

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 24-0904.01 Sarah Lozano x3858

HOUSE BILL 24-1346

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A BILL FOR AN ACT

101 **CONCERNING ENERGY AND CARBON MANAGEMENT REGULATION IN**
102 **COLORADO, AND, IN CONNECTION THEREWITH, BROADENING**
103 **THE ENERGY AND CARBON MANAGEMENT COMMISSION'S**
104 **REGULATORY AUTHORITY TO INCLUDE REGULATION OF**
105 **GEOLOGIC STORAGE OPERATIONS.**

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>.)

The bill expands the authority of the energy and carbon management commission (commission) to include the regulation of:

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.

HOUSE
3rd Reading Unamended
April 17, 2024

HOUSE
Amended 2nd Reading
April 16, 2024

- Facilities that use equipment to capture a significant quantity of carbon dioxide directly from the ambient air (direct air capture facility); and
- Activities performed for the purpose of engaging in the injection and underground sequestration of carbon dioxide in pore space (geologic storage operations).

The commission may:

- Reimpose any regulatory responsibility or financial assurance obligation imposed on a person that exercises the right to control the conduct of geologic storage operations (geologic storage operator) if the geologic storage operator makes a material misrepresentation or omission that causes the commission to approve a site closure; and
- Assess and collect regulatory and permitting fees from geologic storage operators.

The bill also allows the commission to hire and designate employees of the commission as administrative law judges who have the authority to administer proceedings on behalf of the commission.

Current law provides a statute of limitations of one year after the date of an alleged violation of energy and carbon management laws (violation). The bill changes this statute of limitations to 3 years after the discovery of the alleged violation and provides that the 3-year statute of limitations period does not apply if information regarding the alleged violation is knowingly or willfully concealed by the alleged violator.

The bill also expands the following energy and carbon management law areas to include geologic storage operations and direct air capture facilities:

- Enforcement and civil penalty procedures;
- Use of the energy and carbon management cash fund by the commission;
- Mitigation of adverse environmental impacts by the commission or an operator; and
- State agency and local government authority over oil and gas development.

The commission is required to adopt rules related to the permitting and regulation of direct air capture facilities. When reviewing an application for a direct air capture facility, the commission must consider whether a setback of the direct air capture facility from certain areas is necessary and reasonable to protect and minimize adverse impacts to public health, safety, and welfare; the environment; and wildlife resources. The commission may assess and collect permitting and regulatory fees from the operators of direct air capture facilities.

The bill also establishes that:

- Ownership of a portion of a pore space necessary for geologic storage (sequestration estate) is vested in the

owner of the overlying surface estate if the sequestration estate has not been separately severed, conveyed, or reserved;

- Any conveyance of the ownership of an overlying surface estate also conveys the grantor's ownership of any sequestration estate except in certain circumstances; and
- A conveyance of the ownership of a mineral estate does not convey the grantor's ownership in the sequestration estate unless the conveyance instrument provides for the conveyance.

Upon application of any interested person, the commission must hold a hearing and enter an order (order) providing for the formation of a unit of one or more geologic storage resources (geologic storage unit) if the commission finds that the geologic storage unit is reasonably necessary to effectuate a geologic storage project. The order must include terms and conditions that are just and reasonable and establish a plan for operations of the geologic storage unit (plan). An order is effective only if the plan has been approved by those persons that collectively own at least 75% of the geologic storage resources included in the geologic storage unit area (required approval) and the commission makes a finding in the order of the required approval.

The bill also allows a local government to request that the director of the commission appoint a technical review board to assist a local government in analyzing and answering any technical questions regarding the local government's land use regulations.

The bill also requires the department of public health and environment (department) to develop carbon dioxide accounting procedures for geologic storage operations and direct air capture facilities. The commission must compile relevant data to support the carbon dioxide accounting procedures and work collaboratively with the department in implementing the carbon dioxide accounting procedures. The commission and the department must also work collaboratively to address air emissions from direct air capture facilities and geologic storage operations.

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

2 **SECTION 1.** In Colorado Revised Statutes, 34-60-102, **add** (3)

3 as follows:

4 **34-60-102. Legislative declaration.** (3) IT IS FURTHER DECLARED

5 **TO BE IN THE PUBLIC INTEREST FOR THE COMMISSION TO IMPLEMENT**

1 AND ADMINISTER A PROGRAM FOR THE PERMITTING AND REGULATION OF
2 PERMANENT GEOLOGIC STORAGE OPERATIONS IN A WAY THAT PRIORITIZES:

3 (a) CONTRIBUTIONS TOWARD ACHIEVING THE STATE'S
4 GREENHOUSE GAS EMISSION REDUCTION GOALS, AS SET FORTH IN SECTION
5 25-7-102 (2)(g);

6 (b) BENEFITS TO THE STATE AND GLOBAL ENVIRONMENT BY
7 REDUCING CARBON DIOXIDE POLLUTION;

8 (c) OPPORTUNITIES TO SUPPORT A JUST TRANSITION AND TO HELP
9 RETRAIN WORKERS, PARTICULARLY WORKERS PREVIOUSLY EMPLOYED IN
10 THE FOSSIL FUEL INDUSTRY;

11 (d) PROTECTING DISPROPORTIONATELY IMPACTED COMMUNITIES
12 AND ADVANCING ENVIRONMENTAL JUSTICE; AND

13 (e) THE SAFE AND RESPONSIBLE USE OF COLORADO'S ABUNDANT
14 NATURAL RESOURCES FOR THE PERMANENT STORAGE OF CARBON DIOXIDE.

15 **SECTION 2.** In Colorado Revised Statutes, **amend** 34-60-103 as
16 follows:

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

19 (1) "And" includes the word "or" and the use of the word "or"
20 includes the word "and". The use of the plural includes the singular and
21 the use of the singular includes the plural.

22 **(2)** (a) "CARBON DIOXIDE FLOW LINE" MEANS A SEGMENT OF PIPE
23 TRANSFERRING INJECTION CARBON DIOXIDE BETWEEN THE WELLHEAD OF
24 A CLASS VI INJECTION WELL AND A PIPELINE REGULATED BY THE PIPELINE
25 AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION OF THE UNITED
26 STATES DEPARTMENT OF TRANSPORTATION OR THE PUBLIC UTILITIES
27

1 COMMISSION.

2 (b) "CARBON DIOXIDE FLOW LINE" DOES NOT INCLUDE PIPELINES
3 REGULATED BY THE PIPELINE AND HAZARDOUS MATERIALS SAFETY
4 ADMINISTRATION OF THE UNITED STATES DEPARTMENT OF
5 TRANSPORTATION OR THE PUBLIC UTILITIES COMMISSION.

6 (3) "CLASS VI INJECTION WELL" MEANS A WELL DRILLED
7 PURSUANT TO A PERMIT FOR A CLASS VI INJECTION WELL ISSUED UNDER
8 THE FEDERAL "SAFE DRINKING WATER ACT", 42 U.S.C. SEC. 300f ET SEQ.,
9 AS AMENDED.

10 (2) (4) "Commission" means the energy and carbon management
11 commission created in section 34-60-104.3 (1).

12 (3) (5) "Common source of supply" is synonymous with "pool" as
13 defined in this section.

14 (4) (6) (a) "Correlative rights" means that each owner and
15 producer in a common pool or source of supply of oil and gas shall MUST
16 have an equal opportunity to obtain and produce his THE OWNER'S OR
17 PRODUCER'S just and equitable share of the oil and gas underlying such
18 THE pool or source of supply.

19 (b) AS USED IN SECTION 34-60-141, "CORRELATIVE RIGHTS" MEANS
20 THAT EACH OWNER OF A SEQUESTRATION ESTATE MUST HAVE AN EQUAL
21 OPPORTUNITY TO UTILIZE THE OWNER'S JUST AND EQUITABLE SHARE OF
22 THE UNDERLYING GEOLOGIC STORAGE RESOURCE.

23 (7) (a) "CUMULATIVE IMPACTS" MEANS THE EFFECTS ON PUBLIC
24 HEALTH AND THE ENVIRONMENT, INCLUDING THE IMPACTS TO AIR
25 QUALITY, WATER QUALITY, CLIMATE, NOISE, ODOR, WILDLIFE, AND
26 BIOLOGICAL RESOURCES, CAUSED BY THE INCREMENTAL IMPACTS THAT A
27 PROPOSED NEW OR AMENDED OPERATION REGULATED BY THE COMMISSION

1 PURSUANT TO THIS ARTICLE 60 WOULD HAVE WHEN ADDED TO THE
2 IMPACTS FROM OTHER PAST, PRESENT, AND REASONABLY FORESEEABLE
3 FUTURE DEVELOPMENT OF ANY TYPE ON THE IMPACT AREA OR ON A
4 DISPROPORTIONATELY IMPACTED COMMUNITY.

5 (b) "CUMULATIVE IMPACTS" MAY INCLUDE BOTH ADVERSE AND
6 BENEFICIAL ENVIRONMENTAL IMPACTS.

7 (c) THIS SUBSECTION (7) IS EFFECTIVE ON THE EFFECTIVE DATE OF
8 THE RULES ADOPTED PURSUANT TO SECTION 34-60-106 (11)(d)(I).

9

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

12 ~~(4.3)~~ (9) "Division of parks and wildlife" means the division of
13 parks and wildlife identified in article 9 of title 33. ~~C.R.S.~~

14 (10) "ENERGY AND CARBON MANAGEMENT OPERATIONS" MEANS
15 ALL OPERATIONS REGULATED BY THE COMMISSION.

16 (11) "ENERGY AND CARBON MANAGEMENT OPERATOR" MEANS
17 ANY PERSON THAT EXERCISES THE RIGHT TO CONTROL THE CONDUCT OF
18 ENERGY AND CARBON MANAGEMENT OPERATIONS.

19 ~~(4.5)~~ (12) "Exploration and production waste" means those wastes
20 that are generated during the drilling of and production from oil and gas
21 wells; during the drilling of and production from wells for deep
22 geothermal operations, as defined in section 37-90.5-103 (3), regulated
23 by the commission pursuant to article 90.5 of title 37; or during primary
24 field operations and that are exempt from regulation as hazardous wastes
25 under Subtitle C of the federal "Resource Conservation and Recovery Act
26 of 1976", 42 U.S.C. secs. 6901 to 6934, as amended.

27 ~~(5)~~ (13) "Gas" means all natural gases and all hydrocarbons not

1 defined in this section as oil.

2 (14) "GEOLOGIC STORAGE" MEANS THE INJECTION AND
3 UNDERGROUND SEQUESTRATION OF INJECTION CARBON DIOXIDE IN A
4 GEOLOGIC STORAGE RESOURCE PURSUANT TO A VALID CLASS VI PERMIT
5 ISSUED PURSUANT TO THE FEDERAL "SAFE DRINKING WATER ACT", 42
6 U.S.C. SEC. 300f ET SEQ., AS AMENDED.

7 (15)(a) "GEOLOGIC STORAGE FACILITY" MEANS THE SPECIFIC PART
8 OF A GEOLOGIC STORAGE RESOURCE THAT IS UTILIZED FOR GEOLOGIC
9 STORAGE, TOGETHER WITH THE WELL OR WELLS AND ALL SURFACE
10 EQUIPMENT AND DISTURBANCES ASSOCIATED WITH THE GEOLOGIC
11 STORAGE OPERATIONS AT THE GEOLOGIC STORAGE LOCATION.

12 (b) "GEOLOGIC STORAGE FACILITY" DOES NOT INCLUDE PIPELINES
13 REGULATED BY THE PIPELINE AND HAZARDOUS MATERIALS SAFETY
14 ADMINISTRATION OF THE UNITED STATES DEPARTMENT OF
15 TRANSPORTATION OR THE PUBLIC UTILITIES COMMISSION.

16 (16) "GEOLOGIC STORAGE LOCATION" MEANS A DEFINABLE AREA
17 WHERE A GEOLOGIC STORAGE OPERATOR USES OR INTENDS TO USE THE
18 SURFACE OF THE LAND IN ORDER TO OPERATE A GEOLOGIC STORAGE
19 FACILITY.

20 (17) "GEOLOGIC STORAGE OPERATIONS" MEANS ACTIVITIES
21 PERFORMED FOR THE PURPOSE OF ENGAGING IN GEOLOGIC STORAGE IN THE
22 STATE, INCLUDING:

23 (a) THE FOLLOWING ACTIVITIES RELATED TO THE OPERATION OF A
24 GEOLOGIC STORAGE FACILITY:

25 (I) DRILLING TEST BORES AND MONITORING WELLS;

26 (II) SITING;

27 (III) INSTALLING AND OPERATING CARBON DIOXIDE FLOW LINES;

- 1 (IV) DRILLING;
- 2 (V) DEEPENING;
- 3 (VI) RECOMPLETING;
- 4 (VII) REWORKING; AND
- 5 (VIII) ABANDONING;
- 6 (b) INJECTING INJECTION CARBON DIOXIDE FOR THE PURPOSE OF
- 7 GEOLOGIC STORAGE;
- 8 (c) ANY CONSTRUCTING, SITE PREPARING, OR RECLAIMING
- 9 ACTIVITIES ASSOCIATED WITH THE ACTIVITIES DESCRIBED IN SUBSECTION
- 10 (17)(a) OR (17)(b) OF THIS SECTION; AND
- 11 (d) ANY OTHER ACTIVITIES DETERMINED BY THE COMMISSION TO
- 12 BE NECESSARY TO PROTECT AND MINIMIZE ADVERSE IMPACTS ASSOCIATED
- 13 WITH GEOLOGIC STORAGE TO PUBLIC HEALTH, SAFETY, WELFARE, THE
- 14 ENVIRONMENT, AND NATURAL RESOURCES.
- 15 (18) "GEOLOGIC STORAGE OPERATOR" MEANS ANY PERSON THAT
- 16 EXERCISES THE RIGHT TO CONTROL THE CONDUCT OF GEOLOGIC STORAGE
- 17 OPERATIONS.
- 18 (19) (a) "GEOLOGIC STORAGE RESOURCE" MEANS PORE SPACE
- 19 NECESSARY FOR GEOLOGIC STORAGE.
- 20 (b) "GEOLOGIC STORAGE RESOURCE" DOES NOT INCLUDE AN
- 21 UNDERGROUND SOURCE OF DRINKING WATER, AS DEFINED IN 40 CFR
- 22 144.3.
- 23 (20) "GEOLOGIC STORAGE UNIT" MEANS A UNIT OF ONE OR MORE
- 24 GEOLOGIC STORAGE RESOURCES OR PARTS OF A GEOLOGIC STORAGE
- 25 RESOURCE ESTABLISHED BY THE COMMISSION PURSUANT TO SECTION
- 26 34-60-141.
- 27 (21) "GEOLOGIC STORAGE UNIT AREA" MEANS ANY GEOLOGIC

1 STORAGE RESOURCE, OR PART OF A GEOLOGIC STORAGE RESOURCE,
2 INCLUDED IN A GEOLOGIC STORAGE UNIT.

3 (22) "IMPACT AREA" MEANS A DEFINED GEOGRAPHIC AREA OR
4 AREAS IN WHICH OPERATIONS REGULATED BY THE COMMISSION HAVE THE
5 POTENTIAL TO CONTRIBUTE TO CUMULATIVE IMPACTS. THE COMMISSION
6 SHALL DETERMINE THE IMPACT AREA FOR A PARTICULAR PROPOSED
7 OPERATION BASED ON THE NATURE, INTENSITY, AND SCOPE OF THE
8 OPERATION IN ITS PROPOSED LOCATION AND THE GEOGRAPHIC EXTENT OF
9 POTENTIAL IMPACTS.

10 (23) "IMPACTS TO CLIMATE" MEANS THE QUANTIFICATION OF
11 EMISSIONS OF GREENHOUSE GASES, AS DEFINED IN SECTION 25-7-140 (6),
12 THAT OCCUR FROM SOURCES THAT ARE CONTROLLED OR OWNED BY THE
13 ENERGY AND CARBON MANAGEMENT OPERATOR AND FROM REASONABLY
14 FORESEEABLE TRUCK TRAFFIC, AS WELL AS REDUCTIONS IN GREENHOUSE
15 GAS EMISSIONS, ASSOCIATED WITH THE PROPOSED OPERATION.

16 (24) "INJECTION CARBON DIOXIDE" MEANS CARBON DIOXIDE,
17 INCLUDING ITS DERIVATIVES AND ALL MIXTURES, COMBINATIONS, AND
18 PHASES, WHETHER LIQUID, GASEOUS, SUPER-CRITICAL, OR SOLID, AND
19 WHETHER STRIPPED, SEGREGATED, OR DIVIDED FROM ANY OTHER FLUID
20 STREAM, INCLUDING ALL INCIDENTAL ASSOCIATED SUBSTANCES DERIVED
21 FROM THE SOURCE MATERIALS.

22 (5.3) (25) "Local government" means ~~except with regard to~~
23 ~~section 34-60-104 (2)(a)(I)~~; a:

24
25 (a) Municipality or city and county within whose boundaries ~~an~~
26 ~~oil and gas location~~ A SURFACE LOCATION FOR ENERGY AND CARBON
27 MANAGEMENT OPERATIONS is sited or proposed to be sited; or

1 ~~(b) County, if an oil and gas location~~ A SURFACE LOCATION FOR
2 ENERGY AND CARBON MANAGEMENT OPERATIONS is sited or proposed to
3 be sited within the boundaries of the county but is not located within a
4 municipality or city and county.

5 ~~(5.5)~~ (26) "Minimize adverse impacts" means, to the extent
6 necessary and reasonable to protect public health, safety, and welfare; the
7 environment; and wildlife resources, to:

8 (a) Avoid adverse impacts from ~~oil and gas~~ ENERGY AND CARBON
9 MANAGEMENT operations; and

10 (b) Minimize and mitigate the extent and severity of those impacts
11 that cannot be avoided.

12 ~~(6)~~ (27) "Oil" means crude petroleum oil and any other
13 hydrocarbons, regardless of gravities, ~~which~~ THAT are produced at the
14 well in liquid form by ordinary production methods and ~~which~~ THAT are
15 not the result of condensation of gas before or after it leaves the reservoir.

16 ~~(6.2)~~ (28) "Oil and gas facility" means equipment or
17 improvements used or installed at an oil and gas location for the
18 exploration, production, withdrawal, treatment, or processing of crude oil,
19 condensate, exploration and production waste, or gas.

20 ~~(6.4)~~ (29) "Oil and gas location" means a definable area where an
21 oil and gas operator has disturbed or intends to disturb the land surface in
22 order to locate an oil and gas facility.

23 ~~(6.5)~~ (30) "Oil and gas operations" means exploration for oil and
24 gas, including:

25 (a) The conduct of seismic operations and the drilling of test
26 bores;

27 (b) The siting, drilling, deepening, recompletion, reworking, or

1 abandonment of an oil and gas well, underground injection well, or gas
2 storage well;

3 (c) Production operations related to any ~~such~~ well DESCRIBED IN
4 SUBSECTION ~~(30)~~(b) OF THIS SECTION, including the installation of flow
5 lines and gathering systems;

6 (d) The generation, transportation, storage, treatment, or disposal
7 of exploration and production wastes; and

8 (e) Any construction, site preparation, or reclamation activities
9 associated with ~~such~~ THE operations DESCRIBED IN THIS SUBSECTION ~~(30)~~.

10 ~~(6.8)~~ (31) "Operator" means any person ~~who~~ THAT exercises the
11 right to control the conduct of oil and gas operations.

12 ~~(7)~~ (32) "Owner" means the person ~~who~~ THAT has the right to drill
13 into and produce from a pool and to appropriate the oil or gas ~~he~~ THE
14 PERSON produces ~~therefrom~~ FROM THE POOL either for ~~himself~~ THE
15 PERSON or others or for ~~himself~~ THE PERSON and others, including the
16 owner of a well capable of producing oil or gas, or both.

17 ~~(7.1)~~ (33) "Parks and wildlife commission" means the parks and
18 wildlife commission created in section 33-9-101. ~~C.R.S.~~

19 ~~(7.5)~~ (34) "Permit" means any permit, sundry notice, notice of
20 intention, or other approval, including any conditions of approval, ~~which~~
21 THAT is granted, issued, or approved by the commission.

22 ~~(8)~~ (35) "Person" means any natural person, corporation,
23 association, partnership, receiver, trustee, executor, administrator,
24 guardian, fiduciary, or other representative of any kind and includes any
25 department, agency, or instrumentality of the state or any governmental
26 subdivision ~~thereof~~ OF THE DEPARTMENT, AGENCY, OR INSTRUMENTALITY
27 OF THE STATE.

1 (9) (36) "Pool" means an underground reservoir containing a
2 common accumulation of oil or gas, or both. Each zone of a general
3 structure, which zone is completely separated from any other zone in the
4 structure, is covered by the word "pool" as used in this ~~article~~ ARTICLE 60.

5 (37) "PORE SPACE" MEANS A CAVITY OR VOID, WHETHER NATURAL
6 OR ARTIFICIALLY CREATED, IN A SUBSURFACE STRATUM.

7 (10) (38) "Producer" means the owner of a well capable of
8 producing oil or gas, or both.

9 (39) "REASONABLY FORESEEABLE FUTURE DEVELOPMENT" MEANS
10 DEVELOPMENT THAT HAS NOT YET BEEN UNDERTAKEN FOR WHICH AN
11 APPLICABLE LOCAL, STATE, OR FEDERAL AGENCY HAS RECEIVED AN
12 APPLICATION OR ISSUED A PERMIT. FUTURE DEVELOPMENT IS REASONABLY
13 FORESEEABLE ONLY IF INFORMATION RELATED TO THE PERMIT IS PUBLICLY
14 AVAILABLE.

15 (40) "SEQUESTRATION ESTATE" MEANS A PORTION OF A GEOLOGIC
16 STORAGE RESOURCE.

17 (10.5) (41) "Surface owner" means any person owning all or part
18 of the surface of land upon which ~~oil and gas~~ ENERGY AND CARBON
19 MANAGEMENT operations are conducted, as shown by the tax records of
20 the county in which the tract of land is situated, or any person with such
21 rights under a recorded contract to purchase.

22 (10.7) (42) "Underground natural gas storage cavern" means a
23 facility that stored natural gas in an underground cavern or abandoned
24 mine on or before January 1, 2000. An underground natural gas storage
25 cavern includes all surface or subsurface rights and appurtenances
26 associated with the underground injection, storage, and withdrawal of
27 natural gas, but does not include any compressor stations or pipeline

1 facilities subject to regulation by the public utilities commission or the
2 United States department of transportation.

3 ~~(11)~~ (43) "Waste", as applied to gas:

4 (a) Includes the escape, blowing, or releasing, directly or
5 indirectly into the open air, of gas from wells productive of gas only, or
6 gas in an excessive or unreasonable amount from wells producing oil or
7 both oil and gas; and the production of gas in quantities or in such manner
8 as unreasonably reduces reservoir pressure or, subject to subsection
9 ~~(11)(b)~~ (43)(b) of this section, unreasonably diminishes the quantity of oil
10 or gas that ultimately may be produced; excepting gas that is reasonably
11 necessary in the drilling, completing, testing, and in furnishing power for
12 the production of wells; and

13 (b) Does not include the nonproduction of gas from a formation
14 if necessary to protect public health, safety, and welfare; the environment;
15 or wildlife resources as determined by the commission.

16 ~~(12)~~ (44) "Waste", as applied to oil:

17 (a) Includes underground waste; inefficient, excessive, or
18 improper use or dissipation of reservoir energy, including gas energy and
19 water drive; surface waste; open-pit storage; and waste incident to the
20 production of oil in excess of the producer's aboveground storage
21 facilities and lease and contractual requirements, but excluding storage,
22 other than open-pit storage, reasonably necessary for building up or
23 maintaining crude stocks and products of crude stocks for consumption,
24 use, and sale; and

25 (b) Does not include the nonproduction of oil from a formation if
26 necessary to protect public health, safety, and welfare; the environment;
27 or wildlife resources as determined by the commission.

1 ~~(13)~~ (45) "Waste", in addition to the meanings as set forth in
2 subsections ~~(11)~~ (43) and ~~(12)~~ (44) of this section:

3 (a) Means, subject to subsection ~~(13)(b)~~ (45)(b) of this section:

4 (I) Physical waste, as that term is generally understood in the oil
5 and gas industry;

6 (II) The locating, spacing, drilling, equipping, operating, or
7 producing of any oil or gas well or wells in a manner that causes or tends
8 to cause reduction in quantity of oil or gas ultimately recoverable from a
9 pool under prudent and proper operations or that causes or tends to cause
10 unnecessary or excessive surface loss or destruction of oil or gas; and

11 (III) Abuse of the correlative rights of any owner in a pool due to
12 nonuniform, disproportionate, unratable, or excessive withdrawals of oil
13 or gas from the pool, causing reasonably avoidable drainage between
14 tracts of land or resulting in one or more producers or owners in the pool
15 producing more than an equitable share of the oil or gas from the pool;
16 and

17 (b) Does not include the nonproduction of oil or gas from a
18 formation if necessary to protect public health, safety, and welfare; the
19 environment; or wildlife resources as determined by the commission.

20 ~~(14) Repealed.~~

21 ~~(15)~~ (46) "Wildlife resources" means fish, wildlife, and their
22 aquatic and terrestrial habitats.

23 **SECTION 3.** In Colorado Revised Statutes, 34-60-105, **amend**
24 (1)(b) introductory portion and (1)(b)(V) as follows:

25 **34-60-105. Powers of commission.** (1) (b) Any delegation of
26 authority to any other state officer, board, or commission to administer
27 any other laws of this state relating to the conservation of oil or gas, or

1 either of them, is hereby rescinded and withdrawn, and that authority is
2 unqualifiedly conferred upon the commission, as provided in this section;
3 except that, as further specified in section 34-60-131, nothing in this
4 article 60 alters, impairs, or negates the authority of:

5 (V) A local government to regulate ~~oil and gas~~ ENERGY AND
6 CARBON MANAGEMENT operations pursuant to section 29-20-104.

7 **SECTION 4.** In Colorado Revised Statutes, 34-60-106, **amend**
8 (9)(c)(II), (9)(c)(III)(A), (9)(c)(III)(B), (9)(c)(IV)(A), (9)(c)(IV)(C),
9 (9)(c)(IV)(D), (9)(d) introductory portion, (9)(d)(I), (9)(d)(II), (9)(d)(III),
10 and (11)(d)(I); **repeal** (9)(c)(III)(C), (9)(e)(III), (11)(d)(III), and
11 (11)(d)(IV); and **add** (9)(c)(IV)(D.5) and (9)(d.5) as follows:

12 **34-60-106. Additional powers of commission - fees - rules -**
13 **definitions - repeal.** (9) (c) (II) The commission may issue and enforce
14 permits as necessary for the purpose set forth in this subsection (9)(c) FOR
15 GEOLOGIC STORAGE OPERATIONS AND MAY REGULATE GEOLOGIC STORAGE
16 OPERATIONS after the commission makes the determination and holds the
17 hearing set forth in subsection (9)(c)(I) of this section and the commission
18 and the governor satisfy the requirements set forth in subsection (9)(a) of
19 this section.

20 (III) (A) If ~~the class VI injection well~~ A GEOLOGIC STORAGE
21 LOCATION is proposed to be sited in an area that would affect a
22 disproportionately impacted community, the commission shall weigh the
23 geologic storage operator's submitted cumulative impacts analysis and
24 determine whether, on balance, the ~~class VI injection well~~ GEOLOGIC
25 STORAGE OPERATIONS will have a positive effect on the disproportionately
26 impacted community. A proposal that will have negative net cumulative
27 impacts on any disproportionately impacted community must be denied.

1 The commission's decision must include a plain language summary of its
2 determination.

3 (B) The commission may amend by rule the cumulative effects
4 IMPACTS analysis and requirements set forth in this subsection (9)(c)(III)
5 if the commission finds the analysis and requirements to be inconsistent
6 with, or incomplete with respect to, the federal environmental protection
7 agency's requirements for class VI primacy.

8 (C) ~~As used in this subsection (9)(c)(III), "cumulative impacts"~~
9 ~~means the effect on public health and the environment, including the~~
10 ~~effect on air quality, water quality, the climate, noise, odor, wildlife, and~~
11 ~~biological resources, caused by the incremental impact that a proposed~~
12 ~~new or modified class VI injection well would have when added to the~~
13 ~~impacts from other past, present, and reasonably foreseeable future~~
14 ~~development of any type on the affected area, including an airshed or~~
15 ~~watershed, or on a disproportionately impacted community.~~

16 (IV) (A) The commission shall require each operator of a class VI
17 ~~injection well~~ GEOLOGIC STORAGE OPERATOR to provide adequate
18 financial assurance demonstrating that the GEOLOGIC STORAGE operator
19 is financially capable of fulfilling every obligation imposed on the
20 operator under this article 60 and under rules that the commission adopts
21 pursuant to this article 60.

22 (C) The commission shall adopt rules requiring that the financial
23 assurance cover the cost of obligations that are in addition to the
24 obligations listed in subsection (9)(c)(IV)(B) of this section if the
25 additional obligations are reasonably associated with ~~class VI injection~~
26 ~~wells and locations~~ GEOLOGIC STORAGE OPERATIONS.

27 (D) ~~An operator~~ A GEOLOGIC STORAGE OPERATOR shall maintain

1 the financial assurance required under this subsection (9)(c)(IV) or under
2 any rules adopted pursuant to this subsection (9)(c)(IV) until the
3 commission approves site closure, as specified in rules adopted by the
4 commission. Commission approval of a site closure does not otherwise
5 modify an operator's responsibility to comply with applicable laws.

6 (D.5) IF A GEOLOGIC STORAGE OPERATOR MAKES A MATERIAL
7 MISREPRESENTATION OR OMISSION THAT CAUSES THE COMMISSION TO
8 APPROVE A SITE CLOSURE PURSUANT TO SUBSECTION (9)(c)(IV)(D) OF
9 THIS SECTION, THE COMMISSION MAY REIMPOSE ANY REGULATORY
10 RESPONSIBILITY OR FINANCIAL ASSURANCE OBLIGATION IMPOSED ON THE
11 GEOLOGIC STORAGE OPERATOR PURSUANT TO SUBSECTION (9)(c)(IV)(A)
12 OF THIS SECTION.

13 (d) In issuing and enforcing permits pursuant to subsection (9)(c)
14 of this section FOR GEOLOGIC STORAGE OPERATIONS, the commission shall
15 ensure, after a public hearing, that:

16 (I) The permitting of a ~~class VI injection well~~ GEOLOGIC STORAGE
17 LOCATION complies with a local government's siting of the ~~proposed class~~
18 ~~VI injection well~~ GEOLOGIC STORAGE location AND THAT THE
19 COMMISSION HAS CONSULTED WITH ANY LOCAL GOVERNMENT WHOSE
20 BOUNDARIES INCLUDE LANDS OVERLYING THE GEOLOGIC STORAGE
21 FACILITY;

22 (II) The proposed new or modified ~~class VI injection well~~
23 GEOLOGIC STORAGE LOCATION has received ~~an~~ ANY applicable air permit
24 PERMITS from the division of administration in the department of public
25 health and environment;

26 (III) The GEOLOGIC STORAGE operator ~~of the class VI injection~~
27 ~~well~~ has received the consent of any surface owner or owners of the land

1 where the surface disturbance will occur and has provided the
2 commission a written contractual agreement that the surface owner or
3 owners have executed; and

4 (d.5) (I) FOR THE PURPOSES OF IMPLEMENTING AND
5 ADMINISTERING THIS SUBSECTION (9), THE COMMISSION MAY ASSESS AND
6 COLLECT REGULATORY AND PERMITTING FEES FROM GEOLOGIC STORAGE
7 OPERATORS IN AN AMOUNT AND FREQUENCY DETERMINED BY THE
8 COMMISSION BY RULE.

9 (II) THE COMMISSION SHALL TRANSFER ANY FEES ASSESSED AND
10 COLLECTED PURSUANT TO SUBSECTION (9)(d.5)(I) OF THIS SECTION TO THE
11 STATE TREASURER, WHO SHALL CREDIT THE FEES TO THE ENERGY AND
12 CARBON MANAGEMENT CASH FUND CREATED IN SECTION 34-60-122 (5).

13 (e) As used in this subsection (9), unless the context otherwise
14 requires:

15 (III) "~~Disproportionately impacted community~~" has the meaning
16 set forth in section ~~24-4-109 (2)(b)(II)~~.

17 (11) (d) (I) By ~~April 28, 2024~~ SEPTEMBER 30, 2024, the
18 commission shall promulgate rules that evaluate and address the
19 cumulative impacts of oil and gas operations. ~~The rules shall include a~~
20 ~~definition of cumulative impacts~~ THE RULES SHALL REQUIRE EVALUATION
21 OF ALL IMPACTS SET FORTH IN THE DEFINITION OF CUMULATIVE IMPACTS
22 DESCRIBED IN SECTION 34-60-103. THE RULES SHALL REQUIRE
23 ADDRESSING THOSE IMPACTS RESULTING FROM OPERATIONS REGULATED
24 BY THE COMMISSION. WELLS DRILLED FOR THE EXCLUSIVE PURPOSE OF
25 OBTAINING SUBSURFACE DATA OR INFORMATION TO SUPPORT OPERATIONS
26 REGULATED BY THE COMMISSION DO NOT REQUIRE A CUMULATIVE
27 IMPACTS ANALYSIS.

1 (III) ~~In promulgating the definition of cumulative impacts by rule~~
2 ~~pursuant to subsection (11)(d)(I) of this section, the commission shall~~
3 ~~review, consider, and include addressable impacts to climate, public~~
4 ~~health, the environment, air quality, water quality, noise, odor, wildlife,~~
5 ~~and biological resources, and to disproportionately impacted~~
6 ~~communities, as defined in section 24-4-109 (2)(b)(II).~~

7 (IV) ~~As used in this subsection (11)(d), "impacts to climate"~~
8 ~~means quantification of emissions of greenhouse gases, as defined in~~
9 ~~section 25-7-140 (6), that occur from sources that are controlled or owned~~
10 ~~by the operator and reasonably foreseeable truck traffic at an oil and gas~~
11 ~~location.~~

12

13 **SECTION 5.** In Colorado Revised Statutes, 34-60-108, **add** (10)
14 as follows:

15 **34-60-108. Rules - hearings - process.** (10) THE DIRECTOR OF
16 THE COMMISSION MAY HIRE AND DESIGNATE EMPLOYEES OF THE
17 COMMISSION AS ADMINISTRATIVE LAW JUDGES WHO HAVE THE AUTHORITY
18 TO ADMINISTER OATHS, EXAMINE WITNESSES, RECEIVE EVIDENCE, AND
19 CONDUCT HEARINGS, INVESTIGATIONS, AND OTHER PROCEEDINGS ON
20 BEHALF OF THE COMMISSION.

21 **SECTION 6.** In Colorado Revised Statutes, **amend** 34-60-115 as
22 follows:

23 **34-60-115. Limitation on actions.** (1) ~~NO~~ AN action or other
24 proceeding based upon a violation of this ~~article~~ ARTICLE 60 or any rule
25 ~~regulation~~, or order of the commission shall NOT be commenced or
26 maintained unless it has been commenced within ~~one year from~~ THREE
27 YEARS AFTER the date of the DISCOVERY OF THE alleged violation.

1 (2) THE THREE-YEAR PERIOD OF LIMITATION DESCRIBED IN
2 SUBSECTION (1) OF THIS SECTION DOES NOT APPLY IF INFORMATION
3 REGARDING THE ALLEGED VIOLATION IS KNOWINGLY OR WILLFULLY
4 CONCEALED BY THE ALLEGED VIOLATOR.

5 **SECTION 7.** In Colorado Revised Statutes, 34-60-121, **amend**
6 (1)(a), (1)(b), (1)(c)(I)(C), (1)(c)(I)(D), (1)(d), (1)(e), (4)(c), (5), (6),
7 (7)(a) introductory portion, and (7)(b) as follows:

8 **34-60-121. Violations - investigations - penalties - rules -**
9 **definition - legislative declaration.** (1) (a) Any ENERGY AND CARBON
10 MANAGEMENT operator that violates this ~~article~~ ARTICLE 60, any rule or
11 order of the commission, or any permit is subject to a penalty of not more
12 than fifteen thousand dollars for each act of violation per day that ~~such~~
13 THE violation continues. A VIOLATION DESCRIBED IN THIS SUBSECTION
14 (1)(a) CONTINUES FOR EACH DAY THAT IT IS NOT CORRECTED BY THE
15 ENERGY AND CARBON MANAGEMENT OPERATOR.

16 (b) The commission may impose a penalty by order only after a
17 hearing in accordance with section 34-60-108 or by an administrative
18 order by consent entered into by the commission and the ENERGY AND
19 CARBON MANAGEMENT operator.

20 (c) The commission shall:

21 (I) Promulgate rules that establish a penalty schedule appropriate
22 to the nature of the violation and provide for the consideration of any
23 aggravating or mitigating circumstances. The rules must establish the
24 basis for determining the duration of a violation for purposes of imposing
25 the applicable penalty and include presumptions that:

26 (C) The failure to diligently implement corrective action pursuant
27 to a schedule embodied in an administrative order on consent, order

1 finding violation, or other order of the commission constitutes an
2 independent violation for which the ENERGY AND CARBON MANAGEMENT
3 operator may be subject to additional penalties or corrective action orders
4 imposed by the commission; and

5 (D) The number of days of violation does not include any period
6 necessary to allow the ENERGY AND CARBON MANAGEMENT operator to
7 engage in good faith negotiation with the commission regarding an
8 alleged violation if the ENERGY AND CARBON MANAGEMENT operator
9 demonstrates a prompt, effective, and prudent response to the violation.

10 (d) An ENERGY AND CARBON MANAGEMENT operator subject to a
11 penalty order shall pay the amount due within thirty days after its
12 imposition unless the ENERGY AND CARBON MANAGEMENT operator files
13 a judicial appeal. The commission may recover penalties owed under this
14 section in a civil action brought by the attorney general at the request of
15 the commission in the second judicial district. Money collected through
16 the imposition of penalties shall MUST be credited first to any legal costs
17 and attorney fees incurred by the attorney general in the recovery action
18 and then to the environmental response account in the energy and carbon
19 management cash fund created in section 34-60-122 (5).

20 (e) The general assembly hereby declares that the purposes of this
21 subsection (1) are to deter noncompliance and to encourage any
22 out-of-compliance ENERGY AND CARBON MANAGEMENT operators to come
23 into compliance as soon as possible and to those ends intends that, in
24 determining the amount of a penalty, the commission should not reduce
25 the number of days of violation for which a penalty is assessed below that
26 number which the evidence supports.

27 (4) (c) Whenever the commission or the director has reasonable

1 cause to believe a violation of any provision of this article 60, any rule or
2 order of the commission, or any permit has occurred, including based on
3 a written complaint from any person, the commission or the director shall
4 provide written notice to the ENERGY AND CARBON MANAGEMENT
5 operator whose act or omission allegedly resulted in the violation and
6 require that the ENERGY AND CARBON MANAGEMENT operator remedy the
7 violation. The notice must be served personally or by certified mail,
8 return receipt requested, to the ENERGY AND CARBON MANAGEMENT
9 operator or the ENERGY AND CARBON MANAGEMENT operator's agent for
10 service of process and must state the provision alleged to have been
11 violated, the facts alleged to constitute the violation, and any corrective
12 action and abatement deadlines the commission or director elects to
13 require of the ENERGY AND CARBON MANAGEMENT operator.

14 (5) (a) If an ENERGY AND CARBON MANAGEMENT operator fails to
15 take corrective action required pursuant to subsection (4) of this section,
16 or whenever the commission or the director has evidence that a violation
17 of any provision of this ~~article~~ ARTICLE 60, or of any rule ~~regulation~~, or
18 order of the commission, or of any permit has occurred, under
19 circumstances deemed to constitute an emergency situation, the
20 commission or the director may issue a cease-and-desist order to the
21 ENERGY AND CARBON MANAGEMENT operator whose act or omission
22 allegedly resulted in ~~such~~ THE violation. ~~Such~~ THE cease-and-desist order
23 ~~shall~~ MUST require ~~such~~ action by the ENERGY AND CARBON
24 MANAGEMENT operator as the commission or director deems appropriate.
25 The order ~~shall~~ MUST be served personally or by certified mail, return
26 receipt requested, to the ENERGY AND CARBON MANAGEMENT operator or
27 the ENERGY AND CARBON MANAGEMENT operator's agent for service of

1 process and ~~shall~~ MUST state the provision alleged to have been violated,
2 the facts alleged to constitute the violation, the time by which the acts or
3 practices cited are required to cease, and any corrective action the
4 commission or the director elects to require of the ENERGY AND CARBON
5 MANAGEMENT operator.

6 (b) The commission or the director may require an ENERGY AND
7 CARBON MANAGEMENT operator to appear for a hearing before the
8 commission no sooner than fifteen days after the issuance of a
9 cease-and-desist order; except that the ENERGY AND CARBON
10 MANAGEMENT operator may request an earlier hearing. At any hearing
11 concerning a cease-and-desist order, the commission shall permit all
12 interested parties and any complaining parties to present evidence and
13 argument and to conduct cross-examination required for a full disclosure
14 of the facts.

15 (c) In the event THAT an ENERGY AND CARBON MANAGEMENT
16 operator fails to comply with a cease-and-desist order, the commission
17 may request the attorney general to bring suit pursuant to section
18 34-60-109.

19 (6) If the commission determines, after a hearing conducted in
20 accordance with section 34-60-108, that an ENERGY AND CARBON
21 MANAGEMENT operator has failed to perform any corrective action
22 imposed under subsection (4) of this section or failed to comply with a
23 cease-and-desist order issued under subsection (5) of this section with
24 regard to a violation of a permit provision, the commission may issue an
25 order suspending, modifying, or revoking ~~such~~ THE permit or may take
26 other appropriate action. An ENERGY AND CARBON MANAGEMENT
27 operator subject to an order that suspends, modifies, or revokes a permit

1 shall continue the affected operations only for the purpose of bringing
2 ~~them~~ THE AFFECTED OPERATIONS into compliance with the permit or
3 modified permit and ~~shall do so~~ MUST BRING THE AFFECTED OPERATIONS
4 INTO COMPLIANCE under the supervision of the commission. Once the
5 affected operations are in compliance to the satisfaction of the
6 commission and any penalty not subject to judicial review or appeal has
7 been paid, the commission shall reinstate the permit.

8 (7) (a) The commission or the director shall issue an order to an
9 ENERGY AND CARBON MANAGEMENT operator to appear for a hearing
10 before the commission in accordance with section 34-60-108 whenever
11 the commission or the director has evidence that an ENERGY AND CARBON
12 MANAGEMENT operator is responsible for:

13 (b) If the commission finds, after such hearing, that the ENERGY
14 AND CARBON MANAGEMENT operator is responsible under the legal
15 standards specified in ~~paragraph (a) of this subsection (7), it~~ SUBSECTION
16 (7)(a) OF THIS SECTION, THE COMMISSION may issue an order that prohibits
17 the issuance of any new permits to the ENERGY AND CARBON
18 MANAGEMENT operator, suspends any or all of the ENERGY AND CARBON
19 MANAGEMENT operator's certificates of clearance, or both. When the
20 ENERGY AND CARBON MANAGEMENT operator demonstrates to the
21 satisfaction of the commission that it has brought each of the violations
22 into compliance and that any penalty not subject to judicial review or
23 appeal has been paid, the commission may vacate the order.

24 **SECTION 8.** In Colorado Revised Statutes, 34-60-124, **amend**
25 (3), (4)(a)(II), (4)(e)(II), (4)(f), (6)(a), (6)(c), (7), and (8)(b); and **add**
26 (4)(g) as follows:

27 **34-60-124. Energy and carbon management cash fund -**

1 **definitions - repeal.** (3) The money in the fund is subject to annual
2 appropriation by the general assembly; except that money deposited in the
3 fund constituting forfeited security or other financial assurance provided
4 by ENERGY AND CARBON MANAGEMENT operators in accordance with
5 section 34-60-106 (3.5), ~~(9)(c)(IV)(A)~~, and (13) is continuously
6 appropriated to the commission for the purpose of fulfilling obligations
7 under this article 60 upon which an ENERGY AND CARBON MANAGEMENT
8 operator has defaulted.

9 (4) The fund may be expended:

10 (a) By the commission, or by the director at the commission's
11 direction, prior to, during, or after the conduct of any operations subject
12 to the authority of the commission to:

13 (II) Gather background or baseline data on any air, water, soil, or
14 biological resource that the commission determines may be so impacted
15 by the conduct of ~~oil and gas~~ ENERGY AND CARBON MANAGEMENT
16 operations; and

17 (e) (II) This subsection (4)(e) is repealed, effective July 1, 2025;
18 ~~and~~

19 (f) To create and maintain the website described in section
20 34-60-106 (22); AND

21 (g) BY THE COMMISSION FOR THE PURPOSE OF INFORMATION
22 TECHNOLOGY INITIATIVES.

23 (6) For the purposes provided for in subsection (4) of this section,
24 the commission is authorized to:

25 (a) Enter onto any lands or waters, public or private; and, except
26 in emergency situations, the commission shall provide reasonable notice
27 prior to such entry in order to allow a surface owner, local government

1 designee, ENERGY AND CARBON MANAGEMENT operator, or responsible
2 party to be present and to obtain duplicate samples and copies of
3 analytical reports;

4 (c) Confiscate and sell for salvage any equipment abandoned by
5 a responsible party at a location where the conduct of ~~oil and gas~~ ENERGY
6 AND CARBON MANAGEMENT operations has resulted in a significant
7 adverse environmental impact; except that this authority ~~shall be~~ IS
8 subject to and secondary to any valid liens, security interests, or other
9 legal interests in such equipment asserted by any taxing authority or by
10 any creditor of the responsible party.

11 (7) If the commission determines that mitigation of a significant
12 adverse environmental impact on any air, water, soil, or biological
13 resource is necessary as a result of the conduct of ~~oil and gas~~ ENERGY
14 AND CARBON MANAGEMENT operations, the commission shall issue an
15 order requiring the responsible party to perform ~~such~~ THE mitigation. If
16 the responsible party cannot be identified or refuses to comply with ~~such~~
17 THE order, the commission shall authorize the necessary expenditures
18 from the fund. The commission shall bring suit in the second judicial
19 district to recover ~~such~~ THE expenditures from any responsible party ~~who~~
20 THAT refuses to perform ~~such~~ THE mitigation or any responsible party
21 ~~who~~ THAT is subsequently identified, ~~such~~ THE action to be brought
22 within a two-year period ~~from~~ AFTER the date that final expenditures were
23 authorized. ~~Moneys~~ MONEY recovered as a result of ~~such~~ THE suit ~~shall~~
24 MUST first be applied to the commission's legal costs and attorney fees
25 and ~~shall~~ MUST then be credited to the fund.

26 (8) As used in this section:

27 (b) (I) "Responsible party" means any person who conducts an ~~oil~~

1 ~~and gas~~ ENERGY AND CARBON MANAGEMENT operation in a manner that
2 violates any then-applicable provision of this article 60, or of any rule or
3 order of the commission, or of any permit that threatens to cause, or
4 actually causes, a significant adverse environmental impact to any air,
5 water, soil, or biological resource. "Responsible party" includes any
6 person who disposes of any other waste by mixing it with exploration and
7 production waste that threatens to cause, or actually causes, a significant
8 adverse environmental impact to any air, water, soil, or biological
9 resource.

10 (II) Except as otherwise provided in subsection (8)(b)(I) of this
11 section, "responsible party" does not include any landowner, whether of
12 the surface estate, mineral estate, or both, who does not engage in, or
13 assume responsibility for, the conduct of ~~oil and gas~~ ENERGY AND
14 CARBON MANAGEMENT operations.

15 **SECTION 9.** In Colorado Revised Statutes, **amend** 34-60-131 as
16 follows:

17 **34-60-131. No land use preemption.** Local governments and
18 state agencies, including the commission and agencies listed in section
19 34-60-105 (1)(b), have regulatory authority over ~~oil and gas development~~
20 ENERGY AND CARBON MANAGEMENT OPERATIONS, including as specified
21 in section 34-60-105 (1)(b). A local government's regulations may be
22 more protective or stricter than state requirements.

23 **SECTION 10.** In Colorado Revised Statutes, 34-60-134, **repeal**
24 (1)(b) as follows:

25 **34-60-134. Reporting of water used in oil and gas operations**
26 **- cumulative reporting - definitions - rules - repeal. (1) Definitions.**
27 As used in this section and in section 34-60-135, unless the context

1 otherwise requires:

2 (b) "Disproportionately impacted community" has the meaning set
3 forth in section ~~24-4-109~~ (2)(b)(II).

4 **SECTION 11.** In Colorado Revised Statutes, **add** 34-60-140,
5 34-60-141, 34-60-142, and 34-60-143 as follows:

6

7 **34-60-140. Ownership of geologic storage resources and**
8 **injection carbon dioxide - legislative declaration.** (1) THE GENERAL
9 ASSEMBLY DECLARES THAT THIS SECTION IS INTENDED TO ALLOW FOR THE
10 PERMANENT USE OF GEOLOGIC STORAGE RESOURCES FOR GEOLOGIC
11 STORAGE OPERATIONS AND IS NOT INTENDED TO IMPACT THE USE OR
12 OWNERSHIP OF THE SUBSURFACE FOR CONJUNCTIVE USE OF SURFACE AND
13 GROUNDWATER RESOURCES, ARTIFICIAL RECHARGE, STORAGE, AND
14 EXTRACTION INTENDED TO MAXIMIZE UTILIZATION OF WATER FOR
15 BENEFICIAL USE OR OTHER OPERATIONS.

16 (2) (a) EXCEPT AS SET FORTH IN SUBSECTION (5) OF THIS SECTION:

17 (I) IF OWNERSHIP OF THE SEQUESTRATION ESTATE HAS NOT BEEN
18 SEPARATELY SEVERED, CONVEYED, OR RESERVED PURSUANT TO
19 SUBSECTION (2)(b) OF THIS SECTION, IT IS PRESUMED THAT OWNERSHIP OF
20 THE SEQUESTRATION ESTATE IN THE STATE IS VESTED IN THE OWNER OF
21 THE OVERLYING SURFACE ESTATE; AND

22 (II) OWNERSHIP OF INJECTION CARBON DIOXIDE AND THE
23 FACILITIES AND EQUIPMENT THAT STORE INJECTION CARBON DIOXIDE IN
24 THE STATE IS VESTED IN:

25 (A) THE PERSON THAT INJECTS THE INJECTION CARBON DIOXIDE
26 INTO A GEOLOGIC STORAGE RESOURCE; OR

27 (B) ANY PERSON CONVEYED TITLE TO THE INJECTION CARBON

1 DIOXIDE OR THE FACILITIES AND EQUIPMENT THAT STORE THE INJECTION
2 CARBON DIOXIDE BY THE PERSON DESCRIBED IN SUBSECTION (2)(a)(II)(A)
3 OF THIS SECTION.

4 (b) OWNERSHIP OF A SEQUESTRATION ESTATE MAY BE:

5 (I) SEVERED FROM THE OWNERSHIP OF THE OVERLYING SURFACE
6 ESTATE; AND


7 (II) CONVEYED OR RESERVED IN THE SAME MANNER AS OWNERSHIP
8 OF A MINERAL ESTATE.

9 (3) ANY CONVEYANCE OF THE OWNERSHIP OF AN OVERLYING
10 SURFACE ESTATE ALSO CONVEYS ALL OF THE GRANTOR'S OWNERSHIP OF
11 ANY SEQUESTRATION ESTATE UNLESS:

12 (a) THE CONVEYANCE INSTRUMENT EXPRESSLY RESERVES THE
13 SEQUESTRATION ESTATE, INCLUDING BY BROAD RESERVATION OF PORE
14 SPACE; OR

15 (b) THE SEQUESTRATION ESTATE HAS BEEN PREVIOUSLY SEVERED,
16 BY RESERVATION OR CONVEYANCE, FROM THE OWNERSHIP OF THE
17 OVERLYING SURFACE ESTATE.

18 (4) A CONVEYANCE OF THE OWNERSHIP OF A MINERAL ESTATE OR
19 ANOTHER SUBSURFACE INTEREST DOES NOT CONVEY THE GRANTOR'S
20 OWNERSHIP IN THE SEQUESTRATION ESTATE UNLESS THE CONVEYANCE
21 INSTRUMENT EXPRESSLY PROVIDES FOR CONVEYANCE OF THE GRANTOR'S
22 OWNERSHIP OF THE SEQUESTRATION ESTATE.

23 
24 (5) NOTWITHSTANDING ANY PROVISION OF LAW TO THE
25 CONTRARY, NOTHING IN THIS SECTION:

26 (a) AFFECTS ANY OWNERSHIP OR RIGHTS TO PORE SPACE, A
27 SEQUESTRATION ESTATE, OR INJECTION CARBON DIOXIDE OR TO FACILITIES

1 AND EQUIPMENT THAT STORE INJECTION CARBON DIOXIDE THAT ARE
2 ACQUIRED OR RESERVED BEFORE THE EFFECTIVE DATE OF HOUSE BILL
3 24-1346, ENACTED IN 2024;

4 (b) CHANGES OR ALTERS THE COMMON LAW AS OF THE EFFECTIVE
5 DATE OF HOUSE BILL 24-1346, ENACTED IN 2024, AS IT RELATES TO THE
6 OWNERSHIP OF REAL PROPERTY, INCLUDING SURFACE ESTATES, PORE
7 SPACE, OR A MINERAL ESTATE, OR TO THE RIGHTS OR DOMINANCE OF A
8 MINERAL ESTATE; OR

9 (c) AFFECTS THE ABILITY OF AN OWNER OF PORE SPACE TO:

10 (I) BROADLY CONVEY OR RESERVE ALL OF THE OWNER'S RIGHT,
11 TITLE, AND INTEREST IN AND TO PORE SPACE, INCLUDING THE OWNER'S
12 INTEREST IN A SEQUESTRATION ESTATE; OR

13 (II) CONVEY OR RESERVE ANY RIGHT, TITLE, OR INTEREST IN AND
14 TO ESTATES IN PORE SPACE OTHER THAN THE SEQUESTRATION ESTATE.

15 **34-60-141. Geologic storage units - legislative declaration -**
16 **definitions.** (1) THE GENERAL ASSEMBLY DECLARES THAT THE PURPOSE
17 OF THIS SECTION IS THE PROTECTION OF CORRELATIVE RIGHTS,
18 FACILITATION OF COLORADO'S ENERGY RESOURCES, AND FACILITATION OF
19 THE USE OF GEOLOGIC STORAGE RESOURCES FOR GEOLOGIC STORAGE
20 OPERATIONS.

21 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
22 REQUIRES:

23 (a) "GEOLOGIC STORAGE UNIT ORDER" MEANS AN ORDER THAT
24 PROVIDES FOR THE FORMATION OF A GEOLOGIC STORAGE UNIT AND THAT
25 IS ENTERED BY THE COMMISSION PURSUANT TO SUBSECTION (4)(b) OF THIS
26 SECTION.

27 (b) "PLAN" MEANS A PLAN FOR GEOLOGIC STORAGE OPERATIONS

1 OF THE GEOLOGIC STORAGE UNIT APPROVED BY THE COMMISSION
2 PURSUANT TO SUBSECTION (4)(c)(II) OF THIS SECTION.

3 (3) AN AGREEMENT FOR GEOLOGIC STORAGE OR GEOLOGIC
4 STORAGE OPERATIONS, OR FOR CARRYING ON ANY OTHER METHODS OF
5 UNIT OR COOPERATIVE DEVELOPMENT OR OPERATION OF A GEOLOGIC
6 STORAGE RESOURCE, IS AUTHORIZED AND MAY BE PERFORMED, AND, IF
7 THE AGREEMENT IS APPROVED BY THE COMMISSION AS BEING IN THE
8 PUBLIC INTEREST OR IS REASONABLY NECESSARY FOR GEOLOGIC STORAGE
9 OPERATIONS, DOES NOT VIOLATE ANY STATUTES RELATING TO TRUSTS,
10 MONOPOLIES, OR CONTRACTS AND COMBINATIONS IN RESTRAINT OF
11 TRADE.

12 (4) (a) UPON THE APPLICATION OF ANY INTERESTED PERSON, THE
13 COMMISSION SHALL HOLD A HEARING TO CONSIDER THE NEED FOR A
14 GEOLOGIC STORAGE UNIT.

15 (b) THE COMMISSION SHALL ENTER AN ORDER PROVIDING FOR THE
16 FORMATION OF A GEOLOGIC STORAGE UNIT IF THE COMMISSION FINDS THAT
17 THE GEOLOGIC STORAGE UNIT IS REASONABLY NECESSARY TO EFFECTUATE
18 A GEOLOGIC STORAGE PROJECT. THE GEOLOGIC STORAGE UNIT AREA OF A
19 GEOLOGIC STORAGE UNIT MUST BE BASED ON SITE CHARACTERIZATION
20 AND MODELING CONDUCTED PURSUANT TO THE FEDERAL "SAFE DRINKING
21 WATER ACT", 42 U.S.C. SEC. 300f ET SEQ., AS AMENDED, AND ANY RULES
22 ESTABLISHED BY THE COMMISSION PURSUANT TO THE FEDERAL ACT.

23 (c) A GEOLOGIC STORAGE UNIT ORDER MUST:

24 (I) INCLUDE TERMS AND CONDITIONS THAT ARE JUST AND
25 REASONABLE;

26 (II) ESTABLISH A PLAN FOR OPERATIONS OF THE GEOLOGIC
27 STORAGE UNIT, WHICH PLAN MUST INCLUDE:

1 (A) A DESCRIPTION OF THE GEOLOGIC STORAGE UNIT AREA;

2 (B) A DESCRIPTION OF THE OPERATIONS THAT WILL BE CONDUCTED
3 IN THE GEOLOGIC STORAGE UNIT AREA;

4 (C) A DETERMINATION OF THE PERCENTAGE OF EACH GEOLOGIC
5 STORAGE RESOURCE ALLOCATED TO EACH SEPARATELY OWNED TRACT
6 WITHIN THE GEOLOGIC STORAGE UNIT AREA;

7 (D) A DESCRIPTION OF THE METHOD BY WHICH EACH OWNER OF A
8 SEQUESTRATION ESTATE INCLUDED IN THE GEOLOGIC STORAGE UNIT AREA
9 WILL BE ALLOCATED COMPENSATION RELATED TO THE USE OF THE
10 SEQUESTRATION ESTATE;

11 (E) A DESCRIPTION OF THE MANNER IN WHICH THE GEOLOGIC
12 STORAGE UNIT AREA WILL BE SUPERVISED AND MANAGED AND, IF
13 APPLICABLE, HOW COSTS RELATED TO OPERATIONS OF THE GEOLOGIC
14 STORAGE UNIT WILL BE ALLOCATED AND PAID;

15 (F) THE TIME WHEN OPERATIONS OF THE GEOLOGIC STORAGE UNIT
16 WILL COMMENCE AND THE MANNER IN WHICH, AND THE CIRCUMSTANCES
17 UNDER WHICH, OPERATIONS OF THE GEOLOGIC STORAGE UNIT WILL
18 TERMINATE; AND

19 (G) ANY ADDITIONAL PROVISIONS THAT ARE FOUND TO BE
20 APPROPRIATE FOR CONDUCTING OPERATIONS OF THE GEOLOGIC STORAGE
21 UNIT AND FOR THE PROTECTION OF CORRELATIVE RIGHTS.

22 (d) A GEOLOGIC STORAGE UNIT ORDER IS EFFECTIVE ONLY IF:

23 (I) THE PLAN HAS BEEN APPROVED IN WRITING BY THOSE PERSONS
24 THAT, PURSUANT TO THE GEOLOGIC STORAGE UNIT ORDER, COLLECTIVELY
25 OWN AT LEAST SEVENTY-FIVE PERCENT OF THE GEOLOGIC STORAGE
26 RESOURCES INCLUDED IN THE GEOLOGIC STORAGE UNIT AREA; AND

27 (II) THE COMMISSION MAKES A FINDING IN THE GEOLOGIC STORAGE

1 UNIT ORDER THAT THE PLAN HAS BEEN APPROVED IN ACCORDANCE WITH
2 SUBSECTION (4)(d)(I) OF THIS SECTION.

3 (5) A GEOLOGIC STORAGE UNIT ORDER MAY BE AMENDED BY AN
4 ORDER MADE BY THE COMMISSION IN THE SAME MANNER AND SUBJECT TO
5 THE SAME CONDITIONS AS THE ORIGINAL GEOLOGIC STORAGE UNIT ORDER.

6 (6) ANY OWNER OF A SEQUESTRATION ESTATE INCLUDED IN THE
7 GEOLOGIC STORAGE UNIT AREA THAT IS NOT INCLUDED IN THE GEOLOGIC
8 STORAGE UNIT ORDER MAY PETITION THE COMMISSION FOR INCLUSION IN
9 THE GEOLOGIC STORAGE UNIT ORDER.

10 (7) NOTWITHSTANDING ANY PROVISION OF LAW TO THE
11 CONTRARY:

12 (a) NOTHING IN THIS SECTION CONFERS ON ANY PERSON THE RIGHT
13 OF EMINENT DOMAIN; AND

14 (b) A GEOLOGIC STORAGE UNIT ORDER DOES NOT GRANT TO ANY
15 PERSON THE RIGHT OF EMINENT DOMAIN.

16 (8) GEOLOGIC STORAGE OPERATIONS CONDUCTED PURSUANT TO
17 A GEOLOGIC STORAGE UNIT ORDER, INCLUDING THE COMMENCEMENT,
18 DRILLING, OR OPERATION OF A CLASS VI INJECTION WELL ON ANY PORTION
19 OF THE GEOLOGIC STORAGE UNIT AREA, CONSTITUTE, FOR ALL PURPOSES,
20 GEOLOGIC STORAGE OPERATIONS ON EACH SEPARATELY OWNED TRACT IN
21 THE GEOLOGIC STORAGE UNIT AREA BY THE OWNERS OF SEQUESTRATION
22 ESTATES INCLUDED IN THE GEOLOGIC STORAGE UNIT AREA.

23 (9) A GEOLOGIC STORAGE UNIT ORDER MUST NOT BE CONSTRUED
24 TO RESULT IN A TRANSFER OF ALL OR ANY PART OF THE TITLE OF ANY
25 PERSON TO THE SEQUESTRATION ESTATE OR ASSOCIATED RIGHTS IN ANY
26 TRACT IN THE GEOLOGIC STORAGE UNIT AREA.

27 **34-60-142. Technical assistance to local governments. To**

1 PROVIDE A LOCAL GOVERNMENT WITH TECHNICAL ASSISTANCE REGARDING
2 THE LOCAL GOVERNMENT'S DEVELOPMENT OF LAND USE AND SITING
3 REGULATIONS FOR GEOLOGIC STORAGE OPERATIONS, THE LOCAL
4 GOVERNMENT THAT HAS LAND USE JURISDICTION MAY REQUEST THAT THE
5 DIRECTOR OF THE COMMISSION APPOINT A TECHNICAL REVIEW BOARD TO
6 ASSIST THE LOCAL GOVERNMENT BY ANALYZING AND ANSWERING ANY
7 TECHNICAL QUESTIONS NECESSARY FOR THE LOCAL GOVERNMENT TO
8 DEVELOP THE LOCAL GOVERNMENT'S ASSOCIATED LAND USE
9 REGULATIONS.

10 **34-60-143. Coordination between the department of public**
11 **health and environment and the commission on geologic storage**
12 **operations - definition.** (1) AS USED IN THIS SECTION, UNLESS THE
13 CONTEXT OTHERWISE REQUIRES, "DEPARTMENT" MEANS THE DEPARTMENT
14 OF PUBLIC HEALTH AND ENVIRONMENT.

15 (2) (a) THE DEPARTMENT SHALL DEVELOP CARBON DIOXIDE
16 ACCOUNTING PROCEDURES FOR GEOLOGIC STORAGE OPERATIONS. THE
17 COMMISSION SHALL COMPILE RELEVANT DATA PURSUANT TO THE
18 COMMISSION'S REGULATORY AUTHORITY TO SUPPORT THE CARBON
19 DIOXIDE ACCOUNTING PROCEDURES DEVELOPED BY THE DEPARTMENT.

20 (b) THE COMMISSION AND THE DEPARTMENT SHALL WORK
21 COLLABORATIVELY TO IMPLEMENT SUBSECTION (2)(a) OF THIS SECTION
22 AND TO SHARE DATA TO FACILITATE THE MONITORING, VERIFICATION, AND
23 ACCOUNTING OF CARBON DIOXIDE IN GEOLOGIC STORAGE OPERATIONS.

24 (3) THE COMMISSION AND THE DEPARTMENT SHALL WORK
25 COLLABORATIVELY TO FACILITATE APPLICATION OF THE DEPARTMENT'S
26 REGULATORY AUTHORITY TO ADDRESS AIR EMISSIONS FROM GEOLOGIC
27 STORAGE OPERATIONS. THE COMMISSION SHALL REQUIRE OPERATORS OF

1 ■ GEOLOGIC STORAGE FACILITIES TO OBTAIN ANY RELEVANT PERMITS
2 FROM THE DEPARTMENT.

3 **SECTION 12.** In Colorado Revised Statutes, 24-30-1003, **amend**
4 (1) as follows:

5 **24-30-1003. Administrative law judges - appointment -**
6 **qualifications - standards of conduct.** (1) The executive director of the
7 department of personnel may appoint ~~such~~ administrative law judges,
8 except those employed pursuant to sections 24-50-103 (7), ~~34-60-108,~~
9 and 40-2-104, ~~C.R.S.~~, as may be necessary to provide services to each
10 state agency; except THAT the state personnel board, THE ENERGY AND
11 CARBON MANAGEMENT COMMISSION, and the public utilities commission
12 ~~entitled to~~ MAY use administrative law judges. Administrative law judges
13 ~~shall~~ MUST be appointed in accordance with ~~the provisions of~~ section 13
14 of article XII of the state constitution and the laws and rules governing
15 the state personnel system.

16 **SECTION 13.** In Colorado Revised Statutes, 2-3-128, **amend**
17 (1)(d) as follows:

18 **2-3-128. Oil and gas - performance audit - report - definitions**
19 **- repeal.** (1) As used in this section, unless the context otherwise
20 requires:

21 (d) "Operator" has the meaning set forth in section 34-60-103.
22 ~~(6.8).~~

23 **SECTION 14.** In Colorado Revised Statutes, 25-7-132, **amend**
24 (2)(a)(I) as follows:

25 **25-7-132. Emission data - public availability - submission of**
26 **2023 reports to state auditor - definitions - repeal.** (2) (a) As used in
27 this subsection (2), unless the context otherwise requires:

1 (I) "Operator" has the meaning set forth in section 34-60-103.
2 ~~(6.8):~~

3 **SECTION 15.** In Colorado Revised Statutes, 25-15-101, **amend**
4 (6)(b)(IX) and (6)(b)(X) as follows:

5 **25-15-101. Definitions.** As used in this article 15, unless the
6 context otherwise requires:

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

8 (IX) Waste from oil and gas operations, as defined in section
9 34-60-103, ~~(6.5)~~, or from deep geothermal operations, as defined in
10 section 37-90.5-103 (3), including, but not limited to, drilling fluids,
11 produced water, and other wastes associated with the exploration,
12 development, or production of crude oil, natural gas, or geothermal
13 resources, that is disposed of in accordance with the requirements of the
14 energy and carbon management commission pursuant to article 90.5 of
15 title 37 and article 60 of title 34, as applicable; and

16 (X) Exploration and production waste, as defined in section
17 34-60-103. ~~(4.5):~~

18 **SECTION 16.** In Colorado Revised Statutes, 25-15-603, **amend**
19 (15) as follows:

20 **25-15-603. Definitions - repeal.** As used in this part 6, unless the
21 context otherwise requires:

22 (15) "Oil and gas operations" has the meaning set forth in section
23 34-60-103. ~~(6.5):~~

24 **SECTION 17.** In Colorado Revised Statutes, 29-20-104, **amend**
25 (1)(h) introductory portion, (1)(h)(II), and (3)(a)(I) as follows:

26 **29-20-104. Powers of local governments - definition.**

27 (1) Except as expressly provided in section 29-20-104.2 or 29-20-104.5,

1 the power and authority granted by this section does not limit any power
2 or authority presently exercised or previously granted. Except as provided
3 in section 29-20-104.2, each local government within its respective
4 jurisdiction has the authority to plan for and regulate the use of land by:

5 (h) Regulating the surface impacts of ~~oil and gas operations, as~~
6 ~~defined in section 34-60-103 (6.5), deep geothermal operations, as~~
7 ~~defined in section 37-90.5-103 (3), class VI injection wells, and intrastate~~
8 ~~underground natural gas storage facilities, as defined in section 34-64-102~~
9 ~~(3.5) ENERGY AND CARBON MANAGEMENT OPERATIONS, AS DEFINED IN~~
10 ~~SECTION 34-60-103, in a reasonable manner to address matters specified~~
11 in this subsection (1)(h) and to protect and minimize adverse impacts to
12 public health, safety, and welfare and the environment. Nothing in this
13 subsection (1)(h) is intended to alter, expand, or diminish the authority of
14 local governments to regulate air quality under section 25-7-128. As used
15 in this subsection (1)(h), "minimize adverse impacts" means, to the extent
16 necessary and reasonable, to protect public health, safety, and welfare and
17 the environment by avoiding adverse impacts ~~from oil and gas operations,~~
18 ~~as defined in section 34-60-103 (6.5), deep geothermal operations, as~~
19 ~~defined in section 37-90.5-103 (3), class VI injection wells, and intrastate~~
20 ~~underground natural gas storage facilities, as defined in section 34-64-102~~
21 ~~(3.5) ENERGY AND CARBON MANAGEMENT OPERATIONS, AS DEFINED IN~~
22 ~~SECTION 34-60-103, and minimizing and mitigating the extent and~~
23 severity of those impacts that cannot be avoided. The following matters
24 are covered by this subsection (1)(h):

25 (II) The location and siting of ~~oil and gas facilities and oil and gas~~
26 ~~locations, as those terms are defined in section 34-60-103 (6.2) and (6.4);~~
27 ~~deep geothermal operations, as defined in section 37-90.5-103 (3); class~~

1 ~~VI injection wells; and intrastate underground natural gas storage~~
2 ~~facilities, as defined in section 34-64-102 (3.5)~~ ENERGY AND CARBON
3 MANAGEMENT OPERATIONS, AS DEFINED IN SECTION 34-60-103;

4 (3) (a) To provide a local government with technical expertise
5 regarding whether a preliminary or final determination of the location of
6 an oil and gas facility or oil and gas location within its respective
7 jurisdiction could affect oil and gas resource recovery:

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

17 **SECTION 18.** In Colorado Revised Statutes, 30-20-101, **amend**
18 (6)(b)(VI) as follows:

19 **30-20-101. Definitions.** As used in this part 1, unless the context
20 otherwise requires:

21 (6) (b) "Solid waste" does not include:

22 (VI) Exploration and production wastes, as defined in section
23 34-60-103, ~~(4.5), C.R.S.~~, except as ~~such~~ THE EXPLORATION AND
24 PRODUCTION wastes may be deposited at a commercial solid waste
25 facility;

26 **SECTION 19.** In Colorado Revised Statutes, 39-29-112, **amend**
27 (8)(a)(I) as follows:

1 **39-29-112. Procedures and reports - definitions - repeal.**

2 (8) (a) As used in this subsection (8), unless the context otherwise
3 requires:

4 (I) "Operator" has the meaning set forth in section 34-60-103.
5 ~~(6.8):~~

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