

FREQUENTLY ASKED QUESTIONS: DRAFT RULES FOR OIL AND GAS DEVELOPMENT IN COLORADO

1) Will the draft rules provide a timely and efficient process for drilling permit approvals?

Yes. In most cases, the Director will decide on a permit application within 50 days, which is more than two weeks shorter than under the current rules, provided that OGCC staffing is increased as proposed. Where consultation occurs, the Director will make a decision in 60 days. In both instances, if the Director does not issue a decision on an application within 75 days, the operator can request an expedited hearing before the Commission. Where a Comprehensive Drilling Plan exists, the operator can request an expedited hearing if the Director does not act on an application in 30 days. These timelines will be extended where a hearing is requested.

2) Do the draft rules present a one-size-fits-all approach to oil and gas development in Colorado?

No. The draft rules will apply differently in different areas of the state. For example, because fast-growing oil and gas development in Garfield, Rio Blanco, and Mesa Counties is causing more conflicts there than elsewhere, all new pads and facilities in these counties will require OGCC approval before drilling permits are issued. Likewise, because of the number and severity of odor complaints in the Piceance and San Juan Basins, oil and gas equipment near homes and schools will be required to use odor-control devices in these areas. Wildlife standards will apply differently in different counties, depending on the wildlife present.

3) Will the public be able to comment on drilling permit applications under the draft rules?

Yes. All applications for oil and gas drilling permits will be posted on the OGCC website, and most will have a 30-day comment period. Where a proposed oil and gas location is covered by a Comprehensive Drilling Plan, the public will have 20 days to comment. In addition, operators will send drilling permit applications to surface owners and adjacent property owners within 500 feet of the site.

4) Are adjacent landowners given additional rights under the draft rules?

Yes. Under the draft rules, owners of land that is both adjacent to and within 500 feet of a proposed pad will be given individual notice and have an opportunity to provide comment to the OGCC. Adjacent landowners will not have standing to request a hearing. Only the operator, surface owner, local government, Department of Public Health and Environment (DPHE), and Division of Wildlife (DOW) will be able to request a hearing before the Commission.

5) Do the draft rules address spills from oil and gas waste pits like we've seen in the media recently?

Yes. The draft rules will expand existing requirements to help ensure that waste pits do not overflow, as we've seen recently. They will also require operators to maintain a current inventory of all chemicals used or stored on the site, so that regulators know what they're dealing with if a spill happens.

6) Will the draft rules protect wildlife resources?

Yes. The draft rules identify periods of up to 3-months when drilling activities in limited areas will be restricted due to critical wildlife concerns, such as mule deer winter range. They also identify some areas that operators should avoid drilling if possible, such as within $\frac{1}{4}$ mile of active bald eagle nests.

7) Will these draft rules shut down drilling for ten months at a time, against the wishes of surface owners?

No. The draft rules identify specific periods of up to 3-months for certain identified habitat areas where drilling would be restricted. They also provide that in no case will the Director provide a drilling window of less than 9 months. The draft rules allow operators or surface owners to initiate consultation with the DOW, and they prohibit the Director from attaching permit-specific conditions that are more restrictive than the rules without the consent of the surface owner.

They will also provide for exemption from the timing restrictions when the number of drilling pads is limited in an area. These timing restrictions will cease to apply once a well goes into production.

8) Will the draft rules reduce air emissions and odors from oil and gas facilities?

Yes. The draft rules will require production equipment in the Piceance and San Juan Basins to utilize odor control devices when they are located within ½ mile of an occupied building, such as a home or school. They will also require operators to use “green completion” practices to reduce odors where practicable, and to employ measures to control dust from roads.

9) Do the draft rules encourage comprehensive and regional planning for oil and gas activities?

Yes. The draft rules encourage operators to initiate Comprehensive Drilling Plans to address impacts on a larger geographic scale such as a stream drainage, which will reduce permit-processing time by 20 days. They also authorize the Commission to adopt rules for Geographic Area Plans, addressing activities of multiple operators in a geologic basin or entire gas field. These planning tools will reduce the time necessary to review permits and help mitigate the impacts oil and gas activities have on public health, the environment, and wildlife.

10) Will the draft rules protect drinking water supplies from contamination from oil and gas development?

Yes. The draft rules will prohibit oil and gas drilling within 500 feet of drinking water sources for a distance 5 miles upstream of a public water supply intake, unless the operator gets a variance. They also require oil and gas activities to meet certain performance standards such as eliminating or lining pits, collecting baseline water quality data and water samples, and developing a plan to notify the public water suppliers of spills within ½ mile of such sources.

11) Do the draft rules require corporate officers to review compliance with pollution prevention measures?

Yes. The draft rules will require operators in the Piceance Basin to complete and maintain on site a “Pollution Prevention Checklist” that identifies specific requirements and asks operators to ensure that they are meeting those requirements. These include measures to protect public drinking water supplies, prevent stormwater runoff, control odors, and maintain a chemical inventory.

12) Will these rules conflict with local government regulations?

No. The draft rules will authorize the Commission to enter into a Memorandum of Agreement (MOA) with a local government to clarify and harmonize the relationship between the Commission’s rules and local regulation. The Commission will approve an MOA only after a hearing and will review the MOA annually to ensure that it remains consistent with the Commission’s duties to develop the resource and protect the environment.

13) Will these draft rules help people who are concerned about their drinking water?

Yes. Not only will the draft rules limit oil and gas activities in valuable drinking water supply areas, but they will require operators to monitor pressure in the well casing during hydraulic fracturing (“fracking”) activities to ensure that fracking fluids are not lost and will not harm drinking water. In areas of coalbed methane development, operators will be required to sample nearby water wells to ensure that gas is not found in drinking water.

14) Do the draft rules ensure that abandoned well sites are cleaned up?

Yes. The draft rules increase bond amounts for individual wells to ensure that the OGCC can perform plugging and reclamation activities for abandoned well sites, as well as statewide bond amounts posted by companies. For large, centralized waste facilities, operators will be required to post a bond equal to the estimated cost to ensure reclamation, closure, and abandonment.

15) Will these rules go into effect right away?

No. The draft rules have an effective date of November 1, 2008 to allow an appropriate transition period. The Commission may modify this date when it adopts final rules.