

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

INTRODUCED

LLS NO. 13-0533.01 Thomas Morris x4218

HOUSE BILL 13-1269

HOUSE SPONSORSHIP

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A BILL FOR AN ACT

101 **CONCERNING THE REDUCTION OF CONFLICTS OF INTEREST WITHIN THE**
102 **COLORADO OIL AND GAS CONSERVATION COMMISSION.**

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>.)

Under current law, the Colorado oil and gas conservation commission:

- ! Has mandates to reduce waste and to foster the development of oil and gas resources in a manner consistent with the protection of public health, 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.*

environment, and wildlife resources; and
! Can include at least 3 commissioners who are employed by
the industry.

Section 1 of the bill amends the commission's mandate to ensure that the development of oil and gas resources protects public health, the environment, and wildlife resources. **Section 2** redefines "waste" to exclude reduced production that results from compliance with government regulation.

Section 3 prohibits a newly appointed commissioner from being an employee, officer, or director of an oil and gas operator or oil and gas service company while serving on the commission.

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

2 **SECTION 1.** In Colorado Revised Statutes, 34-60-102, **amend**
3 (1) (a) (I) and (1) (a) (IV) as follows:

4 **34-60-102. Legislative declaration.** (1) (a) It is declared to be in
5 the public interest to:

6 (I) ~~Foster~~ ENSURE THAT the responsible, balanced development,
7 production, and utilization of the natural resources of oil and gas in the
8 state of Colorado ~~in a manner consistent with protection of~~ PROTECTS
9 public health, safety, and welfare, including protection of the environment
10 and wildlife resources;

11 (IV) Plan and manage oil and gas operations in a manner that
12 ~~balances development with wildlife conservation in recognition of the~~
13 ~~state's obligation to protect~~ PROTECTS wildlife resources and the hunting,
14 fishing, and recreation traditions they support, which are an important
15 part of Colorado's economy and culture. Pursuant to section 33-1-101,
16 C.R.S., it is the policy of the state of Colorado that wildlife and their
17 environment are to be protected, preserved, enhanced, and managed for
18 the use, benefit, and enjoyment of the people of this state and its visitors.

19 **SECTION 2.** In Colorado Revised Statutes, 34-60-103, **amend**

1 (13) as follows:

2 **34-60-103. Definitions.** As used in this article, unless the context
3 otherwise requires:

4 (13) "Waste", in addition to the meanings as set forth in
5 subsections (11) and (12) of this section:

6 (a) Means:

7 ~~(a)~~ (I) Physical waste, as that term is generally understood in the
8 oil and gas industry;

9 ~~(b)~~ (II) The locating, spacing, drilling, equipping, operating, or
10 producing of any oil or gas well or wells in a manner ~~which~~ THAT causes
11 or tends to cause A reduction in quantity of oil or gas ultimately
12 recoverable from a pool under prudent and proper operations or ~~which~~
13 THAT causes or tends to cause unnecessary or excessive surface loss or
14 destruction of oil or gas;

15 ~~(c)~~ (III) Abuse of the correlative rights of any owner in a pool due
16 to nonuniform, disproportionate, unratable, or excessive withdrawals of
17 oil or gas therefrom, causing reasonably avoidable drainage between
18 tracts of land or resulting in one or more producers or owners in ~~such~~ THE
19 pool producing more than his OR HER equitable share of the oil or gas
20 from ~~such~~ THE pool.

21 (b) DOES NOT MEAN A REDUCTION IN THE AMOUNT OF OIL OR GAS
22 THAT MAY BE PRODUCED THAT RESULTS FROM COMPLIANCE WITH
23 GOVERNMENT REGULATION.

24 **SECTION 3.** In Colorado Revised Statutes, 34-60-104, **amend**
25 (2) (a) (I) as follows:

26 **34-60-104. Oil and gas conservation commission - report -**
27 **publication.** (2) (a) (I) Effective July 1, 2007 2014, the commission ~~shall~~

1 ~~consist~~ CONSISTS of nine members, seven of whom shall be appointed by
2 the governor with the consent of the senate and two of whom, the
3 executive director of the department of natural resources and the
4 executive director of the department of public health and environment,
5 ~~shall be~~ ARE ex officio voting members. At least two members shall be
6 appointed from west of the continental divide, and, to the extent possible,
7 consistent with this paragraph (a), the other members shall be appointed
8 taking into account the need for geographical representation of other
9 areas of the state with high levels of oil and gas activity or employment.
10 Three members ~~shall~~ MUST be individuals with substantial experience in
11 the oil and gas industry and at least two of ~~said~~ THESE three members
12 ~~shall~~ MUST have a college degree in petroleum geology or petroleum
13 engineering; one member ~~shall~~ MUST be a local government official; one
14 member ~~shall~~ MUST have formal training or substantial experience in
15 environmental or wildlife protection; one member ~~shall~~ MUST have formal
16 training or substantial experience in soil conservation or reclamation; and
17 one member ~~shall~~ MUST be actively engaged in agricultural production
18 and also be a royalty owner. Excluding the executive directors from
19 consideration, no more than four members of the commission ~~shall~~ MAY
20 be members of the same political party AND NONE OF THE MEMBERS
21 APPOINTED ON OR AFTER THE EFFECTIVE DATE OF THIS SUBPARAGRAPH (I),
22 AS AMENDED, MAY BE AN EMPLOYEE, OFFICER, OR DIRECTOR OF AN
23 OPERATOR OR OIL AND GAS SERVICE COMPANY WHILE SERVING ON THE
24 COMMISSION.

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.