

**First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 13-0737.01 Thomas Morris x4218

SENATE BILL 13-202

SENATE SPONSORSHIP

Jones,

HOUSE SPONSORSHIP

Singer,

Senate Committees

Agriculture, Natural Resources, & Energy
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING ADDITIONAL INSPECTIONS OF OIL AND GAS FACILITIES,**
102 **AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries.>)

The bill requires the Colorado oil and gas conservation commission to use a risk-based strategy for inspecting oil and gas locations that targets the operational phases that are most likely to experience spills, excess emissions, and other types of violations. The number of commission inspectors must be equivalent to that needed to

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
Amended 2nd Reading
April 16, 2013

ensure that each oil and gas location is inspected at least once per year.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby:

4 (a) Finds that the substantial increase in oil and gas development
5 in Colorado, while very beneficial to Colorado's economy:

6 (I) Has led to increased risks to Colorado's natural environment
7 and public health; and

8 (II) Has not been accompanied by a proportionate increase in the
9 inspections staff of the Colorado oil and gas conservation commission;

10 (b) Determines that:

11 (I) Timely inspections of new and producing oil and gas wells,
12 including those that are hydraulically fractured, are critical to protecting
13 public health, minimizing environmental contamination, detecting spills
14 before they worsen, and ensuring public trust; and

15 (II) Given the limitations of its current authorization for only
16 sixteen inspectors, the inspection staff of the Colorado oil and gas
17 conservation commission can inspect the more than fifty thousand active
18 wells in Colorado, on average, only about once every four years, with
19 each staff member inspecting more than three thousand wells per year;
20 and

21 (c) Declares that this act to increase the frequency of inspections
22 of oil and gas wells is necessary for the immediate preservation of the
23 public peace, health, and safety.

24 **SECTION 2.** In Colorado Revised Statutes, 34-60-106, **add**
25 **(15.5)** as follows:

1 **34-60-106. Additional powers of commission - rules - repeal.**

2 (15.5) THE COMMISSION SHALL USE A RISK-BASED STRATEGY FOR
3 INSPECTING OIL AND GAS LOCATIONS THAT TARGETS THE OPERATIONAL
4 PHASES THAT ARE MOST LIKELY TO EXPERIENCE SPILLS, EXCESS EMISSIONS,
5 AND OTHER TYPES OF VIOLATIONS AND THAT PRIORITIZES MORE IN-DEPTH
6 INSPECTIONS. THE COMMISSION SHALL:

7 (a) (I) SUBMIT A REPORT BY FEBRUARY 1, 2014, TO THE GENERAL
8 ASSEMBLY'S JOINT BUDGET COMMITTEE AND THE SENATE AND HOUSE OF
9 REPRESENTATIVES COMMITTEES OF REFERENCE WITH JURISDICTION OVER
10 ENERGY THAT INCLUDES FINDINGS, RECOMMENDATIONS, AND A PLAN,
11 INCLUDING STAFFING AND EQUIPMENT NEEDS.

12 (II) THIS PARAGRAPH (a) IS REPEALED, EFFECTIVE SEPTEMBER 1,
13 2014.

14 (b) IMPLEMENT THE SYSTEMATIC RISK-BASED STRATEGY BY JULY
15 1, 2014. THE COMMISSION MAY USE A PILOT PROJECT TO TEST THE
16 RISK-BASED STRATEGY. ___

17 **SECTION 3. Appropriation.** In addition to any other
18 appropriation, there is hereby appropriated, out of any moneys in the oil
19 and gas conservation and environmental response fund created in section
20 34-60-122 (5), Colorado Revised Statutes, not otherwise appropriated, to
21 the department of natural resources, for the fiscal year beginning July 1,
22 2013, the sum of \$100,000, or so much thereof as may be necessary, for
23 allocation to the oil and gas conservation commission for a risk-based
24 inspection study related to the implementation of this act.

25 **SECTION 4. Applicability.** This act applies to conduct occurring
26 on or after the effective date of this act.

27 **SECTION 5. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.