

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

REVISED

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

LLS NO. 13-0274.02 Thomas Morris x4218

HOUSE BILL 13-1267

HOUSE SPONSORSHIP

Foote,

SENATE SPONSORSHIP

Jones,

House Committees

Transportation & Energy
Finance
Appropriations

Senate Committees

State, Veterans, & Military Affairs
Appropriations

A BILL FOR AN ACT

101 **CONCERNING INCREASED PENALTIES FOR VIOLATIONS BY OIL AND GAS**
102 **OPERATORS, AND, IN CONNECTION THEREWITH, MAKING AN**
103 **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>.)

Current law specifies that a violation of the "Oil and Gas Conservation Act" is punishable by a maximum fine of \$1,000 per day, subject to a penalty schedule promulgated by the oil and gas conservation commission that considers aggravating and mitigating circumstances. The

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
May 2, 2013

HOUSE
3rd Reading Unamended
April 15, 2013

HOUSE
Amended 2nd Reading
April 12, 2013

maximum total fine is capped at \$10,000 for violations that are not significant. The bill increases the maximum daily fine to \$15,000, sets a minimum fine of \$5,000 per violation per day for violations that have a significant adverse impact on public health, safety, or welfare, including the environment and wildlife resources, and repeals the cap on the maximum total fine.

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

2 **SECTION 1.** In Colorado Revised Statutes, 34-60-121, **amend**
3 (1) as follows:

4 **34-60-121. Violations - penalties - rules.** (1) (a) Any operator
5 who violates any provision of this article, any rule or order of the
6 commission, or any permit ~~shall be~~ IS subject to a penalty of not more
7 than ~~one~~ FIFTEEN thousand dollars for each act of violation per day that
8 such violation continues. ~~Any such~~ THE COMMISSION SHALL
9 IMPOSE A penalty ~~shall be imposed by order, of the commission,~~ after a
10 hearing in accordance with section 34-60-108, or by an administrative
11 order by consent entered into by the commission and an operator. ~~For a~~
12 ~~violation that does not result in significant waste of oil and gas resources~~
13 ~~or damage to correlative rights or does not result in a significant adverse~~
14 ~~impact on public health, safety, or welfare, the maximum penalty shall not~~
15 ~~exceed ten thousand dollars.~~ The commission shall promulgate rules that
16 establish a penalty schedule appropriate to the nature of the violation and
17 that provide for the consideration of any aggravating or mitigating
18 circumstances.

19 (b) An operator subject to a penalty order shall pay the amount
20 due within thirty days after its imposition, unless ~~such~~ THE operator files
21 a judicial appeal. The COMMISSION MAY RECOVER penalties owed under
22 this section ~~may be recovered~~ in a civil action brought by the attorney

1 general at the request of the commission in the second judicial district.
2 Moneys collected through the imposition of penalties shall be credited
3 first to any legal costs and attorney fees incurred by the attorney general
4 in ~~such a~~ THE recovery action and then to the environmental response
5 account in the oil and gas conservation and environmental response fund
6 created in section 34-60-122.

7 **SECTION 2. Appropriation.** (1) In addition to any other
8 appropriation, there is hereby appropriated, out of any moneys in the oil
9 and gas conservation and environmental response fund created in section
10 34-60-122 (5), Colorado Revised Statutes, not otherwise appropriated, to
11 the department of natural resources, for the fiscal year beginning July 1,
12 2013, the sum of \$157,125 and 0.9 FTE, or so much thereof as may be
13 necessary, to be allocated for the implementation of this act as follows:

14 (a) \$66,290 and 0.9 FTE for the oil and gas conservation
15 commission for personal services;

16 (b) \$15,130 for the oil and gas conservation commission for
17 operating expenses and board meeting costs; and

18 (c) \$75,705 for the purchase of legal services.

19 (2) In addition to any other appropriation, there is hereby
20 appropriated to the department of law, for the fiscal year beginning July
21 1, 2013, the sum of \$75,705 and 0.6 FTE, or so much thereof as may be
22 necessary, for the provision of legal services for the department of natural
23 resources related to the implementation of this act. Said sum is from
24 reappropriated funds received from the department of natural resources
25 out of the appropriation made in paragraph (c) of subsection (1) of this
26 section.

27 **SECTION 3. Applicability.** This act applies to conduct occurring

1 on or after the effective date of this act.

2 **SECTION 4. Safety clause.** The general assembly hereby finds,
3 determines, and declares that this act is necessary for the immediate
4 preservation of the public peace, health, and safety.