



## COLORADO

Oil & Gas Conservation  
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801  
Denver, CO 80203

June 16, 2015

The Colorado Oil and Gas Conservation Commission is beginning the rulemaking process to implement Recommendation Nos. 17 and 20 from the Governor's Oil and Gas Task Force. Recommendation No. 17 addresses local government collaboration with oil and gas operators concerning locations for "Large Scale Oil and Gas Facilities" in Urban Mitigation Areas. Recommendation No. 20 would require oil and gas operators who are registered with the COGCC to also register with municipalities in which they operate and, at the request of the municipality, provide certain information about current and planned drilling operations in the municipality.

COGCC staff will be conducting outreach meetings across the state to hear from local governments and other interested stakeholders about how Recommendation Nos. 17 and 20 can be implemented most effectively. COGCC is planning meetings along the Front Range to be hosted by the City of Brighton, the City and County of Broomfield, and a Weld County municipality. Additional meetings will be held on the West Slope and in La Plata County. COGCC will begin drafting proposed rules after these initial outreach meetings and will conduct formal stakeholder meetings in late summer or early fall.

Copies of Recommendation Nos. 17 and No. 20 are attached. Other final Task Force Recommendations pertaining to the COGCC were acted upon by the General Assembly or can be implemented without formal rulemaking. The COGCC will not conduct rulemaking related to proposed recommendations that did not receive two thirds majority support from the Task Force and, therefore, those recommendations will not be discussed during the outreach meetings.

Brief descriptions of Recommendation Nos. 17 and 20 and questions or issues of interest for stakeholder input during the outreach meetings follow.

### **Recommendation No. 17**

#### **Process for Local Government Consultation**

Recommendation No. 17 contemplates that the COGCC adopt a consultation process for enhancing local government participation during COGCC's permitting process if an oil and gas operator proposes to locate a "Large Scale Oil and Gas Facility" in an Urban Mitigation Area. The consultation process is intended to be a collaboration by which the local government and the operator agree on the site location and operational practices for such a facility. Under the Recommendation, the operator is required to offer to consult with the local government before selecting the facility location. One objective of the outreach meetings is to discuss how to create an effective and efficient local government consultation process.

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### Defining “Large Scale Oil and Gas Facilities”

A second objective of the outreach meetings is to discuss the metrics for determining what should constitute a “Large Scale Oil and Gas Facility,” taking into account factors such as the scale and intensity of operations and proximity to people. Developing unconventional oil and gas formations, such as the Niobrara Shale, using horizontal drilling and hydraulic fracturing is generally leading to higher volume production from larger scale facilities compared to conventional production. At some point, the scale and intensity of a facility warrant differentiation as a Large Scale Oil and Gas Facility.

At present, “Large Scale Oil and Gas Facility” is not defined in COGCC Rules. Some metrics by which scale and intensity might be quantified include:

1. The anticipated time required to drill and complete the wells proposed for a multi-well location;
2. The total volume of on-site storage capacity necessary to support initial (“flush”) production;
3. The anticipated time during which multiple drilling and completion operations would be occurring simultaneously (“simultaneous operations”) on a proposed facility;
4. Whether an oil and gas facility would be categorized as a “Major” or “Synthetic Minor” source under Colorado Department of Public Health and Environment Regulation No. 7.

COGCC is seeking stakeholder input on these and possible other metrics to help define what constitutes a Large Scale Oil and Gas Facility.

### Siting Tools and Mitigation

Recommendation No. 17 also proposes that COGCC address the authority of the Director to regulate the siting of Large Scale Oil and Gas Facilities and to require mitigation measures to reduce impacts on neighboring communities. This could include siting tools to locate such facilities away from residential areas when feasible. A third objective of the outreach meetings is to discuss potential additional mitigation requirements, considering COGCC’s existing Rules. Issues of interest to COGCC include:

1. Are there specific mitigation measures beyond those currently required under COGCC Rule 604.c.(2) and (3) that should be considered or required for Large Scale Oil and Gas Facilities?
2. What specific criteria should trigger additional mitigation measures?

### Recommendation No. 20.

Recommendation No. 20 proposes to require oil and gas operators to register with municipalities in which the operator has current or planned operations and, at the request of the local government, to submit certain information regarding the operator’s drilling plans within the municipality for the next five years.

Recommendation No. 20 was proposed to provide a framework to incorporate oil and gas operators’ drilling plans into municipal comprehensive planning. Better coordination between oil and gas

development plans and a municipality's Comprehensive Plan, as proposed by Recommendation No. 20 is intended to reduce conflicts between planned oil and gas development and a municipality's goals and aspirations related to transportation, utilities, land use, open space, recreation, and housing.

COGCC welcomes stakeholder input on effective means of implementing Recommendation No. 20. Potential issues to be considered include:

1. Is a municipality's request for drilling plans from an operator a "one time" event, or is an operator required to submit periodic updates?
2. What constitutes a "material alteration" of a five year drilling plan, such that an update is required?
3. If a municipality identifies a potential conflict with a proposed drilling location, when is mediation required and who may request or compel mediation?
4. What happens if a municipality does not provide a Comprehensive Plan Map overlaid with future drilling and production sites to a registered operator, or provides a map but fails to identify a significant conflict between proposed drilling and other current and planned future uses that subsequently arises?
5. What consequences, if any, arise if either the operator or a municipality fails to timely update their respective plans or maps?

The Commission and COGCC staff look forward to creating rules that enhance collaboration between local governments and industry and ensure Colorado's oil and gas resources continue to be developed responsibly.