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**Statement from Dan Haley, President and CEO,
Colorado Oil and Gas Association
on the Colorado Oil and Gas Conservation Commission's rules from
Governor Hickenlooper's Oil and Gas Task Force:**

January 25, 2016, Denver --- "Today, the Colorado Oil and Gas Conservation Commission (COGCC) approved the final rules regarding the recommendations from the Governor's Oil and Gas Task Force (TF). The task force and rulemaking process demonstrated a commitment to bringing all stakeholders together."

"From the announcement of the Governor's Task Force in September of 2014, through 9 months of Task Force meetings, 4 days of COGCC hearings, and two workgroup meetings with the Department of Natural Resources, various Local Governments and citizens groups, to discuss the intent and implementation of Recommendation Nos. 17 and 20, industry has been an active participant in the process."

"COGA has consistently engaged local governments to help create operating agreements that respect the rule of law and meet the needs of local communities. And we will continue to do the difficult and important work of finding reasonable and workable solutions with our friends and neighbors throughout the state so we can responsibly develop our natural resources"

"Despite industry's significant and meaningful involvement, and submission of reasonable solutions to recognized problems with the draft Rules, certain portions of the COGCC Rule remain problematic, unsupported by reasonable or technical basis, and unclear as to the intent and purpose."

"We maintain that the COGA/CPA Alternative Draft Rule provided reasonable solutions to many of the concerns and problems with the COGCC Draft Rule as voiced by many stakeholders, and also includes language to protect the intent and integrity of the Task Force Recommendations."

"However, despite our disappointment that these rules exceed the Governor's Task Force recommendations, we are committed to working with our operators, our communities, and the state to successfully and effectively implement these rules."

Background

The final rule has five major areas of concern as amended:--:

1. Definition of Large Urban Mitigation Area Facility (LUMA):
 - The term “Oil and Gas Location” should not be utilized in the definition as the term “Oil and Gas Location” includes the term “Oil and Gas Facility” which references gathering, treatment and processing of hydrocarbons, none of which are intended to be covered by Recommendation #17 nor this Rulemaking.
 - Second, the rule was amended to a limited amount of produced hydrocarbon storage on a LUMA Facility, from 2,000 to 4,000 barrels and is still a low metric when horizontal laterals are being utilized in order to truly minimize surface disturbance in many areas. COGA/CPA continue to support the position that this Commission should allow an Operator an incentive for the utilization of one of the strongest mitigation measures available - pipeline transportation and/or takeaway capacity – which unfortunately was not included into the rule.
2. Existing Surface Use Agreements (SUAs):
 - The rule didn’t include, as requested, that all existing SUA’s that contemplate a specific location within a UMA be grandfathered in. This exception is critical to ensuring that the state cannot interfere with private contractual rights.
3. Proximate Local Governments/Growth Management Areas - Rule 302.c:
 - The rule incorporates and we did not support the changes in Rule 302.c.(2) relating to the extension to “jurisdiction’s growth management area” or “counties.” Fortunately the “jurisdiction’s growth management area” was removed but registering with “counties” remained. The intent and purpose of Recommendation #20 was solely for municipalities, and not Counties or a “jurisdiction’s growth management area.” Proximate Local Governments was specifically discussed and rejected during Task Force deliberations. We believe that the Recommendation #20 process be adhered to and confined to municipalities until its utility can be assessed.
4. Timing of Hearings:
 - The rule proposes 90 days (with local government agreement) and 150 days (with no agreement). While the amended rule is now 90 days with an agreement or other allowed exceptions and 120 days without an agreement, the COGA/CPA alternative rule requested that the current rule of 75 days for review of the APD/Form 2A hearings to remain from the date the completeness check is done. This is completely unnecessary for the COGCC to take this much time to review.
5. Pre-application Notice to proximate local governments for large UMA facilities:
 - The commission adopted new language for a 45 day pre-application notice to proximate local governments while the pre-application notice to the local government with land use authority remained at 30 days. While COGA/CPA has not allowed to voice its opposition to this change, we are concerned about the unintended consequences of putting the proximate local government needs before the local government of jurisdiction.

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