

Department of Natural Resources

FY 2019-20 SMART Act Hearing
Colorado Oil & Gas Conservation Commission
January 16, 2020

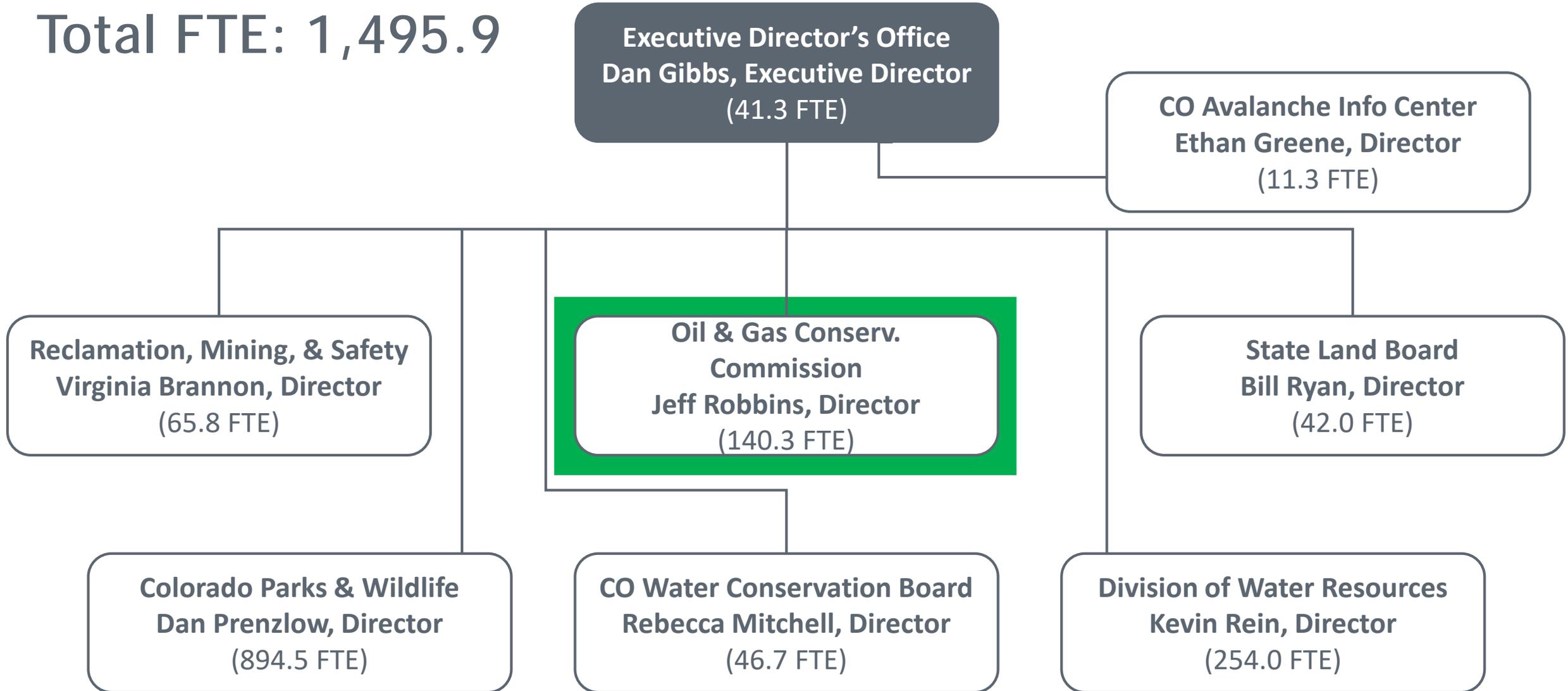
Dan Gibbs, DNR Executive Director
Jeff Robbins, Director, COGCC



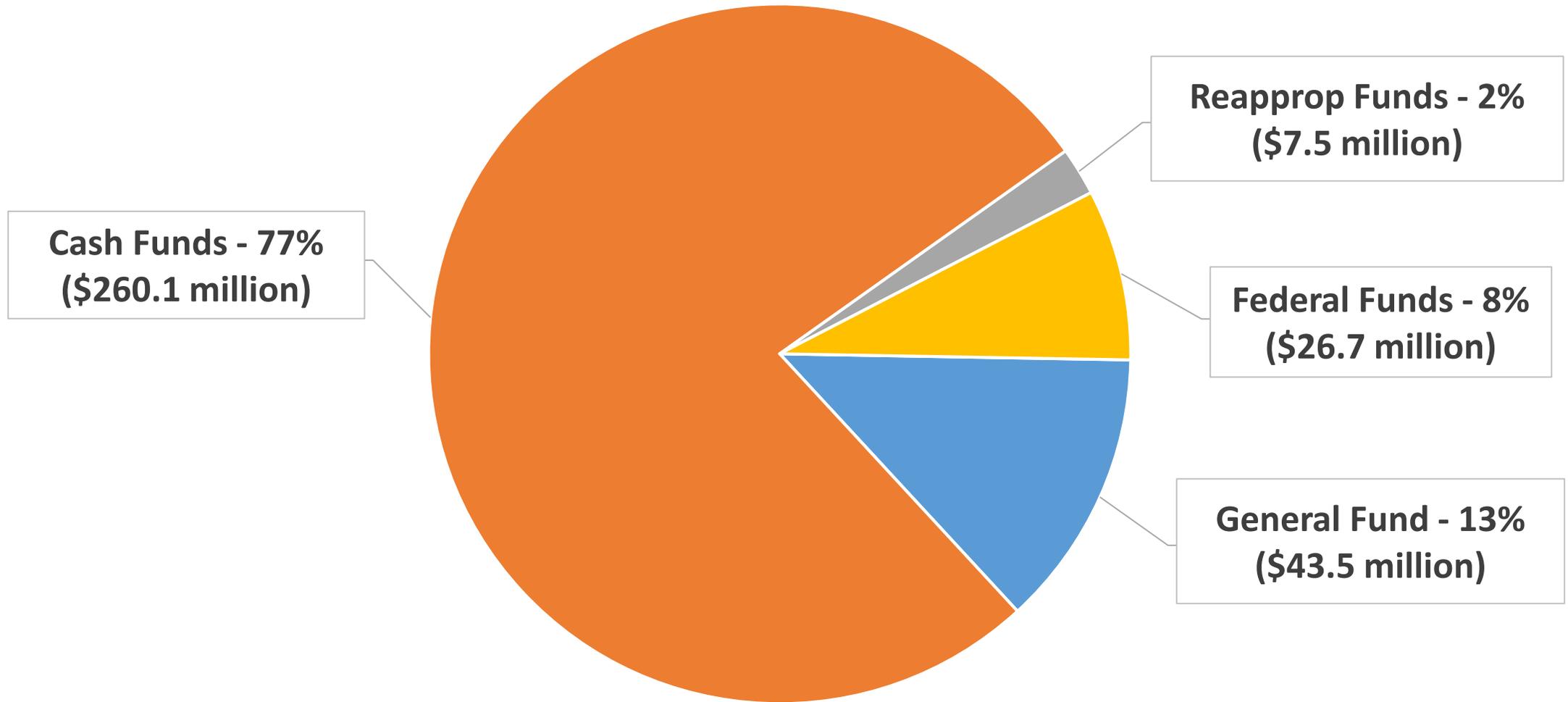
Department Mission

To develop, preserve, and enhance the state's natural resources for the benefit and enjoyment of current and future citizens and visitors.

Total FTE: 1,495.9



DNR FY 2019-20 Operating Budget: \$337.8 million



FY 2020-21 Budget Requests

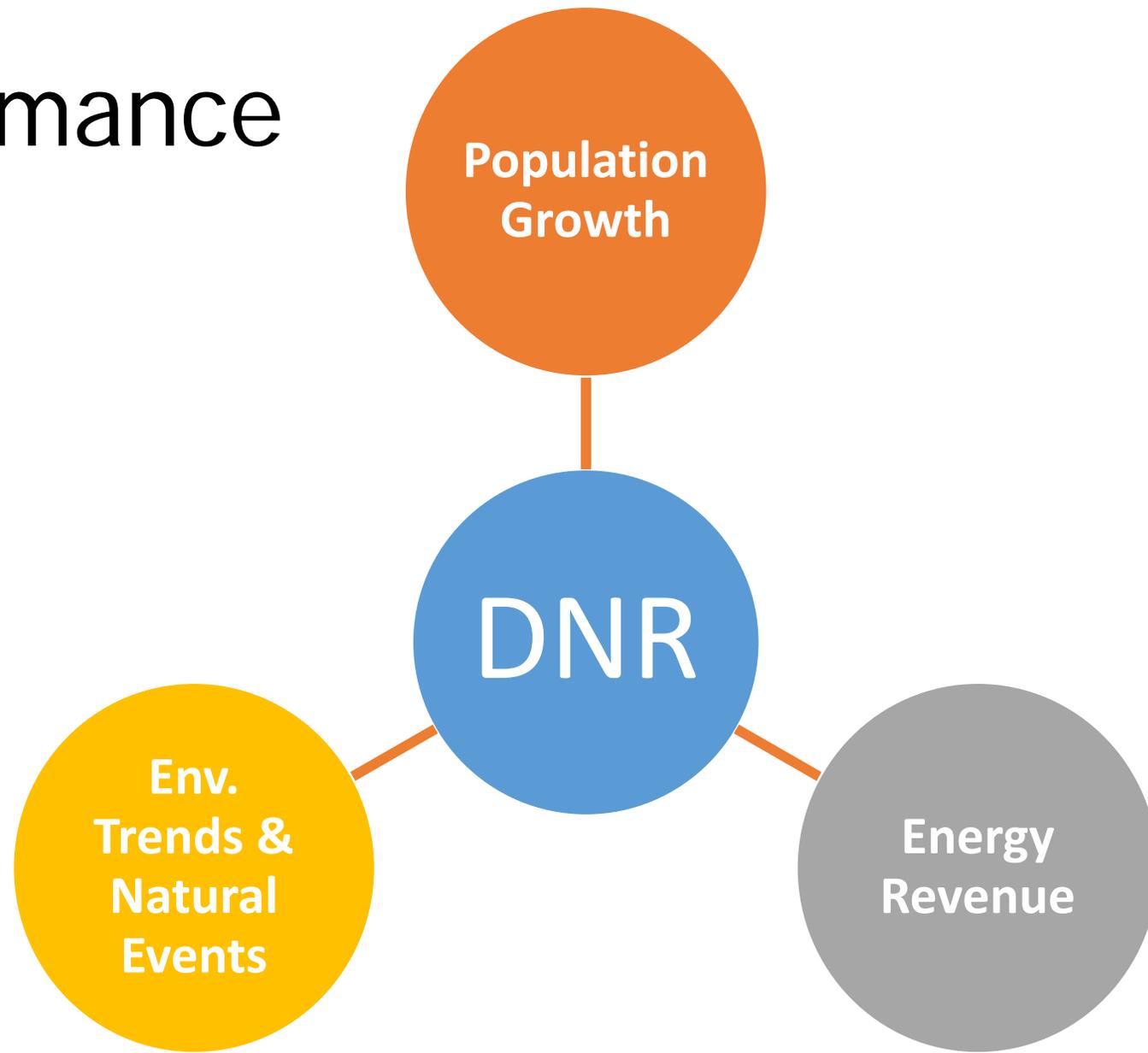
Oil and Gas Regulation

Public Access, Outdoor
Rec, and Safety

Water Conservation and
Administration

Operational Excellence

DNR's Performance Environment



DNR Wildly Important Goals (WIGs)

FY 2019-20 Goals: **ON TRACK**

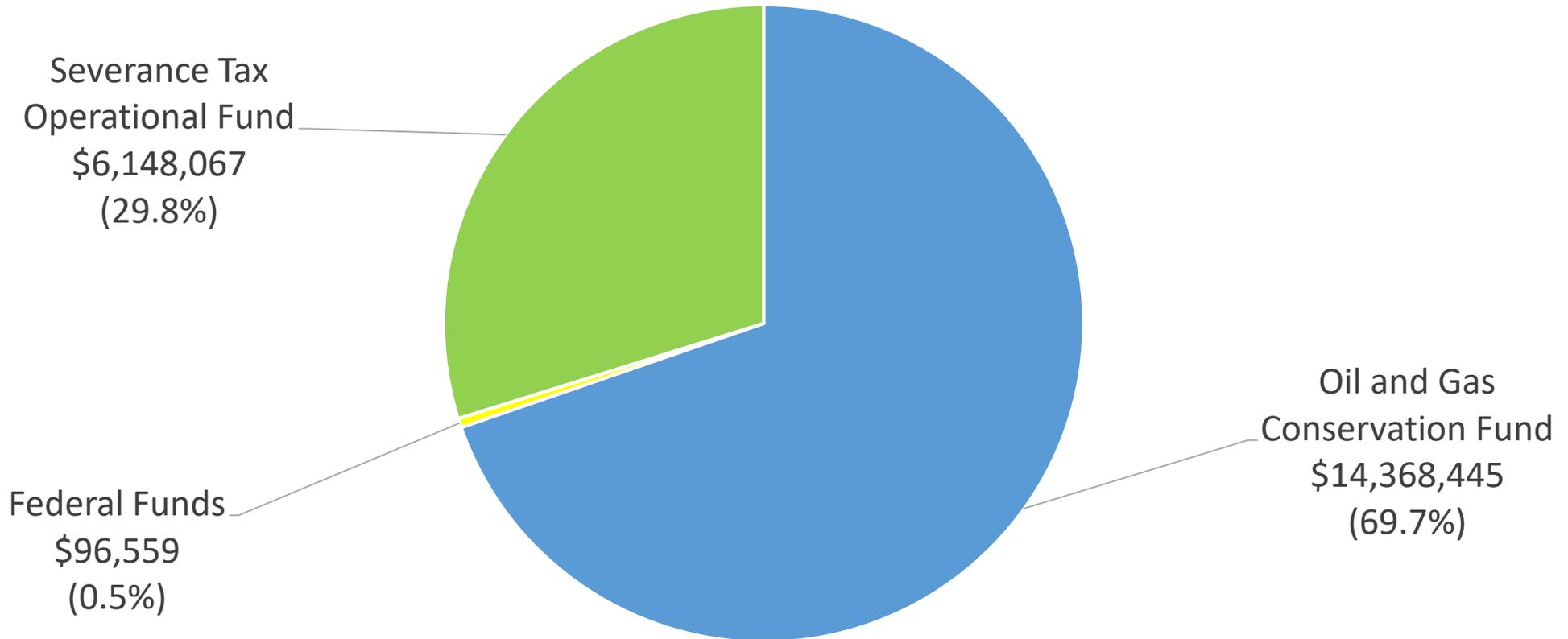
1. Securing Sustainable Funding for Parks & Wildlife
2. *Implementing Oil & Gas Rules and Regulations*
3. Increasing Public Access
4. Equity, Diversity, and Inclusion at DNR

Colorado Oil & Gas Conservation Commission



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OGCC FY 2019-20 Operating Budget: \$20,613,071 140.3 FTE



OGCC Budget Change Requests FY 2020-21

Electronic Filing System for Oil and Gas, \$148,000

- System to manage 1,000 hearing applications and 13,000 documents annually

Increase Funding for Oil and Gas Studies, \$420,000

- Studies to implement rulemakings and evaluate cumulative impacts

Right-size spending authority, (\$1,761,000)

- Adjust spending authority to support \$4.0 million in annual PROW and emergency expenditures

SB 19-181's New Mission for COGCC

The mission of the Colorado Oil & Gas Conservation Commission (COGCC) is to regulate the development and production of the natural resources of oil and gas in the state of Colorado in a manner that protects public health, safety, welfare, the environment and wildlife resources.



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Who is COGCC:

Engineering Unit: Flowline integrity, wellbore integrity, etc.

Community Relations Unit: Communications and local government programs

Environmental Unit: Oil & gas location assessment team, spills reporting, ground water sampling, waste management plans, etc.

Field Inspection Unit: Inspect oil & gas wells and related facilities to ensure compliance, complaints



Who is COGCC:

Financial Unit: Budget guidance

Hearings Unit: Enforcement program of violations

Orphan Well Program: Plugs wells, removes equipment and remediates orphaned sites

Permitting Unit: Drilling permits, database and map system, bonding and production reporting



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How COGCC is working under SB 19-181:

- Permitting continues under Director's Objective Criteria, which use the lens of protecting public health, safety, welfare, wildlife and the environment. Includes providing guidance to operators.
- Addressing air quality impacts from oil and gas development
- Committed to public engagement and transparency in rulemaking process
- New staff and resources for increased workload
- Adopting 4 primary new rulemakings before July 1, 2020



WIG: Implement Oil & Gas Rules and Regulation Update:

Appoint and confirm an interim Colorado Oil & Gas Conservation Commission and complete initial rulemaking by June 30, 2020.

New Commission Makeup:

- A new board seated May 17, with members having agricultural, environmental, oil & gas industry, local government, public health, wildlife and technical expertise
- 5 member professional board to be seated by July 1, 2020



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WIG: Implement Oil & Gas Rules and Regulation Update:

Appoint and confirm an interim Colorado Oil & Gas Conservation Commission and complete initial rulemaking by June 30, 2020.

Rulemaking Progress:

- 500 Series Administrative Law Judge rules enacted
- *Flowline Rules* adopted November 2019
 - First of four to be completed by July 1, 2020
 - Extensive stakeholder outreach and public engagement



WIG: Implement Oil & Gas Rules and Regulation Update:

Appoint and confirm an interim Colorado Oil & Gas Conservation Commission and complete initial rulemaking by June 30, 2020.

Rulemaking Progress:

- Beginning April 2020, *Alternative Site Analysis, Cumulative Impacts and Mission Change* combined into one rulemaking
- Adding *Wellbore Integrity* at February Commission Meeting
 - SB 19-181 has 11 rulemaking requirements;
 - Four primary rules to be completed by July 1, 2020
 - Additional rules include: *Application Fees, Financial Assurance, Worker Certification, Wildlife*



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COGCC Orphan Well Program:

Program: Remediates wells, locations, and production facilities with no remaining responsible party

Funding Sources: Financial assurance, levy on O&G production, penalty revenue

Prioritization: Population/density, potential threat to surface and groundwater, age of well and equipment, well integrity



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Wells Plugged, Locations Reclaimed, and Program Backlog

FY2020 totals are for the first six months of the fiscal year

