

COLORADO OIL & GAS ASSOCIATION

Summary of Issues Relating to Proposed COGCC Rulemaking

COGA believes that the rulemaking being conducted by the Department of Natural Resources (COGCC and Division of Wildlife) and the Colorado Department of Public Health and Environment to implement House Bills 1298 and 1341 should:

- Recognize the economic importance of a \$23 billion dollar industry to Colorado's economy and tax base, as well as the industry's need for regulatory certainty.
- Build on the foundation of the COGCC's comprehensive regulations regarding participation in commission decisions and protecting public health, safety and the environment.
- Result in a "timely and efficient procedure for the review of applications for permit to drill" ("APDs"), as directed by HB 1341, and subject to legislative review and approval.

Unfortunately, the early efforts of DNR and CDPHE fall short of these standards, because:

- The interagency process to date did not include industry expertise and did not take into account business realities.
- Instead of building on existing COGCC procedures, it adds new paperwork requirements (Forms 34 & 35) and new tiers of bureaucratic consultation before an APD can even be filed, sure to result in months of delay and regulatory uncertainty.
- It takes a "one size fits all" approach that ignores practical considerations between different basins, some of which already have comprehensive well location rules and orders in-place.
- It creates administrative standing for adjacent landowners to protest drilling proposals, creating a disincentive to negotiate agreements with the owners of the land, as well as voluntary agreements with local governments where a well will actually be drilled. Meanwhile, it ignores the mineral owners who have the property right to lease their oil and gas for development.
- It duplicates and creates conflicts with the comprehensive environmental and wildlife regulations of the Bureau of Land Management on federal lands.
- It extends the new "APD" process to installation of gathering systems and other downstream facilities.
- It proposes to rewrite significant portions of the COGCC's regulations, without providing any indication of the factual basis for such wide-ranging changes.

In summary, the pre-draft rulemaking goes well beyond the statutory directive to establish a streamlined procedure by which DOW and CDPHE have "an opportunity" to comment on APDs, and proposes to rewrite the COGCC rulebook without providing the necessary factual basis for doing so.