Commission Rules Under Construction: COGCC Mission Change Whitepaper Released

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Many changes are on the horizon, as the Colorado Oil & Gas Conservation Commission's ("COGCC") rules are under construction. On November 1st, the COGCC released its Mission Change Whitepaper ("Whitepaper"). For the full text of the Whitepaper, click <u>here</u>.

The <u>Whitepaper</u> provides a broad overview of certain rule changes contemplated by the passage of Senate Bill 19-181, which among other things changed the mission of the COGCC from "fostering the responsible, balanced development" of oil and gas resources in the State of Colorado, to "regulating" it.

As a reminder, Senate Bill 19-181, now enacted as C.R.S. § 34-60-106(2.5)(a), specifically provides that "the Commission shall regulate oil and gas operations in a reasonable manner to protect and minimize adverse impacts to public health, safety, welfare, the environment, and wildlife resources and shall protect against adverse environmental impacts on any air, water, soil, or biological resource resulting from oil and gas operations."

The <u>Whitepaper</u> is intended to "facilitate meaningful stakeholder conversations and rule language development." Some of the major proposals for future rulemakings as discussed in the <u>Whitepaper</u> are as follows:

- Streamlining: The 300-Series Rules (addressing drilling, development, production and abandonment) should be revised to provide for a single, comprehensive application covering drilling and spacing units, surface location sites, wells, production facilities and flowlines. The decision-making power on applications may switch from the Director to the COGCC as a whole. Notice procedures may also be streamlined to provide more parties with preapplication notice.
- Standing: The 500-Series Rules (addressing practice and procedure) may be expanded to replace current Rule 508 with a simplified rule that provides the opportunity for a hearing to all "affected persons," being those parties having "a personal justiciable interest related to a legal right, duty, privilege, power, or economic interest affected by an application." Current Rule 509 provides relatively few parties with standing to protest applications, whereas modified Rule 509 would outline criteria that the COGCC would consider in determining

whether a party has demonstrated a "justiciable interest" and, therefore, would be deemed an "affected person."

Safety: The 600-Series Rules (addressing safety regulations) may establish a process safety management program applicable to all oil and gas operations under Rule 602. Current Rule 912.a, prohibiting unnecessary or excessive venting or flaring of natural gas, may also be moved to the 600 Series and, rather than maintain the undefined thresholds of "unnecessary" and "excessive," be revised to prohibit venting and flaring from a well for more than 60 days from the date of first production.

The stakeholder meeting to review the Whitepaper originally scheduled for November 7th has been cancelled. Instead, feedback is being sought though individual stakeholder meetings and from comments submitted though the Public Comment Portal, found <u>here</u>.

Big changes are underway in the Colorado regulatory context. Stay tuned for more as these changes develop.

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