

## Rulemaking to Implement HB1298 and HB1341

### Stakeholder Working Group Sessions

#### Additional Regulations Group (AR Group) – Output Tabulation

##### Topics within ARG

- All Additional Regulations topics on COGCC list except Well Completion Practices
- Well Completion Practices transferred to Environmental Group
- Specified distance issues under Form 34 will remain with Process Group
- Federal / County -COGCC preemption issues remain with Process Group and will be addressed at the end of that Group's sessions
- Additional Topics for AR Group
  - Processes for drillsite spacing unit determinations, unitization and forced pooling matters
  - Extensions for APD's and conditions for granting
  - Form 34 matters
    - Cross section plot requirements
    - Scaled construction drawings
    - Requirement for topographic map
    - Vegetative analysis requirement (NRCS map unit analysis; baseline vegetative transect)
    - Description of offsite mitigation
    - Construction and Ongoing Operations and Maintenance Plan and included plans
  - Applicability of proposed regulations to existing wells and operations
  - Bonding –
    - Process for claiming a bond
    - Surface Owner Protections Bonds

##### Form 35 Inventory

- Reasons for:
  - Facilitates analysis of cumulative impact of O&G operations in State especially on air and land
  - Assists with emergency response requirements
  - Provides background data for air quality analysis
  - Enables informed responses to landowner and other non-industry inquiries
  - Provides a physical snapshot like the "One Call" process
  - Provides needed information concerning potential wildlife impacts
  - Provides staff with some advance knowledge of site that will assist monitoring efforts
  - Provides information useful for studies and enables competent data base management

## Working Draft – January 21, 2008

- Industry Objections
  - Redundant – already required in other contexts (APEN)
  - Potential conflict with surface use agreements
  - Too much unnecessary detail
  - Should distinguish between mobile and permanent equipment
  - Not targeted to a need – no indication of how information will be used
  - Jurisdictional issues – processing facilities
  - Jurisdictional issues – 18 CFR 380.12(c)
- Alternatives
  - Digital photos
  - Site security diagram like what BLM requires
  - Industry provides information in response to specific COGCC requests
  - Provide equipment lists by category
  - Provide Certificate of Public Convenience and Necessity where available
  - Clarify inventory requirement in terms of downstream facilities scope

### Projects Subject to Federal Certification

- Need for COGCC role derives from the fact that COGCC is often called by the public when a problem exists or is perceived
- Industry not opposed to defined COGCC role that does not raise jurisdictional issues and that focuses on Series 400 rules
- This topic is better suited for a small task force working on a different time track
  - Industry supports formation of such a task force that includes COGCC and non-industry participants
  - Those desiring to participate are to contact Tricia – Blue Sky has done so already

### Information Gathering Authority and Chemical Inventories

- Why –
  - Provides data that COGCC does not now have and that takes time to acquire when needed
  - Facilitates COGCC responses to complaints and public concern about chemicals used on sites
  - Simply asking that information be maintained and be readily / immediately available on request
- Industry response
  - Redundant -- Tier 3 reporting already occurs; records must be kept for 5 years
  - Words of proposal are too broad, e.g. “all”
  - Chemical identification Ok, but not formulation when proprietary
  - Concept is workable from industry perspective
  - Operators will maintain and keep available lists of what is stored, used and how
  - Scope of information should be clearly defined without use of words like “all”

## Working Draft – January 21, 2008

- Does not address a stated need. Public health impact of chemicals used at O&G operations needs to be subject of studies covered by Health Group
- Non-Industry response
  - Proposal does not go far enough
  - Chemicals used on sites and at operations should be publicly disclosed at all times
  - Form 34 should include disclosure of chemicals expected to be used
- Likely areas of Disagreement
  - Non-Industry wants COGCC to go further and require the following
    - that chemicals expected to be used be disclosed on Form 34
    - public disclosure of all chemicals being used on sites at any time
  - Industry concerned about uninformed public reaction
  - Non-industry concerned about lack of ready access to information relevant to public health issues -- ground water contamination

### Tank Labeling

- Why –
  - Current rule (210.b.) does not provide sufficient information concerning tanks themselves, their age and contents
  - Not always clear who is accountable for a particular tank
  - Issues occur where there is more than one operator or tank is not near a well
- Industry Concerns
  - Signs more appropriate and less permanent – facts about a particular tank change
  - Already subject to Rule 210.b.
  - Retroactivity issue – cost
- Consensus: The need for additional information can probably be effectively and acceptably addressed through amendments to Rule 210.b.

### Well Monitoring During Stimulation – Cement Bond Logs

- Why –
  - Many public complaints
  - COGCC needs to be informed when pressure gets too high
- Industry response
  - Already monitor backside and this info can be provided
  - Rule 317.o. does not require cement bond logs, but this data can be provided
- Non-Industry wants rule to go further and require baseline regional well monitoring – no consensus on this point.

Financial Assurances – Bonding

- Why –
  - Have had financial assurance requirements for many years, but current dollar amounts too low in terms of what State must pay to P&A a well, clean-up site
  - Shallow wells cost at least \$10K, deeper wells \$20K
  - The current rate is 6-7 closures a year @ \$20-30K
  - Often State must dip into State funds
  - Goal: bond amount = closing cost
  - Class II wells need to be covered but aren't currently
  - Gas processing bonding requirements – no problems yet, but if the State had to clean up such a site, the impact would be large
  - Centralized waste management facilities need to be bonded based upon estimated cost of closure instead of flat amount
  - Reclamation bonding rule changes are targeted to those activities that are currently un-bonded
- Non-Industry Response
  - Bonding generally inadequate
  - No indexing for inflation
  - No professional engineering support for bond amounts
  - All bonding should be done on a site by site basis unless a CDP in place in which case blanket bonding would be allowed
- Industry Response
  - State should take advantage of its existing rules that allow for well-by-well increases
  - State has adequate resources already to address financial assurance concerns:
    - Proper enforcement of existing rules -- Responsible Party concept
    - Insurance
    - Bonding
    - ERF -- This is what ER Fund is for and it should be used
  - Small operator problem only – increasing the larger state wide bond would make no sense
  - Bonding not tied to risk analysis or actuarial studies and should be
  - State needs to maintain bad actor data
  - The examples cited reflect enforcement problems not bonding problems
  - There are no oil and gas operation sites that are not subject to bonding requirements