

CHAPTER 216

NATURAL RESOURCES

HOUSE BILL 24-1346

BY REPRESENTATIVE(S) Titone and McCormick, Bacon, Bird, Boesenecker, Herod, Jodeh, Kipp, Lindsay, Mabrey, Parenti, Rutinel, Willford, Amabile, English, Garcia, Hamrick, Ortiz, Ricks, Vigil;
also SENATOR(S) Hansen and Priola, Bridges, Buckner, Cutter, Exum, Gonzales, Jaquez Lewis, Michaelson Jenet, Simpson, Fenberg.

AN ACT

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

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

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

34-60-102. Legislative declaration. (3) IT IS FURTHER DECLARED TO BE IN THE PUBLIC INTEREST FOR THE COMMISSION TO IMPLEMENT AND ADMINISTER A PROGRAM FOR THE PERMITTING AND REGULATION OF PERMANENT GEOLOGIC STORAGE OPERATIONS IN A WAY THAT PRIORITIZES:

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

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

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

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

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

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

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

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

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

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

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

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

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

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

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

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

(7)(a) "CUMULATIVE IMPACTS" MEANS THE EFFECTS ON PUBLIC HEALTH AND THE ENVIRONMENT, INCLUDING THE IMPACTS TO AIR QUALITY, WATER QUALITY, CLIMATE, NOISE, ODOR, WILDLIFE, AND BIOLOGICAL RESOURCES, CAUSED BY THE INCREMENTAL IMPACTS THAT A PROPOSED NEW OR AMENDED OPERATION REGULATED BY THE COMMISSION PURSUANT TO THIS ARTICLE 60 WOULD HAVE WHEN ADDED TO THE IMPACTS FROM OTHER PAST, PRESENT, AND REASONABLY FORESEEABLE FUTURE DEVELOPMENT OF ANY TYPE ON THE IMPACT AREA OR ON A DISPROPORTIONATELY IMPACTED COMMUNITY.

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

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

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

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

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

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

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

~~(5)~~ (13) "Gas" means all natural gases and all hydrocarbons not defined in this section as oil.

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

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

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

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

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

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

- (I) DRILLING TEST BORES AND MONITORING WELLS;
- (II) SITING;
- (III) INSTALLING AND OPERATING CARBON DIOXIDE FLOW LINES;
- (IV) DRILLING;
- (V) DEEPENING;
- (VI) RECOMPLETING;
- (VII) REWORKING; AND
- (VIII) ABANDONING;

(b) INJECTING INJECTION CARBON DIOXIDE FOR THE PURPOSE OF GEOLOGIC STORAGE;

(c) ANY CONSTRUCTING, SITE PREPARING, OR RECLAIMING ACTIVITIES ASSOCIATED WITH THE ACTIVITIES DESCRIBED IN SUBSECTION (17)(a) OR (17)(b) OF THIS SECTION; AND

(d) ANY OTHER ACTIVITIES DETERMINED BY THE COMMISSION TO BE NECESSARY TO PROTECT AND MINIMIZE ADVERSE IMPACTS ASSOCIATED WITH GEOLOGIC STORAGE TO PUBLIC HEALTH, SAFETY, WELFARE, THE ENVIRONMENT, AND NATURAL RESOURCES.

(18) "GEOLOGIC STORAGE OPERATOR" MEANS ANY PERSON THAT EXERCISES THE RIGHT TO CONTROL THE CONDUCT OF GEOLOGIC STORAGE OPERATIONS.

(19) (a) "GEOLOGIC STORAGE RESOURCE" MEANS PORE SPACE NECESSARY FOR GEOLOGIC STORAGE.

(b) "GEOLOGIC STORAGE RESOURCE" DOES NOT INCLUDE AN UNDERGROUND SOURCE OF DRINKING WATER, AS DEFINED IN 40 CFR 144.3.

(20) "GEOLOGIC STORAGE UNIT" MEANS A UNIT OF ONE OR MORE GEOLOGIC STORAGE RESOURCES OR PARTS OF A GEOLOGIC STORAGE RESOURCE ESTABLISHED BY THE COMMISSION PURSUANT TO SECTION 34-60-141.

(21) "GEOLOGIC STORAGE UNIT AREA" MEANS ANY GEOLOGIC STORAGE RESOURCE, OR PART OF A GEOLOGIC STORAGE RESOURCE, INCLUDED IN A GEOLOGIC STORAGE UNIT.

(22) "IMPACT AREA" MEANS A DEFINED GEOGRAPHIC AREA OR AREAS IN WHICH OPERATIONS REGULATED BY THE COMMISSION HAVE THE POTENTIAL TO CONTRIBUTE TO CUMULATIVE IMPACTS. THE COMMISSION SHALL DETERMINE THE IMPACT AREA

FOR A PARTICULAR PROPOSED OPERATION BASED ON THE NATURE, INTENSITY, AND SCOPE OF THE OPERATION IN ITS PROPOSED LOCATION AND THE GEOGRAPHIC EXTENT OF POTENTIAL IMPACTS.

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

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

~~(5.3)~~ (25) "Local government" means ~~except with regard to section 34-60-104 (2)(a)(i)~~, a:

(a) Municipality or city and county within whose boundaries ~~an oil and gas location~~ A SURFACE LOCATION FOR ENERGY AND CARBON MANAGEMENT OPERATIONS IS SITED OR PROPOSED TO BE SITED; OR

(b) County, if ~~an oil and gas location~~ A SURFACE LOCATION FOR ENERGY AND CARBON MANAGEMENT OPERATIONS IS SITED OR PROPOSED TO BE SITED WITHIN THE BOUNDARIES OF THE COUNTY BUT IS NOT LOCATED WITHIN A MUNICIPALITY OR CITY AND COUNTY.

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

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

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

~~(6)~~ (27) "Oil" means crude petroleum oil and any other hydrocarbons, regardless of gravities, ~~which~~ THAT ARE PRODUCED AT THE WELL IN LIQUID FORM BY ORDINARY PRODUCTION METHODS AND ~~which~~ THAT ARE NOT THE RESULT OF CONDENSATION OF GAS BEFORE OR AFTER IT LEAVES THE RESERVOIR.

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

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

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

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

(b) The siting, drilling, deepening, recompletion, reworking, or abandonment of an oil and gas well, underground injection well, or gas storage well;

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

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

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

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

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

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

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

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

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

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

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

(39) "REASONABLY FORESEEABLE FUTURE DEVELOPMENT" MEANS DEVELOPMENT

THAT HAS NOT YET BEEN UNDERTAKEN FOR WHICH AN APPLICABLE LOCAL, STATE, OR FEDERAL AGENCY HAS RECEIVED AN APPLICATION OR ISSUED A PERMIT. FUTURE DEVELOPMENT IS REASONABLY FORESEEABLE ONLY IF INFORMATION RELATED TO THE PERMIT IS PUBLICLY AVAILABLE.

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

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

~~(10.7)~~ (42) "Underground natural gas storage cavern" means a facility that stored natural gas in an underground cavern or abandoned mine on or before January 1, 2000. An underground natural gas storage cavern includes all surface or subsurface rights and appurtenances associated with the underground injection, storage, and withdrawal of natural gas, but does not include any compressor stations or pipeline facilities subject to regulation by the public utilities commission or the United States department of transportation.

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

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

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

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

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

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

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

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

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

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

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

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

~~(14) Repealed.~~

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

SECTION 3. In Colorado Revised Statutes, 34-60-105, **amend** (1)(b) introductory portion, (1)(b)(V), and (4)(a) as follows:

34-60-105. Powers of commission. (1) (b) Any delegation of authority to any other state officer, board, or commission to administer any other laws of this state relating to the conservation of oil or gas, or either of them, is ~~hereby~~ rescinded and withdrawn, and that authority is unqualifiedly conferred upon the commission, as provided in this section; except that, as further specified in section 34-60-131, nothing in this article 60 alters, impairs, or negates the authority of:

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

(4) (a) Except as specified in subsection (4)(b) of this section, nothing in this article 60 authorizes the state or its local governments, including the commission, boards of county commissioners, and municipalities, to regulate the activities of:

(I) Federally recognized Indian tribes, their political subdivisions, or tribally controlled affiliates, undertaken or to be undertaken with respect to mineral evaluation, exploration, or development OR ENERGY AND CARBON MANAGEMENT OPERATIONS on lands within the exterior boundaries of an Indian reservation located within the state; or

(II) Third parties, undertaken or to be undertaken with respect to mineral evaluation, exploration, or development OR ENERGY AND CARBON MANAGEMENT OPERATIONS on Indian trust lands within the exterior boundaries of an Indian reservation located within the state.

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

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

(III) (A) If ~~the class VI injection well~~ A GEOLOGIC STORAGE LOCATION is proposed to be sited in an area that would affect a disproportionately impacted community, the commission shall weigh the geologic storage operator's submitted cumulative impacts analysis and determine whether, on balance, the ~~class VI injection well~~ GEOLOGIC STORAGE OPERATIONS will have a positive effect on the disproportionately impacted community. A proposal that will have negative net cumulative impacts on any disproportionately impacted community must be denied. The commission's decision must include a plain language summary of its determination.

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

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

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

(C) The commission shall adopt rules requiring that the financial assurance cover the cost of obligations that are in addition to the obligations listed in subsection

(9)(c)(IV)(B) of this section if the additional obligations are reasonably associated with ~~class VI injection wells and locations~~ GEOLOGIC STORAGE OPERATIONS.

(D) ~~An operator~~ A GEOLOGIC STORAGE OPERATOR shall maintain the financial assurance required under this subsection (9)(c)(IV) or under any rules adopted pursuant to this subsection (9)(c)(IV) until the commission approves site closure, as specified in rules adopted by the commission. Commission approval of a site closure does not otherwise modify an operator's responsibility to comply with applicable laws.

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

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

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

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

(III) The GEOLOGIC STORAGE operator ~~of the class VI injection well~~ has received the consent of any surface owner or owners of the land where the surface disturbance will occur and has provided the commission a written contractual agreement that the surface owner or owners have executed; and

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

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

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

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

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

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

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

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

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

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

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

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

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

34-60-121. Violations - investigations - penalties - rules - definition - legislative declaration. (1) (a) Any ENERGY AND CARBON MANAGEMENT operator that violates this ~~article~~ ARTICLE 60, any rule or order of the commission, or any permit is subject to a penalty of not more than fifteen thousand dollars for each act of violation per day that ~~such~~ THE violation continues. A VIOLATION DESCRIBED IN

THIS SUBSECTION (1)(a) CONTINUES FOR EACH DAY THAT IT IS NOT CORRECTED BY THE ENERGY AND CARBON MANAGEMENT OPERATOR.

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

(c) The commission shall:

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

(C) The failure to diligently implement corrective action pursuant to a schedule embodied in an administrative order on consent, order finding violation, or other order of the commission constitutes an independent violation for which the ENERGY AND CARBON MANAGEMENT operator may be subject to additional penalties or corrective action orders imposed by the commission; and

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

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

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

(4)(c) Whenever the commission or the director has reasonable cause to believe a violation of any provision of this article 60, any rule or order of the commission, or any permit has occurred, including based on a written complaint from any person, the commission or the director shall provide written notice to the ENERGY AND CARBON MANAGEMENT operator whose act or omission allegedly resulted in the violation and require that the ENERGY AND CARBON MANAGEMENT operator remedy the violation. The notice must be served personally or by certified mail, return

receipt requested, to the ENERGY AND CARBON MANAGEMENT operator or the ENERGY AND CARBON MANAGEMENT operator's agent for service of process and must state the provision alleged to have been violated, the facts alleged to constitute the violation, and any corrective action and abatement deadlines the commission or director elects to require of the ENERGY AND CARBON MANAGEMENT operator.

(5) (a) If an ENERGY AND CARBON MANAGEMENT operator fails to take corrective action required pursuant to subsection (4) of this section, or whenever the commission or the director has evidence that a violation of any provision of this ~~article~~ ARTICLE 60, or of any rule ~~regulation~~, or order of the commission, or of any permit has occurred, under circumstances deemed to constitute an emergency situation, the commission or the director may issue a cease-and-desist order to the ENERGY AND CARBON MANAGEMENT operator whose act or omission allegedly resulted in ~~such~~ THE violation. ~~Such~~ THE cease-and-desist order ~~shall~~ MUST require ~~such~~ action by the ENERGY AND CARBON MANAGEMENT operator as the commission or director deems appropriate. The order ~~shall~~ MUST be served personally or by certified mail, return receipt requested, to the ENERGY AND CARBON MANAGEMENT operator or the ENERGY AND CARBON MANAGEMENT operator's agent for service of process and ~~shall~~ MUST state the provision alleged to have been violated, the facts alleged to constitute the violation, the time by which the acts or practices cited are required to cease, and any corrective action the commission or the director elects to require of the ENERGY AND CARBON MANAGEMENT operator.

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

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

(6) If the commission determines, after a hearing conducted in accordance with section 34-60-108, that an ENERGY AND CARBON MANAGEMENT operator has failed to perform any corrective action imposed under subsection (4) of this section or failed to comply with a cease-and-desist order issued under subsection (5) of this section with regard to a violation of a permit provision, the commission may issue an order suspending, modifying, or revoking ~~such~~ THE permit or may take other appropriate action. An ENERGY AND CARBON MANAGEMENT operator subject to an order that suspends, modifies, or revokes a permit shall continue the affected operations only for the purpose of bringing ~~them~~ THE AFFECTED OPERATIONS into compliance with the permit or modified permit and ~~shall do so~~ MUST BRING THE AFFECTED OPERATIONS INTO COMPLIANCE under the supervision of the commission. Once the affected operations are in compliance to the satisfaction of the commission and any penalty not subject to judicial review or appeal has been paid, the commission shall reinstate the permit.

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

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

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

34-60-124. Energy and carbon management cash fund - definitions - repeal.

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

(4) The fund may be expended:

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

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

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

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

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

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

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

MANAGEMENT operator, or responsible party to be present and to obtain duplicate samples and copies of analytical reports;

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

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

(8) As used in this section:

(b) (I) "Responsible party" means any person who conducts an ~~oil and gas~~ ENERGY AND CARBON MANAGEMENT operation in a manner that violates any then-applicable provision of this article 60, or of any rule or order of the commission, or of any permit that threatens to cause, or actually causes, a significant adverse environmental impact to any air, water, soil, or biological resource. "Responsible party" includes any person who disposes of any other waste by mixing it with exploration and production waste that threatens to cause, or actually causes, a significant adverse environmental impact to any air, water, soil, or biological resource.

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

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

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

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

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

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

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

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

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

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

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

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

(B) ANY PERSON CONVEYED TITLE TO THE INJECTION CARBON DIOXIDE OR THE FACILITIES AND EQUIPMENT THAT STORE THE INJECTION CARBON DIOXIDE BY THE PERSON DESCRIBED IN SUBSECTION (2)(a)(II)(A) OF THIS SECTION.

(b) OWNERSHIP OF A SEQUESTRATION ESTATE MAY BE:

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

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

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

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

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

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

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

(a) AFFECTS ANY OWNERSHIP OR RIGHTS TO PORE SPACE, A SEQUESTRATION ESTATE, OR INJECTION CARBON DIOXIDE OR TO FACILITIES AND EQUIPMENT THAT STORE INJECTION CARBON DIOXIDE THAT ARE ACQUIRED OR RESERVED BEFORE THE EFFECTIVE DATE OF HOUSE BILL 24-1346, ENACTED IN 2024;

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

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

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

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

(d) AFFECTS THE OWNERSHIP OR RIGHTS TO PORE SPACE OR A SEQUESTRATION ESTATE WITHIN THE EXTERIOR BOUNDARIES OF AN INDIAN RESERVATION LOCATED WITHIN THE STATE.

34-60-141. Geologic storage units - legislative declaration - definitions.

(1) THE GENERAL ASSEMBLY DECLARES THAT THE PURPOSE OF THIS SECTION IS THE PROTECTION OF CORRELATIVE RIGHTS, FACILITATION OF COLORADO'S ENERGY RESOURCES, AND FACILITATION OF THE USE OF GEOLOGIC STORAGE RESOURCES FOR GEOLOGIC STORAGE OPERATIONS.

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

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

(b) "PLAN" MEANS A PLAN FOR GEOLOGIC STORAGE OPERATIONS OF THE GEOLOGIC STORAGE UNIT APPROVED BY THE COMMISSION PURSUANT TO SUBSECTION (4)(c)(II) OF THIS SECTION.

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

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

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

(c) A GEOLOGIC STORAGE UNIT ORDER MUST:

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

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

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

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

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

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

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

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

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

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

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

(II) THE COMMISSION MAKES A FINDING IN THE GEOLOGIC STORAGE UNIT ORDER THAT THE PLAN HAS BEEN APPROVED IN ACCORDANCE WITH SUBSECTION (4)(d)(I) OF THIS SECTION.

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

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

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

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

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

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

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

34-60-142. Technical assistance to local governments. TO PROVIDE A LOCAL GOVERNMENT WITH TECHNICAL ASSISTANCE REGARDING THE LOCAL GOVERNMENT'S DEVELOPMENT OF LAND USE AND SITING REGULATIONS FOR GEOLOGIC STORAGE OPERATIONS, THE LOCAL GOVERNMENT THAT HAS LAND USE JURISDICTION MAY REQUEST THAT THE DIRECTOR OF THE COMMISSION APPOINT A TECHNICAL REVIEW BOARD TO ASSIST THE LOCAL GOVERNMENT BY ANALYZING AND ANSWERING ANY

TECHNICAL QUESTIONS NECESSARY FOR THE LOCAL GOVERNMENT TO DEVELOP THE LOCAL GOVERNMENT'S ASSOCIATED LAND USE REGULATIONS.

34-60-143. Coordination between the department of public health and environment and the commission on geologic storage operations - definition.

(1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES, "DEPARTMENT" MEANS THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT.

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

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

(3) THE COMMISSION AND THE DEPARTMENT SHALL WORK COLLABORATIVELY TO FACILITATE APPLICATION OF THE DEPARTMENT'S REGULATORY AUTHORITY TO ADDRESS AIR EMISSIONS FROM GEOLOGIC STORAGE OPERATIONS. THE COMMISSION SHALL REQUIRE OPERATORS OF GEOLOGIC STORAGE FACILITIES TO OBTAIN ANY RELEVANT PERMITS FROM THE DEPARTMENT.

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

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

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

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

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

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

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

(I) "Operator" has the meaning set forth in section 34-60-103. ~~(6-8)~~.

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

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

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

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

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

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

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

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

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

29-20-104. Powers of local governments - definition. (1) Except as expressly provided in section 29-20-104.2 or 29-20-104.5, the power and authority granted by this section does not limit any power or authority presently exercised or previously granted. Except as provided in section 29-20-104.2, each local government within its respective jurisdiction has the authority to plan for and regulate the use of land by:

(h) ~~Regulating the surface impacts of oil and gas operations, as defined in section 34-60-103 (6.5), deep geothermal operations, as defined in section 37-90.5-103 (3), class VI injection wells, and intrastate underground natural gas storage facilities, as defined in section 34-64-102 (3.5)~~ ENERGY AND CARBON MANAGEMENT OPERATIONS, AS DEFINED IN SECTION 34-60-103, in a reasonable manner to address matters specified in this subsection (1)(h) and to protect and minimize adverse impacts to public health, safety, and welfare and the environment. Nothing in this subsection (1)(h) is intended to alter, expand, or diminish the authority of local governments to regulate air quality under section 25-7-128. As used in this subsection (1)(h), "minimize adverse impacts" means, to the extent necessary and reasonable, to protect public health, safety, and welfare and the environment by avoiding adverse impacts from ~~oil and gas operations, as defined in section 34-60-103 (6.5), deep geothermal operations, as defined in section 37-90.5-103 (3),~~

~~class VI injection wells, and intrastate underground natural gas storage facilities, as defined in section 34-64-102 (3.5)~~ ENERGY AND CARBON MANAGEMENT OPERATIONS, AS DEFINED IN SECTION 34-60-103, and minimizing and mitigating the extent and severity of those impacts that cannot be avoided. The following matters are covered by this subsection (1)(h):

(II) ~~The location and siting of oil and gas facilities and oil and gas locations, as those terms are defined in section 34-60-103 (6.2) and (6.4); deep geothermal operations, as defined in section 37-90.5-103 (3); class VI injection wells; and intrastate underground natural gas storage facilities, as defined in section 34-64-102 (3.5)~~ ENERGY AND CARBON MANAGEMENT OPERATIONS, AS DEFINED IN SECTION 34-60-103;

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

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

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

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

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

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

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

39-29-112. Procedures and reports - definitions - repeal. (8) (a) As used in this subsection (8), unless the context otherwise requires:

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

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

Approved: May 21, 2024