGCC on the study. This workload is expected to be minimal.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$424,500 from the Oil and Gas Conservation and Environmental Response Fund to the Department of Natural Resources.

State and Local Government Contacts

Counties	Information Technology	Law
Natural Resources		