

Clean-up Rulemaking

1407-RM-01

July 28, 2014 Commission Hearing



COLORADO
Oil & Gas Conservation
Commission

Department of Natural Resources

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Executive Order D 2012-002

- Directs Colorado agencies to undertake Regulatory Efficiency Reviews
- Factors:
 - Necessary and does not duplicate other rules
 - Written in plain language and easy to understand
 - Reduces regulatory burdens while maintaining the benefits
 - Implemented in an efficient and effective manner

Clean-up Rulemaking Purposes

- Fulfill the objectives of the Executive Order
- Correct typographical errors and outdated references
- Ensure consistency
- Conform Commission Rules with COGCC practices and policies
- Revise language to make the Rules more accurate and easier to understand

Timeline

- May 21, 2014
COGCC staff solicited input from stakeholders
- June 12, 2014
Notice of Rulemaking Hearing
- June 25, 2014
Stakeholder meeting and COGCC response document
- July 16, 2014
Stakeholder meeting on revised proposed rules
- July 28, 2014
Commission hearing on the proposed rules, staff and stakeholder presentations

Stakeholder Participation

- 16 comments were received after reaching out to stakeholders in May
- 18 rules were discussed at the June 25 stakeholder meeting
- Received formal statements from COGA, CDPHE, and four other operators
- In total, received 85 comments and incorporated 43

New and Amended Rules

- 100-Series Rules
- 201A, 205A, 206, 207
- 303, 305, 308A, 308B, 309, 311, 316A, 316B, 316C, 317, 318A, 319, 321, 325, 327, 338, 339
- 503, 506, 507, 509, 511, 518, 520, 522, 527, 529
- 602, 603, 605, 606B, 608
- This list does not include numerous, minor changes to the Rules, which are included in the attached redline of the proposed Rules.

General Changes

- Changed “Colorado Division of Wildlife” to “Colorado Parks and Wildlife”
- Updated Form names and removed references to Forms that are no longer used
- Corrected cross-references to other Rules and statutes
- Incorporated the “Rule of Seven” for the 500-Series Rules
- Codified two COGCC Policies:
 - February 1, 2014, “Buffer Zone Move-In, Rig-up Notice Policy”
 - April 18, 2013, “Interim Policy for Number of Copies Required with Applications”

Select Proposed Changes

100-Series Rules

200-Series Rules

300-Series Rules

500-Series Rules

600-Series Rules

Please see the Draft Statement of Basis and Purpose for more detail and the July 23, 2014 Redline for all changes

100-Series Definitions

- “Designated Setback Location”
 - Clarifies distance measurements:
 - ◆ “Shortest distance” between any Well or Production Facility to the nearest Building Unit, High Occupancy Building, or Designated Outside Activity Area
 - ◆ “Nearest” Building Unit, High Occupancy Building, or Designated Outside Activity Area as measured to its “nearest edge, corner, or boundary”
- “Production Facilities”
 - Changed to “Production Facility”
 - “any” piece of equipment instead of “all” equipment

200-Series Rules

- Rule 206.b.
 - Deletes the “Compliance Checklist”
 - Burdensome without added benefit
- Rule 207.b.
 - Clarifies that access to all associated valves for bradenhead testing should be readily available
 - ◆ Liability concern - Operator staff must open/remove valves for COGCC staff inspection
 - ◆ Bradenhead valves need to be exposed on new wells, and once older well valves have been dug up for tests, they must remain exposed
 - Previously addressed through Orders and Notices to Operators

Select Proposed Changes for the

300-Series Rules

Rule 303 - Form 2 and 2A Requirements

- Makes the information requirements for Form 2 and Form 2A more understandable
- Clarifies 303.b.(3) to better reflect the Commission's intent and practices regarding the measurement of distances for the Setback Rules
- Codifies the requirement to attach a deviated drilling plan to Form 2

Rule 305.h. - Move-In, Rig-Up Notice

- Codifies the February 1, 2014 Buffer Zone Move-In, Rig-Up (MIRU) Notice Policy
- Requires operators to provide notice to all Building Unit owners within the Buffer Zone
- One notice is sufficient for multiple wells drilled at the same Oil and Gas Location, unless it has been more than one year since:
 - The previous notice, or
 - Drilling activity last occurred.

Rule 308A - Form 5

- Increases the filing deadline for a Preliminary Form 5 from 30 days to 90 days
- Increases the filing requirement for a Final Form 5 from 30 days to 60 days after rig release
- Codifies the preference for digital image log files and data log file in accordance with Log Submittal Policy and the requirement for contractor cement job summary casing strings without bond log as currently required on Form 5
- Clarifies that a core analysis is due with the Form 5 submission only if available at the time and may be submitted as soon as it becomes available on a Form 4

Rule 311 - Form 6

- Clarifies what is required for a Well Abandonment Report, including as-built GPS data in accordance with the 2005 “As-Built Location Policy”
- These requirements were previously added as conditions of approval
- As-drilled data already required on the Form 5 is not required on the Form 6

Rule 326 - Mechanical Integrity Test

- Adds a separate subsection (c) for temporarily abandoned wells
- Changes the term “packer” to “mechanical isolation device”
- Clarifies that 326.e. (formerly 326.d.) applies the 6 month extension in the event of an unsuccessful MIT only if the MIT was performed within the time frames allowed by the Rule (2 years for shut-in wells, 30 days for temporarily abandoned wells)
- Adds 326.f. to incorporate the current Form 21 and the September 9, 2013 “Practices and Procedures - Mechanical Integrity Tests” Policy

Rule 327 - Well Control

- Defines a “significant controlled event”
- Clarifies that these events must be reported to the Commission on a Form 23
- Intended to gather data on high pressure areas throughout the state, which will be posted in the COGCC well files on the Form 23's
- Codifies the policy and accepted practice that exists in the Piceance since 1997 and has since expanded statewide

Selected Proposed Changes for the
500-Series Rules

Rules 503 and 509

- Codifies the April 18, 2013 “Interim Policy for Number of Copies Required with Applications”
- The policy only applied to applications in Rule 503, but it has also been codified in Rule 509 and applies to pleadings filed pursuant to protests and interventions

Rule 506 - Hearing Continuance

- Increases Commission flexibility to grant continuances for both contested and uncontested matters
- Maintains the automatic one continuance for unprotested matters upon the applicant's request

Rule 507 - Notice for Hearing

- Requires the applicant to:
 - Assume the cost of mailing notices, even if the notice is less than 100
 - Give notice to any person who has filed a request to be placed on the Commission hearing list
- Conforms with current Commission practice, which is a result of an agreement with industry to accept this responsibility

Rule 511 - Uncontested Applications

- Revises the deadline for uncontested application materials in accordance with the “Rule of Seven”
- Increases the deadline for application materials from 10 days to 21 days
- Designed to give COGCC staff adequate time to fully evaluate these materials to reflect the dramatic increase in applications in recent years

Select Proposed Changes for the

600-Series Rules

Rule 602 - General Safety

- Notification requirement applies to both accidents and natural events
- Clarifies the Rule to apply to accidents/events that result in either:
 - injury to the public that requires medical treatment, or
 - significant damage to equipment
- Adds the requirement for operators to notify the Director within 24 hours

Rule 605 - Oil and Gas Facilities

- Changes the term “building unit” to “building”
- The Rule was intended to apply safety setbacks from tanks and fired vessels from all buildings
- Removes the reference to “residences” which is no longer used in the Rules

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