



Energy + Climate Change Law Alert – Colorado Ushers in Oil and Gas Reforms

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New Oil and Gas Law Offers Opportunities for Colorado Citizens and Communities

On April 16, Governor Polis signed Senate Bill 181, ushering in sweeping changes to oil and gas oversight in Colorado.

The new law gives local governments additional regulatory authority over oil and gas operations, changes the makeup and charge of the Colorado Oil and Gas Conservation Commission (COGCC), expands the role of the Colorado Department of Public Health and Environment (CDPHE), and imposes new requirements on oil and gas operators. When fully implemented, the new law will lead to reduced air emissions, increased local government involvement, and enhanced protections for Colorado's environment and communities.

The new law enables local governments to oversee many aspects of oil and gas development for the first time ever. The law grants local control over where oil and gas wells are located and expands the ability of local governments to protect water and limit air emissions in a manner more stringent than the State. It also allows local officials to inspect facilities, impose fines for violations, and assess fees necessary to cover the costs of local regulation and oversight of the industry.

SB 181 directs the COGCC to develop rules for evaluating alternative sites, addressing cumulative impacts, increasing financial assurance, overseeing flowlines and shut-in wells, enhancing wellbore integrity, and certifying oilfield workers. The COGCC is likely to begin rulemaking later this year to implement these and other new mandates, and those proceedings will likely run well into 2020.

The law calls on the Colorado Air Quality Control Commission (AQCC) to adopt rules requiring operators to monitor and to minimize emissions of methane, volatile organic compounds, and other pollutants from oil and gas wells and production and transmission facilities. In doing so, the AQCC will consider requiring oil and gas operators to inspect their facilities for leaks, install continuous emissions monitors, and utilize pneumatic devices that do not vent natural gas.

The new law also addresses pooling oil and gas resources, authorizes administrative law judges, provides for a technical review board, and modifies some of the standards under which the COGCC will operate going forward. The agency is directed to "regulate" oil and gas rather than "foster" its development, for example, resulting in a shifted focus in decision making.

For more information about Senate Bill 181 or any other oil and gas related issues, please contact Bob Randall, Tom Bloomfield, or Polly Jessen.

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