

### OIL AND GAS

#### Colo. weighs historic changes to energy rules

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Colorado is rewriting its oil and gas regulations to prioritize communities affected by drilling. An oil well is shown north of Denver. WildEarth Guardians/Flickr

Colorado's regulators are kicking off a week of high-stakes hearings that could change the approach to energy regulation in one of the nation's biggest oil-producing states.

Lawmakers overhauled the Colorado Oil and Gas Conservation Commission (COGCC) in 2019, changing its membership and ordering it to set public health and safety as its main priority.

California began a similar process last year when it reformed and renamed its regulatory agency, now known as the Geologic Energy Management Division.

But California's oil production has been falling since the 1980s. Colorado's oil industry has been growing for the last decade thanks to the fracking boom, and the state ranked fourth among U.S. oil producers in May, according to the Department of Energy.

The hearings from the newly appointed commissioners are intended to rewrite dozens of existing energy regulations to focus on public health — a move that could determine how quickly drilling increases and how it's permitted.

The regulations "propose historic changes that will advance the protection of public health, safety, welfare, wildlife resources and the environment," COGCC Director Julie Murphy said in a statement.

The commission is expected to hear testimony from more than 50 parties. Environmental groups, climate activists and some local governments are pushing the COGCC to crack down on pollution and greenhouse gas emissions from oil production. The oil industry and local governments from Colorado's oil patch want the commission to preserve drilling and the economic benefits it produces.

"It will be a lengthy and complicated couple months," said Scott Prestidge, a spokesman for the Colorado Oil and Gas Association.

The oil industry favors some of the rule changes, such as a proposal that will allow companies to apply for several drilling locations at the same time in a broad area.

Others could slow down development, including proposals to limit noise from drill sites, regulate dust and odors, and widen the setback between new wells and surrounding buildings.

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Environmental groups say some of the rules should be stricter. Recent studies, for instance, have shown that toxic chemicals from well sites can exceed state guidelines as much as 2,000 feet from well sites. That shows that setbacks from buildings should be increased, the nonprofit Conservation Colorado said in its prehearing comments.

"We ask that the COGCC use the best available science to set a setback that will be protective of public health, safety, and welfare for all Colorado residents," the group said.

The catalyst for the proposed change was a 2017 oil field accident that destroyed a home and killed two people in Firestone, Colo., about 35 miles north of Denver. Investigators traced the cause to a severed pipe that was connected to a live gas well ([Energywire](#), May 3, 2017).

The state tightened its pipeline regulations under then-Gov. John Hickenlooper (D), but it didn't mollify environmental groups and some local governments.

When Democrats gained control of both houses of the Legislature in 2018, newly elected Gov. Jared Polis (D) vowed to take further action.

The result was Senate Bill 181, which Polis signed in April 2019 to overhaul the state's energy rules. Erin Martinez, whose husband and brother died in the Firestone explosion, testified in favor of the bill ([Energywire](#), March 6, 2019).

Until its passage, the COGCC operated like most state oil and gas agencies — it was required by law to balance the state's interest in oil development against public safety. That's still the way the system works in Texas, New Mexico and other oil-producing states.

The first hearing is expected to last until Sept. 11, and another hearing is scheduled to start at the end of September.

The new law's long-term impact is still unclear. Oil production has dropped in Colorado — and across the country — because of the coronavirus pandemic.

"It is not clear if the declines in permitting activity are only temporary or if they reflect a new normal after SB 181," the law firm Gibson Dunn said in an August research [note](#).

"Approval rates for drilling and well location permits may increase as the COGCC and local governments finalize their respective regulations and the various permitting moratoria expire," the note said. "On the other hand, if permit approval rates remain low, the industry may have to revisit and reshape its current approach to permitting."

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