

# Department of Natural Resources

## SMART Act Presentation

### *Energy & Carbon Management Commission (ECMC)*



Joint Energy Committee  
*January 17, 2024*



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# Agenda

1. Department Overview
2. Wildly Important Goals
3. Stimulus Update
4. DNR Budget Request Overview
5. Legislative Agenda
6. Regulatory Agenda
7. Legislative Implementation Updates
8. Orphaned Well Program Update



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# DNR Mission & Vision

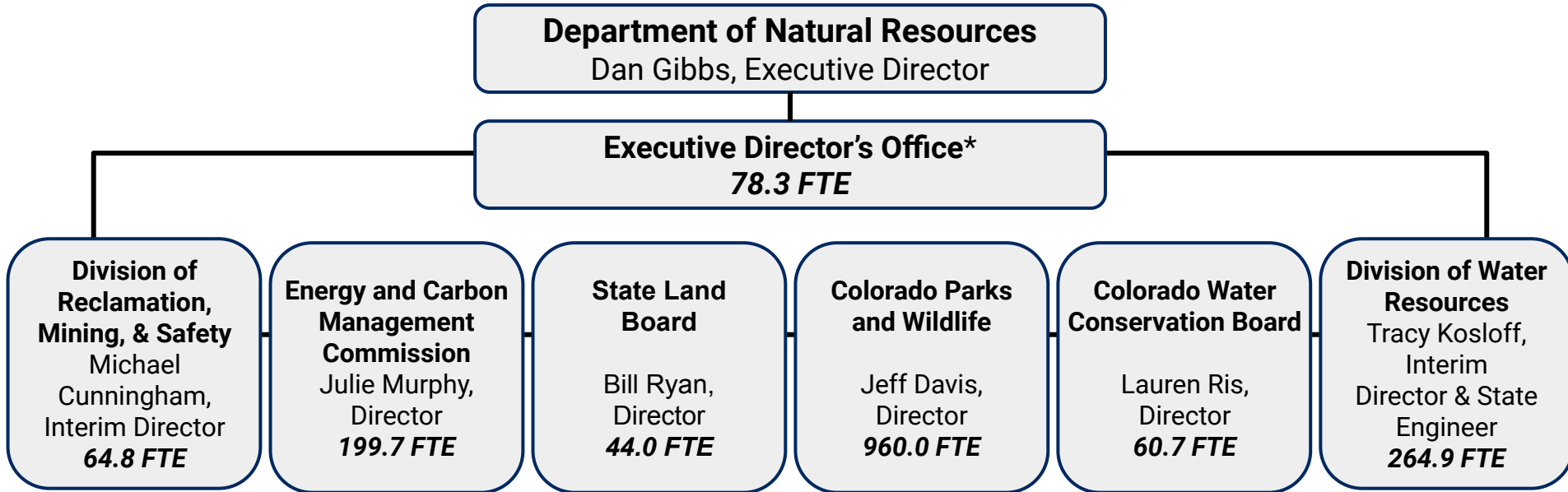
The mission of the Department of Natural Resources is:

**To manage and conserve Colorado's natural resources for the benefit and enjoyment of people today and tomorrow.**

DNR's vision:

**Colorado will be a national leader in promoting the responsible use and conservation of natural resources for this and future generations.**

# DNR Organizational Chart



*\*Includes CO Avalanche Information Center, COSWAP, Colorado River Program, and Produced Water Consortium*



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# Other Staffing Updates



**Hope Dalton**  
Produced Water  
Consortium Director



**Becky Mitchell**  
Upper Colorado  
River Commissioner



**Aaron Ray**  
Assistant Director for  
Energy Innovation



**Tim Brass**  
Assistant Director for  
Parks, Wildlife and Lands



**Stacy Coleman**  
Tribal Liaison



**Michael Sakas**  
Colorado River Communications  
Specialist

# Division of Reclamation, Mining & Safety

**DRMS's mission is to return Colorado's mined lands to a beneficial use. The Mined Land Reclamation Board is the Regulatory Authority under statute.**

## **Active Mines: Mineral Program - 2023**

- 1368 permitted mine sites  
(1142 Construction Materials, 110 Hard Rock, 116 Prospecting)
- 194,230 permitted acres, 2,668 acres reclaimed and released
- Holds \$535.3 million in financial warranties for reclamation

## **Active Mines: Coal Program - 2023**

- 6 actively producing sites, 20 sites in reclamation
- 162,693 permitted acres, 37 reclaimed and released
- Holds \$247 million in financial warranties for reclamation

## **Inactive Active Mines - 2023**

- Safeguarded 353 hazardous mine features
- Injected \$7.3M into local economies for abandoned mine reclamation
- Recent infrastructure funding is focused on addressing Colorado's highest priority coal mine fire sites



*Michael Cunningham,  
Acting Director*



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# Colorado Parks and Wildlife

**CPW's mission is to perpetuate the wildlife resources of the state, to provide a quality state parks system, and to provide enjoyable and sustainable outdoor recreation opportunities that educate and inspire current and future generations to serve as active stewards of Colorado's natural resources.**

## **2023 Accomplishments**

- Introduced the \$29 Keep Colorado Wild Pass
- Completed, with partners, the acquisition of Mt Tom
- Celebrated 10 years of efforts to reintroduce Black Footed Ferrets
- Parks and Wildlife Commission approves final Wolf Reintroduction Plan
- Completed year two of the Aquatic Nuisance Species roadside inspection pilot program
- Trail to the summit opens at Fishers Peak
- First successful reintroduction of Gray wolves to implement Proposition 114
- Human and Bear conflict grant program grants \$1 million to reduce conflict
- Motorized Trails grants \$6.24 million to expand and maintain recreation opportunities
- Partnered with Colorado Youth Core to perform \$519,000 of OHV trail work
- Colorado Outdoor Regional Partnerships grows to \$3 million
- Outdoor Equity Grant Program awards \$2.2 million for youth outdoor programming



*Jeff Davis,  
Director*

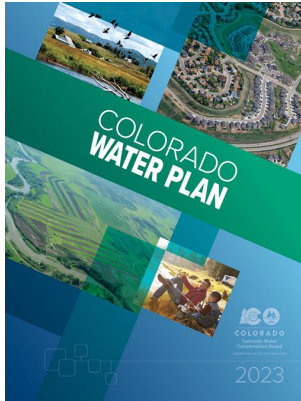


*Heather Disney Dugan,  
Deputy Director*

# Colorado Water Conservation Board

CWCB's mission is to conserve, develop, protect, and manage Colorado's water for present and future generations.

2023 Water Plan



Turf Replacement Program



Colorado River



*Lauren Ris, Director*



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# Division of Water Resources (State Engineer's Office)

**DWR's mission is to administer the waters of the State to maximize lawful beneficial use, ensure that dams and water wells are properly constructed and safe, and provide information about water resources to the public.**

**DWR is responsible for:**

**Water Administration** - Ensuring the maximum beneficial use of Colorado's water, no injury

- Over 140 years - administer the waters of the state by priority
- Large portion of staff is on the ground, active administration
- Maintain a presence of technical, accounting, and administrative support staff
- Full compliance with interstate compacts

**Safe Dams and Well Construction**

**Water Resource Information**

## *SEO Leadership*



*Tracy Kosloff,  
Acting Director*



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# State Board of Land Commissioners

*An innovative land trust funding Colorado schools since 1876*

**Mission:** manage an endowment of assets held in perpetual, intergenerational public trusts for the financial support of Colorado's public schools and other public institutions to generate reasonable and consistent income over time by protecting and enhancing the long-term productivity and sound stewardship of working trust lands.



*Bill Ryan, Director*

- FY 22-23 School Trust Revenues & Permanent Fund Interest: **\$301m**
- CDE BEST Distribution: \$153m (\$1.1billion since 2008)
- FY 23-24 Revenues & Interest Forecast **\$286m**
- Renewable energy from Trust lands can power 275,000 homes
- 1m acres in CPW Hunting & Fishing Access Program



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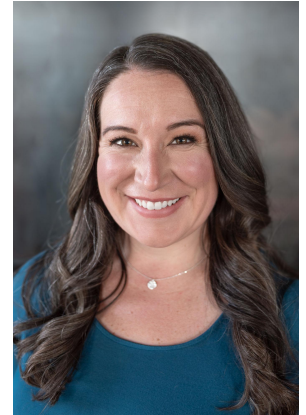
# Energy & Carbon Management Commission

As a result of **SB 23-016 & SB 23-285**, the Division became the Colorado Energy & Carbon Management Commission (ECMC) with increased regulatory oversight on July 1, 2023.

**ECMC Mission:** To regulate the development and production of oil & gas, deep geothermal resources, the capture and sequestration of carbon, and the underground storage of natural gas in a manner that protects public health, safety, welfare, wildlife resources and the environment.

**5 Full-time Commissioners**

**199 FTE** (includes the 43 new FTE allotted from FY23)



*Julie Murphy, Director*



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# FY23-24 Wildly Important Goals

1. Sustainable Funding for Parks & Wildlife
2. Balance Outdoor Recreation and Conservation
3. Water Plan Implementation



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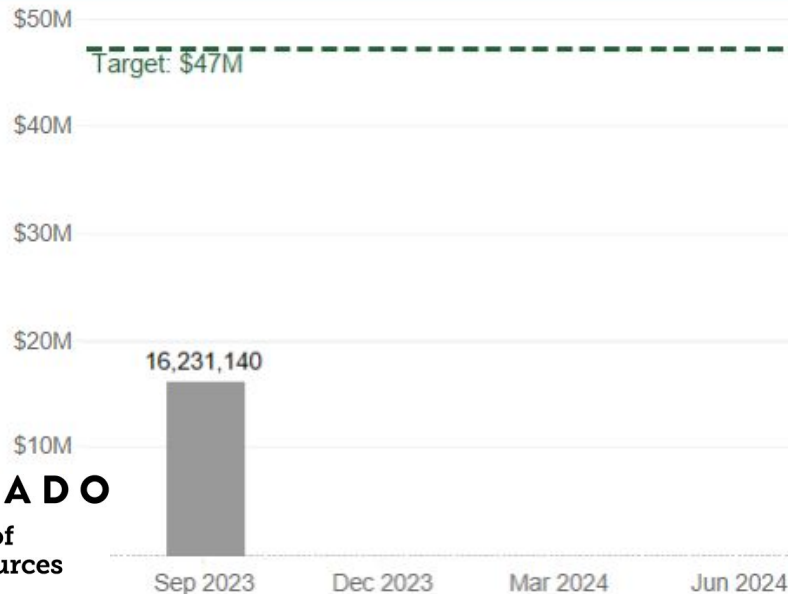


# WIG - Sustainable Funding for CPW

- Increase Park Pass Revenue
- Promote the Keep Colorado Wild Pass
- Increase Donations and Fundraising Campaign Proceeds

## Keep Colorado Wild

Develop new, diverse funding sources for Colorado Parks and Wildlife by increasing from \$28,160,000 to \$47,200,000 in parks pass entry fee and private donations revenues by June 30, 2024.



Successful completion of this goal will provide diverse, stable, long-term funding that is equitable and supported by a broad set of stakeholders to adequately support parks, wildlife conservation and recreation in Colorado for years to come.



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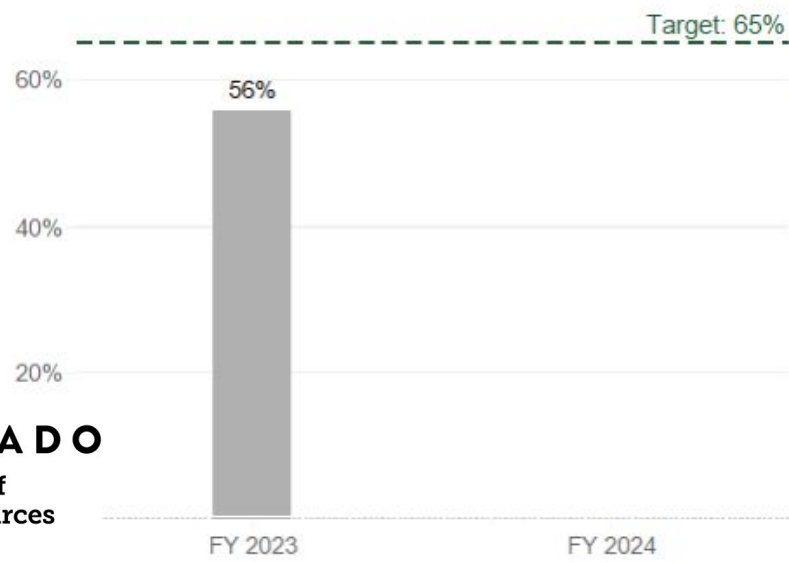


# WIG - Balance Outdoor Recreation and Conservation

- Hold the 3rd Annual Regional Partnerships Summit
- Complete an Organizational Assessment of the Colorado Outdoor Partnership (CO-OP)
- Work with GOCO on Development of a Statewide Conservation, Outdoor Recreation and Climate Resiliency Plan
- Increase Grant Funding for Regional Partnerships
- Increase Maintenance Hours Performed by Trail Crews

## Balance Conservation and Outdoor Recreation

Increase the percentage of land mass of Colorado participating in CPW's Regional Partnerships Initiative from 56% to 65% by June 30, 2024.



Successful completion of this goal will prioritize the conservation of the state's wildlife, landscapes and agricultural lands while enhancing public access or management in areas most suitable for meeting recreation.

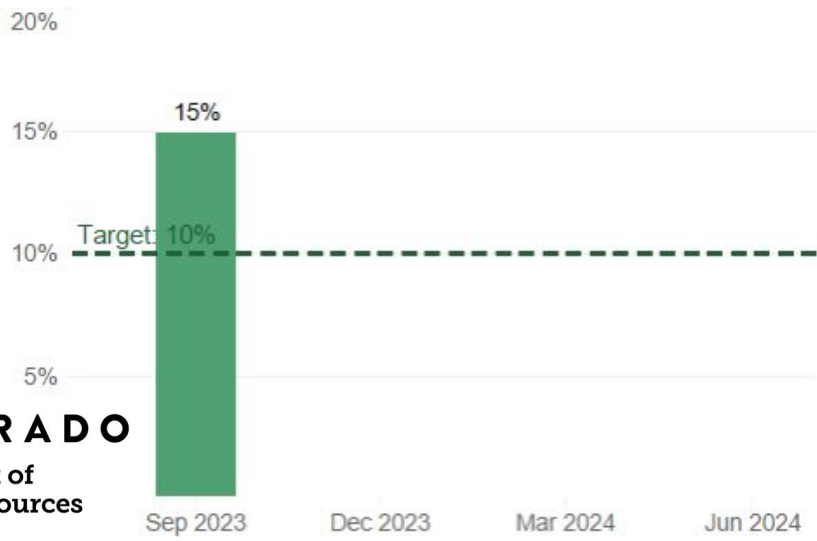


# WIG - Water Plan Implementation

- Produce Final Recommendations to Support Transformative Landscape Change
- Support Wildfire Ready Watershed Grants
- Develop the CWCB Operational Plan
- Draft a Report on Economic Opportunities of Avoided Buy and Dry
- Develop a Draft Basin Roundtable Handbook

## Water Plan Implementation

The Colorado Water Conservation Board will Implement 10% of the Colorado Water Plan by advancing Agency Actions by June 30, 2024.



Successful completion of this goal will ensure the Water Plan's 10 year strategy to create vibrant communities, robust agriculture, thriving watersheds, and resilient planning will be achieved and help Colorado meet its water challenges through collaborative action around water development and water conservation.



# More information

To view monthly updates on Wildly Important Goals and corresponding lead measures, please visit the [Governor's Dashboard](#).

For more information on additional Department of Natural Resources goals, view our FY 2023-24 Performance Plan at:

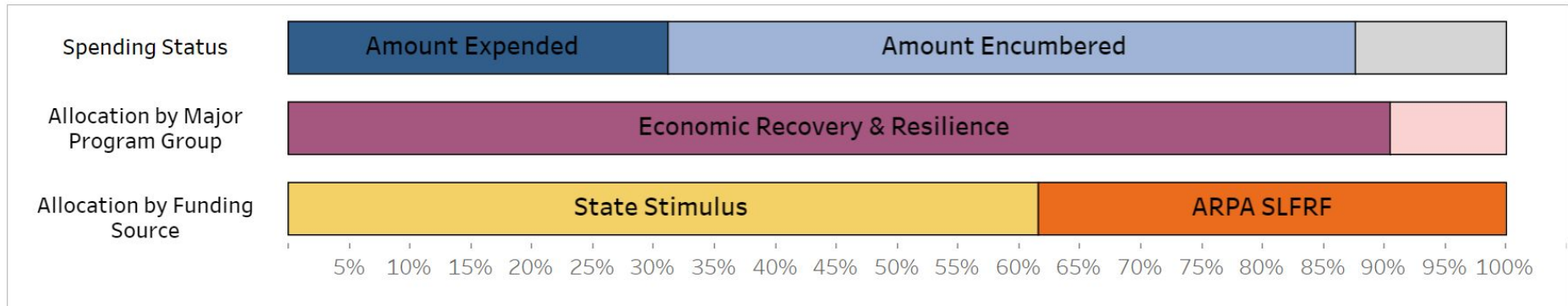
<https://operations.colorado.gov/performance-management/department-performance-plans/natural-resources>

# Stimulus Funds

**The Department has been appropriated stimulus funds in the following categories:**

- **Wildfire Mitigation:** \$19.5M total for the Colorado Strategic Wildfire Action Program (COSWAP). An additional \$16.5M one-time funds for wildfire mitigation at the Colorado State Forest Service (CSFS).
- **Water:** \$85M total for groundwater sustainability efforts, state water plan projects, and technical assistance for federal grants.
- **Watershed Restoration:** \$44M total for post-fire watershed restoration efforts and CWCB's new Wildfire Ready Watersheds initiative.
- **Parks, Wildlife, and Recreation:** \$42.8M total for staff, operating, and capital projects at state parks, implementation of the State Wildlife Action Plan, and backcountry avalanche safety.

# Stimulus Funds Status



<https://coforward.colorado.gov/data>



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# DNR FY 2024-25 Budget Request

## FY 2024-25 Budget Snapshot

Total Funds: \$442.3 M  
General Fund: \$45.9 M  
FTE: 1,724.8



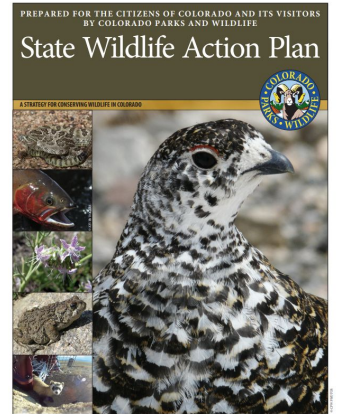
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# FY 2024-25 Budget Request Detail



## Biodiversity Package

- **Establish State Land Board Biodiversity Program (R-01)**  
\$480,000 cash funds, 3.7 FTE
- **Colorado Parks and Wildlife Habitat Staffing (R-02)**  
\$1.1 million cash funds, 8.3 FTE
- **Legislative Proposals**
  - Species Conservation Trust Fund
  - Wolverine Reintroduction
  - Invertebrates and Rare Plants



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# FY 2024-25 Budget Request Detail

## Water

- **River Operations Coordinators (R-05)**  
\$394,000 General Fund, 2.8 FTE
- **Create CWCB Grants Section (R-06)**  
\$155,000 cash funds, 0.9 FTE
- **Legislative Proposals: CWCB Projects Bill**



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# FY 2024-25 Budget Request Detail

## Colorado Parks & Wildlife Capacity Building

- Park Manager Equitable Career Progression (R-04)
- Wildlife Dam Safety Staffing (R-08)
- Wildlife Management Staffing (R-09)
- Aquatics Staffing and Hatchery Operations (R-10)
- Staff for Increased Demand at State Parks (R-11)
- Parks and Wildlife Info and Education (R-12)
- Parks and Wildlife Administrative Support (R-14)



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# Legislative Agenda

The Department respectfully requests the General Assembly consider legislation on the following:

- Colorado Parks and Wildlife Wolverine Restoration
- Colorado Parks and Wildlife Invertebrate and Native Rare Plant Authority
- Colorado Parks and Wildlife Clean-Up
- Energy and Carbon Management Clean-Up
- Annual Water Project Funding
- Annual Species Conservation Trust Fund Project Funding



Globally imperiled cushion bladderpod (*Physaria congesta*) at Dan Noble State Wildlife Area



# Energy & Carbon Management Clean-Up

## SUMMARY

To allow the Commission to fully implement and achieve the State's energy and climate goals through these new authorities, DNR is interested in legislation to address:

- (1) ECMC Regulation of Ancillary Facilities
- (2) Pore Space Ownership & Unitization
- (3) Direct Air Capture

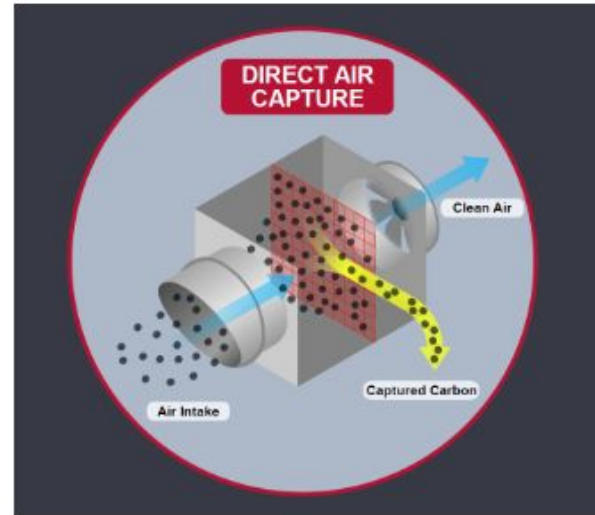


Image source: Frazer-Nash Consultancy

## QUESTIONS?

Contact Daphne Gervais, DNR Legislative Director,  
[daphne.gervais@state.co.us](mailto:daphne.gervais@state.co.us), 720-635-4705.

# Regulatory Agenda

Some Upcoming Rulemakings and Regulations Hearings:

ECMC - Geothermal, cumulative impacts, carbon capture & sequestration, NOx emission reductions, produced water, and underground natural gas storage

CPW - Big game season structure update and annual hunting and fishing season, bag limit and method of take

DWR - Water well construction, geothermal well permitting & development

More information available in the 2024 DNR Regulatory Agenda Report



# Colorado Produced Water Consortium

Primary Goal: To reduce the use of freshwater and increase the recycling of produced water in oil and gas operations

Established in July 2023, the Colorado Produced Water Consortium has:

- Appointed 31-member Consortium
- Created Strategic Plan and Priorities
  - Five strategic priorities: implementing legislative requirements, education, communities & environment, research, and identifying regulatory and policy recommendations
- Hired Director, in process of hiring Assistant Director for Research
- Begun development of required deliverables, including:
  - Guidance documents and case studies to promote best practices for infield reuse and recycling
  - Recommendations for better coordination between state and federal agencies related to produced water
  - Recommendations for legislation or agency rules needed to remove barriers to the safe recycling and reuse of produced water
- Served as an informational resource to ECMC
- Coordinated with ECMC on data needs



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# ECMC Rulemakings Updates

- **Cumulative Impacts & Ozone BMPs Rulemaking:**
  - To be completed by April 28, 2024
  - More details in upcoming slide
- **Deep Geothermal Rulemaking**
  - The first draft set of rules were released to gather feedback from the public and stakeholders
  - The rulemaking is scheduled for June / July 2024
- **Carbon Capture & Sequestration Rulemaking**
  - To begin 2nd/3rd Quarter 2024
- **Produced Water Rulemaking:**
  - To be completed by Dec. 31, 2024
  - More details in upcoming slide



# Cumulative Impacts Rulemaking Update

## Cumulative Impacts Rulemaking:

- Rulemaking will be formally noticed in early February 2024
- This rulemaking must be completed by April 28, 2024
- Commission organized multiple stakeholder outreach events in 2023, to solicit comments and feedback and reported back the learnings
- Outreach with Disproportionately Impacted Communities across Colorado
- Work with CDPHE to ensure that NO<sub>x</sub> and GHG reduction initiatives are captured in ECMC's CI proposed rules

# Cumulative Impacts Discussions/ EJ Task Force Recommendations

## EJ Task Force Recommendations include:

- ECMC held meetings with DI communities impacted by Oil & Gas to discuss cumulative impacts:
  - 4 in-person meetings, Greeley, Erie, Commerce City & Rifle
  - Virtual Town Hall
- ECMC's events:
  - Provided language & materials: Spanish Translation/Interpretation
  - Provided childcare, food & beverage
  - Worked with local DI/EJ organizations on event planning
  - Offered information on rulemaking process including how to:
    - Give comment, feedback; Be a party to the rules; Stay informed
- DI Community feedback received included:
  - Update DI community definition
  - Use Enviroscreen as a tool for decision making
  - Threshold & denial criteria
  - Community Engagement & Information



# ECMC Community Engagement

**The Energy & Carbon Management Commission is committed to being accessible and transparent.**

Commission outreach and strengthening relationships with diverse stakeholders efforts include:

- Statewide outreach in 2023 includes:
  - Travel to Raton Basin, SW Colorado
- Diverse Stakeholder groups, including specific outreach to Disproportionately Impacted and Environmental Justice groups
- Collaboration with CDPHE, as well as CPW and DWR
- ECMC Website refresh

# Additional ECMC Rulemaking & Study Updates:

Study	Legislation	Due Date
Class VI	SB 23-285	Feb. 1, 2024
Geothermal Regulatory	SB 23-285	Dec. 31, 2024
Geothermal Technical	SB 23-285	July 1, 2024
Biochar *with CSU	HB 23-1069	June 1, 2024
Hydrogen	SB 23-285	July 1, 2024
UIC	SB 23-016	Dec. 1, 2024
Pipeline	SB 23-285	Dec. 1, 2024
Raton Basin	SB 23-186	June 30, 2025



# Comparing Pre- and Post- SB19-181 Permit Approvals

## Pre-SB19-181: 2017-April 2019

- Locations (Form 2As): 1,180
- Wells (Form 2s): 10,205

## Post-SB19-181: 2021- 2023

- Locations (Form 2As): 149
- Wells (Form 2s): 2796

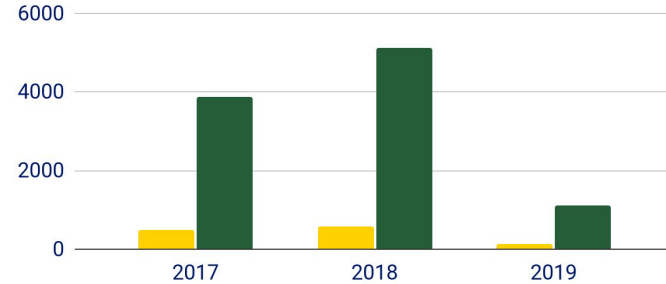


## Post-SB19-181 Year-by-Year

- 2021
  - Locations (Form 2As): 8
  - Wells (Form 2s): 681
- 2022
  - Locations (Form 2As): 78
  - Wells (Form 2s): 1115
- 2023
  - Locations (Form 2As): 63
  - Wells (Form 2s): 1000

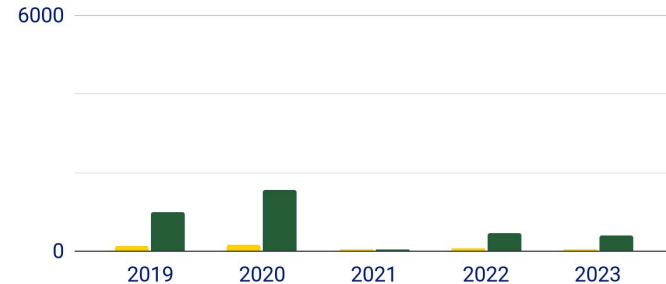
## Pre-SB19-181:

■ Locations (Form 2As) ■ Wells (Form 2s):



## Post-SB19-181:

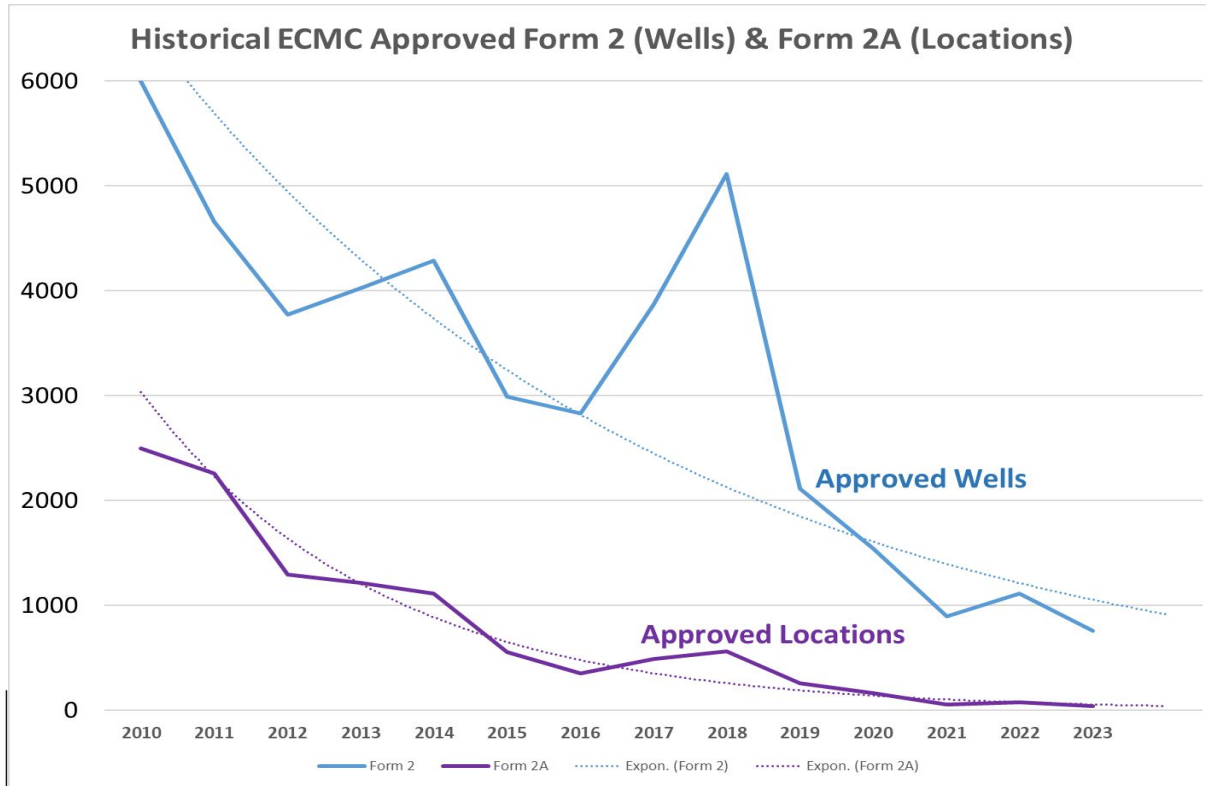
■ Locations (Form 2As) ■ Wells (Form 2s):



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# Permit Trends



ECMC permits for locations and wells

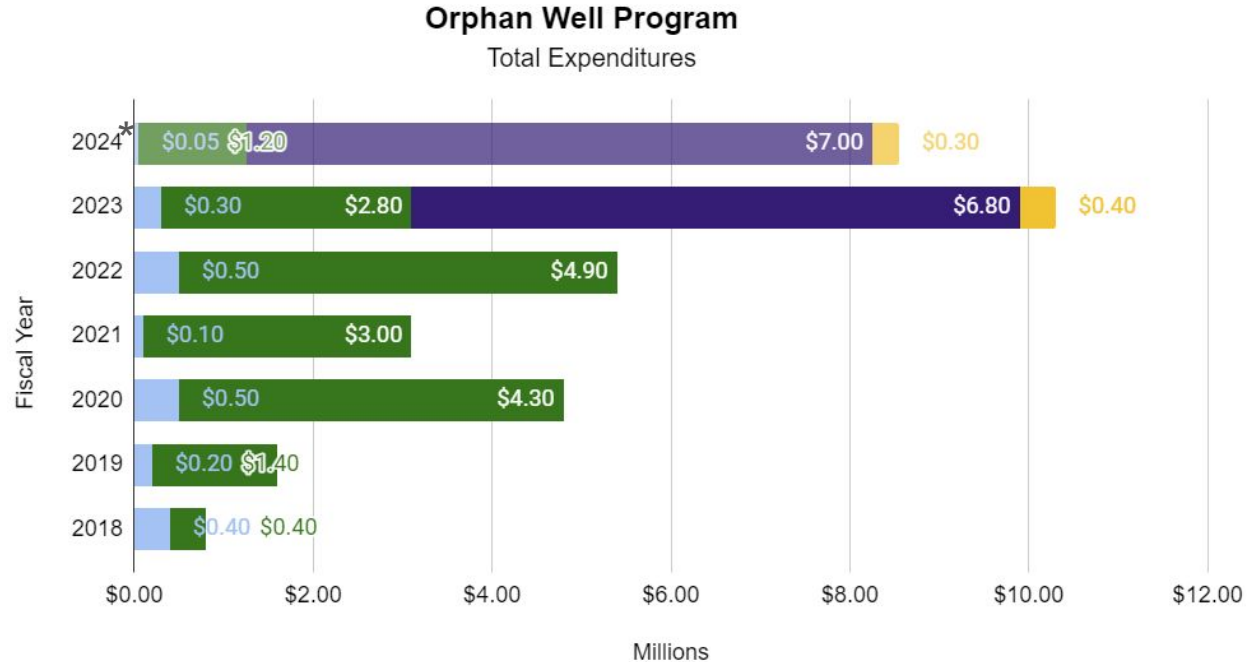
Data source: ECMC database



# Orphaned Well Program Update

## FY2024

- More than \$8 million overall through December



\* First six months of FY2024, through December



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■ Bond Claims 
 ■ Appropriation 
 ■ IJA Initial Grant 
 ■ Orphaned Well Mitigation Enterprise

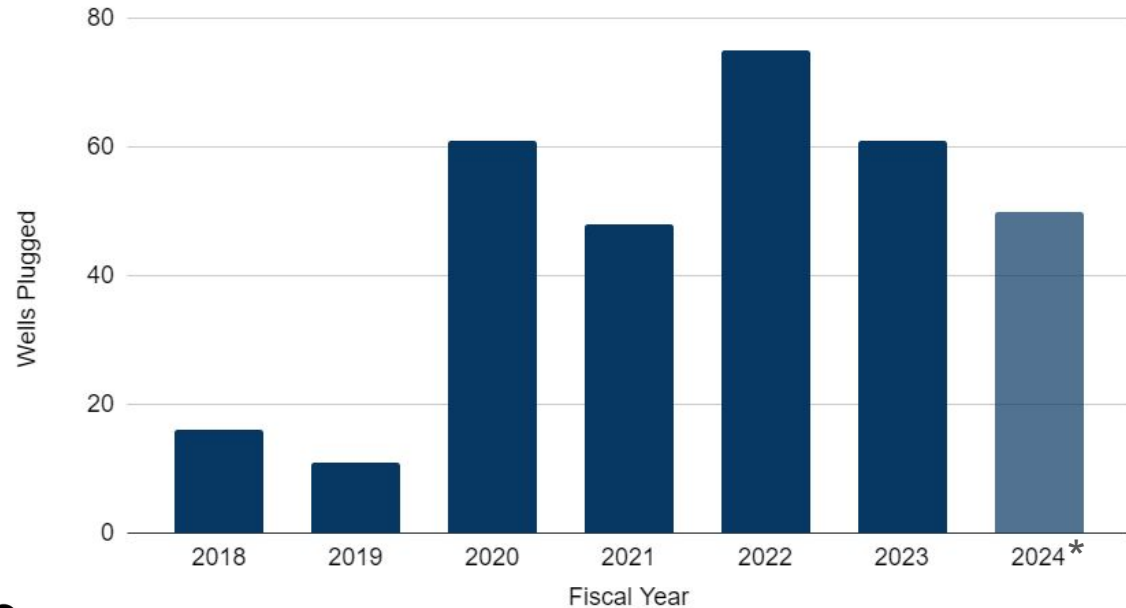


# Orphaned Well Program Update

## FY2024

- 50 wells plugged through December

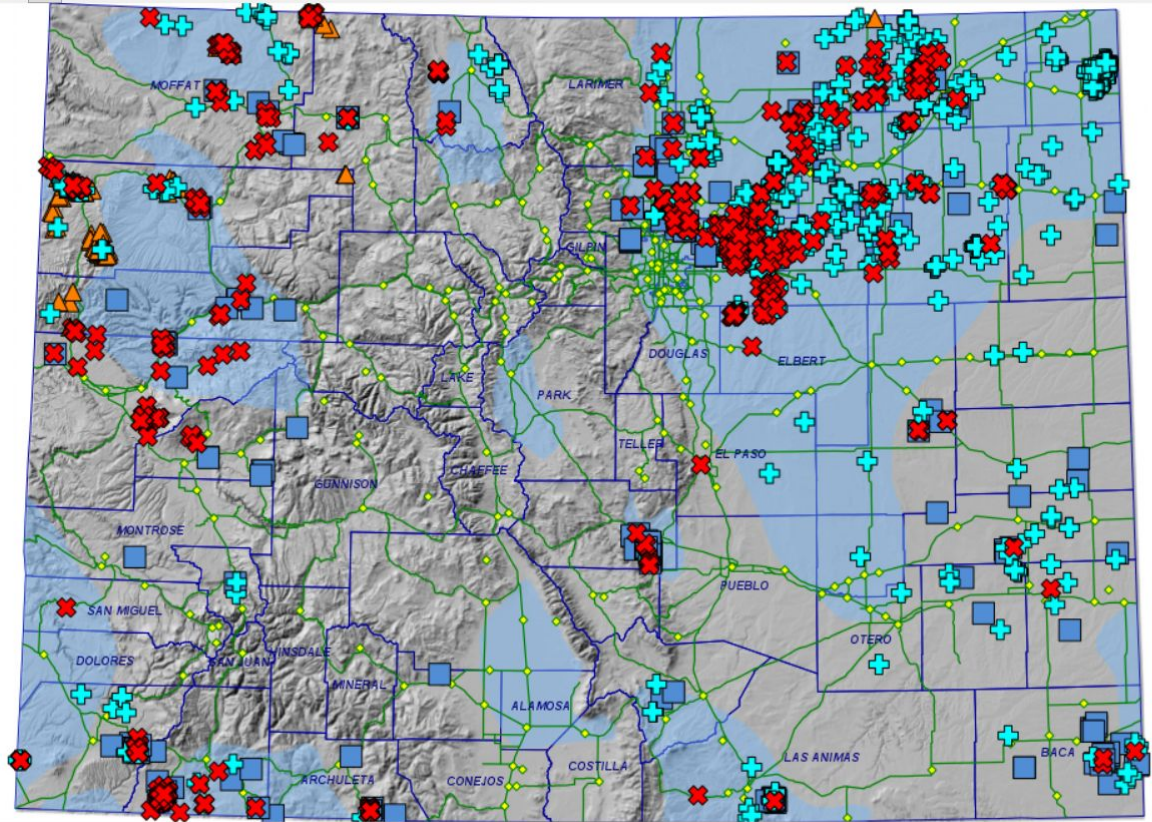
Wells Plugged



\* First six months of FY2024, through December



- Layers
- Wells
  - Locations
  - Permits
  - Directional Wellbores
  - Flowlines Fluid Type (APPROVED)
  - COGCC
    - Staff Contacts (Mouseover For Flyout)
    - Environmental
    - Oil & Gas Fields
    - Orders
    - Projects Rulison & Rio Blanco
    - Rules
    - Seismic Permits
    - Orphaned Well Program
      - In Progress
      - Planned
      - Completed
      - Federal
  - Roads & Railroads (CDOT)
  - Water Resources (DWR & CDPHE)
  - Floodplains (FEMA)
  - Environmental Sites
  - Air Quality (CDPHE)
  - Section, Township, & Range (PLSS)
  - Local Government Designees (LGDs)
  - Parks & Wildlife (CPW)
  - State Land (SLB)
  - Tribal Lands
  - Federal Land (BLM)
  - Surface Features
  - Mining
  - Geology
  - Topography



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**MAPGUIDE HELP**

- [Disclaimer](#)
- [Map Layer Info](#)
- [Map User Guide](#)
- [Other Browsers](#)
- [FAQs](#)
- [Flowlines](#)

*This screen space is used for various map functions, such as redlining and measuring distances, and will change depending on the function being used.*

**Need help? Map not working?**

*Please contact:*

David Gates  
david.gates@state.co.us  
(303) 894-2100

**NOTE - Many tablet and smart-phone browsers will**

# Orphaned Well Program Update

## Current and Future Federal Infrastructure Investment and Jobs Act Funding

3 grant programs resulting in up to 5 funding opportunities:

- Initial Grant - \$25 million (*work in progress*)
- Formula Grant - \$54 million – estimated for Colorado
  - Phase 1 application submitted in December 2023 for the first \$25 million
- Performance Grants
  - Regulatory Improvement Grants – up to \$20 million
  - Grant for Improvements to Programs Designed to Reduce Future Orphaned Well Burdens – up to \$20 million
  - Matching Grants – up to \$30 million

# Johnstown Well Update

## **Incident Background:**

Sealock #1 well incident from December 2023, in the Town of Johnstown; southwest of WCR 50 and Loma Vista Pl. The well was plugged and abandoned in the 1990s. The plug failed on Dec. 5. ECMC had personnel on scene on Dec. 6. ECMC procured emergency funding to P&A the well and clean up the surrounding area.

## **ECMC Community Outreach:**

ECMC coordinated outreach with partners such as emergency responders, the Town of Johnstown and CDPHE (air monitoring lab deployed). ECMC Staff posted updates on ECMC's media page; emailing the nearby neighborhood HOA about the incident, and sharing additional information and resources. ECMC made 4 updates to the Sealock #1 Johnstown Update, and had this featured on the homepage.



# Water Conservation in Oil and Gas Update (HB23-1242)

Since July 2023, ECMC has updated ECMC Forms and processes to authorize operators to include additional information in their reports produced.

- Form 7 modified to include monthly water use and produced water management data on a per well basis including information on disposal and information on recycling and reuse of produced water
- Creating new form to gather quarterly water use and produced water management data on a location basis including volumes and sources of freshwater and volumes of recycled or reused produced water entering or leaving the location
- As of Dec. 31, 2023, 32 operators have provided over 130,000 unique rows of water data for the operating months of July, August, September and October
  - ECMC is working to accept the data into their master relational database for processing, review, and analyses.
- Hired Environmental Protection Specialist II (starts 1/15) and Data Manager (pending offer)





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