

RULES AND REGULATIONS

DEFINITIONS (100 Series)

ACT shall mean the Oil and Gas Conservation Act of the State of Colorado.

AFFECTED PERSON means any person who satisfies the requirements of Rule 507.a.

ANNULAR OVER-PRESSURIZATION means a wellbore condition that occurs when fluids in the annulus between the surface casing and the intermediate or production casings are pressurized to a degree that may cause migration of confined fluids or gases out of the annular space.

ANNULUS means the space between the borehole and a casing string or between two casing strings in a well.

APPLICANT shall mean the person who institutes a proceeding before the Commission which it has standing to institute under these rules.

AQUIFER shall mean a geologic formation, group of formations or part of a formation that can both store and transmit ground water. It includes both the saturated and unsaturated zone but does not include the confining layer which separates two (2) adjacent aquifers.

AUTHORIZED DEPUTY shall mean a representative of the Director as authorized by the Commission.

AVAILABLE WATER SOURCE shall mean a water source for which the water well owner, owner of a spring, or a land owner, as applicable, has given consent for sampling and testing and has consented to having the sample data obtained made available to the public, including without limitation, being posted on the COGCC website.

AVOID ADVERSE IMPACTS means to differentially select alternative locations, practices, or methods for Oil and Gas Operations based on site-specific circumstances, so that those operations will not cause quantifiable direct, indirect, or cumulative adverse impacts to the potentially affected resource(s). Avoidance may include a no action alternative.

BARREL shall mean 42 (U.S.) gallons at 60° F. at atmospheric pressure.

BASE FLUID shall mean the continuous phase fluid type, such as water, used in a hydraulic fracturing treatment.

BATTERY shall mean the point of collection (tanks) and disbursement (tank, meter, LACT unit) of oil or gas from producing well(s).

BEST MANAGEMENT PRACTICES (BMPs) are practices that are designed to prevent or reduce impacts caused by oil and gas operations to air, water, soil, or biological resources, and to minimize adverse impacts to public health, safety and welfare, including the environment and wildlife resources.

BRADENHEAD shall mean the annular space between the surface casing and the next smaller diameter casing string that extends up to the wellhead.

BRADENHEAD TEST AREA shall mean any area designated as a bradenhead test area by the Commission under Rule 207.b.

BREAKOUT TANK means a tank used to either relieve surges in a liquid hydrocarbon pipeline system or receive and store liquid hydrocarbons transported by a pipeline for reinjection or continued transportation by pipeline.

BUILDING UNIT shall mean a Residential Building Unit; and every five thousand (5,000) square feet of building floor area in commercial facilities or every fifteen thousand (15,000) square feet of building floor area in warehouses that are operating and normally occupied during working hours.

CASH BOND means United States currency provided to the Commission as Financial Assurance, including certificates of deposit and money market accounts. A Cash Bond may be expended by the Commission if an Operator fails to perform its Plugging and Abandonment, Reclamation, or Remediation obligations. The Operator providing a Cash Bond has no contract or property interest in the Cash Bond other than a contingent reversionary interest in the surplus, if any, which arises after the Director has determined that the Operator has complied with all Plugging and Abandonment, Reclamation, and Remediation obligations pursuant to Rule 706.a, or after a Buying Operator has filed a satisfactory replacement Financial Assurance pursuant to Rule 218.g.(4). A Cash Bond is not intended as cash collateral as defined in 11 U.S.C. § 363(a).

CDPHE means the Colorado Department of Public Health and Environment.

CEASE AND DESIST ORDER shall mean an order issued by the Commission or the Director pursuant to C.R.S. §34-60-121(5).

CEMENT shall be measured in 94-pound sacks.

CENTRALIZED E&P WASTE MANAGEMENT FACILITY means a facility, other than a commercial disposal facility regulated by CDPHE, that (1) is either used exclusively by one owner or Operator or used by more than one Operator under an operating agreement; and (2) is operated for a period greater than three years; and (3) receives for collection, treatment, temporary storage, and/or disposal produced water, drilling fluids, completion fluids, and any other exempt E&P Wastes that are generated from two or more production units or areas or from a set of commonly owned or operated leases. This definition includes oil-field naturally occurring radioactive materials (“NORM”) related storage, decontamination, treatment, or disposal. This definition excludes a Multi-Well Pit that meets the standards of Rules 909.g.(2)–(3).

CHEMICAL ABSTRACTS SERVICE shall mean the division of the American Chemical Society that is the globally recognized authority for information on chemical substances.

CHEMICAL ABSTRACTS SERVICE NUMBER OR CAS NUMBER shall mean the unique identification number assigned to a chemical by the chemical abstracts service.

CHEMICAL(S) shall mean any element, chemical compound, or mixture of elements or compounds that has its own specific name or identity such as a chemical abstract service number, whether or not such chemical is subject to the requirements of 29 Code of Federal Regulations §1910.1200(g)(2) (2011).

CHEMICAL DISCLOSURE REGISTRY shall mean the chemical registry website known as fracfocus.org developed by the Ground Water Protection Council and the Interstate Oil and Gas Compact Commission. If such website becomes permanently inoperable, then chemical disclosure registry shall mean another publicly accessible information website that is designated by the Commission.

CHEMICAL FAMILY shall mean a group of chemicals that share similar chemical properties and have a common general name.

CHEMICAL INVENTORY means a list of the Chemical Products (including safety data sheets) brought to a Well Site for use downhole during drilling, completion, and workover operations, including fracture stimulations, and the maximum capacity of fuel stored on the Oil and Gas Location during those operations. The Chemical Inventory will include how much of the Chemical Product was used, how it was used, and when it was used.

CHEMICAL PRODUCT shall mean any substance consisting of one or more constituent chemicals that is marketed or sold as a commodity. Chemical Products shall not include substances that are known to be entirely benign, innocuous, or otherwise harmless, such as sand, walnut shells, and similar natural substances.

CHILD CARE CENTER means a child care center as defined in § 26-6-102(5), C.R.S., that is in operation at the time of the pre-application notice pursuant to Rule 305.a.(4). A child care center will include any associated outdoor play areas adjacent to or directly accessible from the center and is fenced or has natural barriers, such as hedges or stationary walls, at least four (4) feet high demarcating its boundary.

CLASSIFIED WATER SUPPLY SEGMENT means surface waters classified as being suitable or intended to become suitable for potable water supplies by the Colorado Water Quality Control Commission, pursuant to the Regulation Number 31, Basic Standards and Methodologies for Surface Water Regulations, 5 C.C.R. § 1002-31 (“WQCC Regulation 31”), except for ephemeral streams. Specific determinations of segments classified for the water supply use are documented in the WQCC’s basin regulations, 5 C.C.R. §§ 1002-32–38. Only the versions of WQCC Regulations 31–38 that are in effect as of January 15, 2021 apply; later versions do not apply. WQCC Regulations 31–38 are available for public inspection during normal business hours from the Public Room Administrator at the office of the Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado 80203. In addition, WQCC Regulations 31–38 may be examined at the Colorado Department of Public Health and Environment, 4300 Cherry Creek Drive South, Denver, CO 80246, and are available at <https://www.colorado.gov/pacific/cdphe/water-quality-control-commission-regulations>.

CLASS II UIC WELL means Wells which inject Fluids:

- a. Which are brought to the surface in connection with natural gas storage operations, or conventional oil or natural gas production and may be commingled with waste waters from gas plants which are an integral part of production operations, unless those waters are classified as a hazardous waste at the time of injection; and
- b. For enhanced recovery of oil or natural gas.

COMMENCEMENT OF PRODUCTION OPERATIONS means the date that product consistently flows to a sales line, Gathering Line, or Tank from a Well.

COMMERCIAL DISPOSAL WELL means a Class II UIC Well that receives Class II Exploration and Production Waste from multiple non-owner Operators.

COMMISSION mean the Oil and Gas Conservation Commission of the State of Colorado.

COMPENSATORY MITIGATION PLAN means a plan submitted pursuant to Rule 1203.b to offset the direct and Unavoidable Adverse indirect Impacts to Wildlife Resources from Oil and Gas Operations. A Compensatory Mitigation Plan may be one component of a Wildlife Mitigation Plan submitted pursuant to Rules 304.c.(17) & 1201.b.

COMPLETED WELL means a Well in which oil or gas is produced through wellhead equipment from the producing interval(s) after the production string has been installed.

COMPLETION An oil well shall be considered completed when the first new oil is produced through wellhead equipment into lease tanks from the ultimate producing interval after the production string has been run. A gas well shall be considered completed when the well is capable of producing gas through wellhead equipment from the ultimate producing zone after the production string has been run. A dry hole shall be considered completed when all provisions of plugging are complied with as set out in these rules. Any well not previously defined as an oil or gas well, shall be considered completed ninety (90) days after reaching total depth. If approved by the Director, a well that requires extensive testing shall be considered completed when the drilling rig is released or six months after reaching total depth, whichever is later.

COMPREHENSIVE AREA PLAN means a plan created by one or more Operator(s) covering future Oil and Gas Operations and addressing cumulative impacts in a defined geographic area.

COMPREHENSIVE DRILLING PLAN shall mean a plan created by one or more operator(s) covering future oil and gas operations in a defined geographic area within a geologic basin. The Plan may (a) identify natural features of the geographic area, including vegetation, wildlife resources, and other attributes of the physical environment; (b) describe the operator's future oil and gas operations in the area; (c) identify potential impacts from such operations; (d) develop agreed-upon measures to avoid, minimize, and mitigate the identified potential impacts; and (e) include other relevant information.

CONFINING LAYER means that portion of a separate stratigraphic layer that acts as an effective impermeable barrier to the vertical migration of gases or other fluids into any separate strata or zones that contain groundwater.

CONTAINER shall mean any portable device in which a hazardous material is stored, transported, treated, disposed of, or otherwise handled. Examples include, but are not limited to, drums, barrels, totes, carboys, and bottles.

CORNERING AND CONTIGUOUS UNITS when used in reference to an exception location shall mean those lands which make up the unit(s) immediately adjacent to and toward which a well is encroaching upon established setbacks.

CPW means the Colorado Division of Parks and Wildlife.

CROP LAND shall mean lands which are cultivated, mechanically or manually harvested, or irrigated for vegetative agricultural production.

CRUDE OIL TRANSFER LINE means a piping system that is not regulated or subject to regulation by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to 49 C.F.R. § 195 Subpart A, and that transfers crude oil, crude oil emulsion or condensate from more than one well site or production facility to a production facility with permanent storage capacity greater than 25,000 barrels of crude oil or condensate or a PHMSA gathering system. 49 C.F.R. § 195 Subpart A, in existence as of the date of this regulation and not including later amendments, is available for public inspection during normal business hours from the Public Room Administrator at the office of the Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado 80203. Additionally, 49 C.F.R. § 195 Subpart A may be found at <https://www.phmsa.dot.gov>.

CUBIC FOOT of gas shall mean the volume of gas contained in one cubic foot of space at a standard pressure base and a standard temperature base. The standard pressure base shall be 14.73 psia, and the standard temperature base shall be 60° Fahrenheit.

CUTTINGS TRENCH means a depression used specifically for the onsite storage and disposal of dried cuttings generated from drilling a Well.

D–J BASIN FOX HILLS PROTECTION AREA shall mean that area of the State consisting of Townships 5 South through Townships 5 North, Ranges 58 West through 70 West, and Township 6 South, Ranges 65 West through 70 West.

DESIGNATED AGENT, when used herein shall mean the designated representative of any producer, operator, transporter, refiner, gasoline or other extraction plant operator, or initial purchaser.

DESIGNATED SETBACK LOCATION shall mean any Oil and Gas Location upon which any Well or Production Facility is or will be situated within, a Buffer Zone Setback (1,000 feet), or an Exception Zone Setback (500 feet), or within one thousand (1,000) feet of a High Occupancy Building Unit or a Designated Outside Activity Area, as referenced in Rule 604. The measurement for determining any Designated Setback Location shall be the shortest distance between any existing or proposed Well or Production

Facility on the Oil and Gas Location and the nearest edge or corner of any Building Unit, nearest edge or corner of any High Occupancy Building Unit, or nearest boundary of any Designated Outside Activity Area.

DESIGNATED OUTSIDE ACTIVITY AREA: Upon Application and Hearing, the Commission, in its discretion, may establish a Designated Outside Activity Area (DOAA) for:

- (i) an outdoor venue or recreation area, such as a playground, permanent sports field, amphitheater, or other similar place of public assembly owned or operated by a local government, which the local government seeks to have established as a Designated Outside Activity Area; or
- (ii) an outdoor venue or recreation area, such as a playground, permanent sports field, amphitheater, or other similar place of public assembly where ingress to, or egress from the venue could be impeded in the event of an emergency condition at an Oil and Gas Location less than three hundred and fifty (350) feet from the venue due to the configuration of the venue and the number of persons known or expected to simultaneously occupy the venue on a regular basis.

The Commission shall determine whether to establish a Designated Outside Activity Area and, if so, the appropriate boundaries for the DOAA based on the totality of circumstances and consistent with the purposes of the Oil and Gas Conservation Act.

DIRECTOR shall mean the Director of the Oil and Gas Conservation Commission of the State of Colorado or any member of the Director's staff authorized to represent the Director.

DIRECTOR'S RECOMMENDATION means the Director's written recommendation to the Commission about whether to approve or deny an Oil and Gas Development Plan pursuant to Rule 306, or whether to approve or deny a Comprehensive Area Plan pursuant to Rule 314.g.

DISPROPORTIONATELY IMPACTED COMMUNITY means communities of color, low-income, or indigenous populations in the state that potentially experience disproportionate environmental or socioeconomic impacts and risks, as described in § 25-7-105(1)(e)(III), C.R.S. For purposes of the Commission's Rules, Disproportionately Impacted Communities are identified as:

- a. A U.S. Census block group in which more than 50% of the population meets the definition of a "minority population" pursuant to the U.S. Environmental Protection Agency's ("EPA") Technical Guidance for Assessing Environmental Justice in Regulatory Analysis (June 2016). Only the June 2016 edition of EPA's Technical Guidance for Assessing Environmental Justice in Regulatory Analysis applies to this definition; later amendments do not apply. All materials incorporated by reference in this definition are available for public inspection during normal business hours from the Public Room Administrator at the office of the Commission, 1120 Lincoln Street, Suite 801, Denver, CO 80203. In addition, these materials may be examined at the U.S. Environmental Protection Agency, Region 8, 1595 Wynkoop Street, Denver, CO 80202, and are available online at https://www.epa.gov/sites/production/files/2016-06/documents/ejtg_5_6_16_v5.1.pdf.
- b. A U.S. Census block group in which the percentage of the population that meets the definition of a "minority population" pursuant to the EPA's Technical Guidance for Assessing Environmental Justice in Regulatory Analysis, as incorporated by reference in subpart a, exceeds the percentage of the minority population of the county.
- c. A U.S. Census block group in which the median household income as identified by the U.S. Census Bureau's American Community Survey ("ACS") is less than or equal to 200% of the federal poverty guideline for a household of three pursuant to the U.S. Department of Health and Human Services ("DHHS") Poverty Guidelines. Only the 2015–2019 version of the ACS data applies to this definition; later amendments do not apply. Only the 2020 DHHS Poverty Guidelines apply to this definition; later amendments do not apply. The U.S. Census Bureau's 2015–2019 ACS data and the DHHS 2020 Poverty Guidelines are available for public inspection during normal business hours from the Public Room Administrator at the office of the Commission, 1120 Lincoln Street, Suite 801, Denver, CO 80203. In addition, the 2015–2019 version of the ACS data may be

examined at the U.S. Census Bureau's Headquarters at 4600 Silver Hill Road, Washington, DC 20233, and may be accessed online at www.census.gov/data/developers/data-sets/acs-5year.html. The 2020 DHHS Poverty Guidelines may be examined at the Hubert H. Humphrey Building, 200 Independence Avenue, S.W., Washington, DC 20201, and may be accessed online at <https://aspe.hhs.gov/poverty-guidelines>.

- d. A U.S. Census block group in which 20% or more of the population is classified as linguistically isolated pursuant to the U.S. Census Bureau's ACS, as incorporated by reference in subpart c.

DOMESTIC GAS WELL shall mean a gas well that produces solely for the use of the surface owner. The gas produced cannot be sold, traded or bartered.

DOMESTIC TAP means an individual gas service line directly connected to a flowline.

DRILLING AND SPACING UNIT means, consistent with § 34-60-116, C.R.S., lands allocated by the Commission to a single Well or multiple Wells for mineral development under a spacing order.

WELLBORE SPACING UNIT means a Drilling and Spacing Unit for a single Well where the unit overlaps at least one existing Drilling and Spacing Unit or Wellbore Spacing Unit.

DRILLING PITS shall mean those pits used during drilling operations and initial completion of a well, and include:

ANCILLARY PITS used to contain fluids during drilling operations and initial completion procedures, such as circulation pits and water storage pits.

COMPLETION PITS used to contain fluids and solids produced during initial completion procedures, and not originally constructed for use in drilling operations.

FLOWBACK PITS used to contain fluids and solids produced during initial completion procedures.

RESERVE PITS used to store drilling fluids for use in drilling operations or to contain E&P waste generated during drilling operations and initial completion procedures.

EMERGENCY ORDER shall mean an order issued by the Commission pursuant to C.R.S. §34-60-108(3).

EMERGENCY SITUATION for purposes of C.R.S. §34-60-121(5) and the rules promulgated thereunder shall mean a fact situation which presents an immediate danger to public health, safety or welfare.

ENTERPRISE BOARD means the board of the orphaned wells mitigation enterprise created by §34-60-133(3), C.R.S.

EPA means the U.S. Environmental Protection Agency.

EXPLORATION AND PRODUCTION WASTE (E&P WASTE) shall mean those wastes associated with operations to locate or remove oil or gas from the ground or to remove impurities from such substances and which are uniquely associated with and intrinsic to oil and gas exploration, development, or production operations that are exempt from regulation under Subtitle C of the Resource Conservation and Recovery Act (RCRA), 42 USC Sections 6921, et seq. For natural gas, primary field operations include those production-related activities at or near the wellhead and at the gas plant (regardless of whether or not the gas plant is at or near the wellhead), but prior to transport of the natural gas from the gas plant to market. In addition, uniquely associated wastes derived from the production stream along the gas plant feeder pipelines are considered E&P wastes, even if a change of custody in the natural gas has occurred between the wellhead and the gas plant. In addition, wastes uniquely associated with the operations to recover natural gas from underground storage fields are considered to be E&P waste.

FIELD shall mean the general area which is underlaid or appears to be underlaid by at least one pool; and “field” shall include the underground reservoir or reservoirs containing oil or gas or both. The words “field” and “pool” mean the same thing when only one underground reservoir is involved; however, “field”, unlike “pool”, may relate to two or more pools.

FINANCIAL ASSURANCE means a Surety Bond, Cash Bond, Letter of Credit, sinking fund, Third-Party Trust Fund, escrow account, lien on property, security interest, or other instrument or method accepted by the Commission to ensure an Operator is able to perform its obligations under the Act and the Commission’s Rules pursuant to Rule 701

FIRST AID TREATMENT shall mean using a non-prescription medication at non-prescription strength; administering tetanus immunizations; cleaning, flushing, or soaking wounds on the surface of the skin; using wound coverings such as bandages, gauze pads, or butterfly bandages; using hot or cold therapy; using any non-rigid means of support such as elastic bandages; using temporary immobilization devices when transporting an accident victim; drilling of a fingernail or toenail to relieve pressure or draining fluid from a blister; using eye patches; removing foreign bodies from the eye using only irrigation or a cotton swab; removing splinters or foreign material from areas other than the eye by irrigation, tweezers, cotton swabs, or other simple means; using finger guards; using massages; or drinking fluids for the relief of heat stress.

FLARING means the combustion of natural gas during upstream Oil and Gas Operations, excluding gas that is intentionally used for onsite processes.

FLOODPLAIN shall mean any area of land officially declared to be in a 100 year floodplain by any Colorado Municipality, Colorado County, State Agency, or Federal Agency.

FLOWBACK means the process of allowing Fluids and entrained solids to flow from a Well following Stimulation, either in preparation for a subsequent phase of treatment or in preparation for cleanup and placing the Well into production. The term Flowback also means the Fluids and entrained solids that emerge from a Well during the Flowback process.

FLOWLINE means a segment of pipe transferring oil, gas, or condensate between a wellhead and processing equipment to the load point or point of delivery to a U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration or Colorado Public Utilities Commission regulated gathering line or a segment of pipe transferring produced water between a wellhead and the point of disposal, discharge, or loading. This definition of flowline does not include a gathering line. The different types of flowlines are:

Wellhead Line means a flowline that transfers well production fluids from an oil or gas well to process equipment (e.g., separator, production separator, tank, heater treater), not including pre-conditioning equipment such as sand traps and line heaters, which do not materially reduce line pressure.

Production Piping means a segment of pipe that transfers well production fluids from a wellhead line or production equipment to a gathering line or storage vessel and includes the following:

Production Line means a flowline connecting a separator to a meter, LACT, or gathering line;

Dump Line means a flowline that transfers produced water, crude oil, or condensate to a storage tank, pit, or process vessel and operates at or near atmospheric pressure at the flowline’s outlet;

Manifold Piping means a flowline that transfers fluids into a piece of production facility equipment from lines that have been joined together to comingle fluids; and

Process Piping means all other piping that is integral to oil and gas exploration and production related to an individual piece or a set of production facility equipment pieces.

Off-Location Flowline means a flowline transferring produced fluids (crude oil, natural gas, condensate, or produced water) from an oil and gas location to a production facility, injection facility, pit, or discharge point that is not on the same oil and gas location. This definition also includes flowlines connecting to gas compressors or gas plants.

Peripheral Piping means a flowline that transfers fluids such as fuel gas, lift gas, instrument gas, or power fluids between oil and gas facilities for lease use.

Produced Water Flowline means a flowline on the oil and gas location used to transfer produced water for treatment, storage, discharge, injection or reuse for oil and gas operations. A segment of pipe transferring only freshwater is not a flowline.

Flowline Exclusion. A line that would otherwise meet any of the foregoing descriptions will not be considered a flowline if all of the following are satisfied:

- the operator prospectively marks and tags the line as a support line;
- the line is not integral to production;
- the line is used infrequently to service or maintain production equipment;
- the line does not hold a constant pressure; and
- the line is isolated from a pressure source when not in use.

FLOWLINE SYSTEM means a network of off-location flowlines.

FLUID means any material or substance which flows or moves whether in a semisolid, liquid, or gas form or state.

FORMAL CONSULTATION PROCESS means a process for soliciting and receiving meaningful input from the consulting party or parties, with opportunity for in-person meetings to allow for back-and-forth discussion, and a good faith effort to incorporate feedback from the consulting party or parties.

FUTURE SCHOOL FACILITY means a school facility that is not yet built, but that the school or school governing body plans to build and use for students and staff within three years of the date the school or school governing body receives a pre-application notice pursuant to Rule 305.a.(4). In order to be considered a future school facility, the following requirements must be satisfied:

- For public, non-charter schools, the school governing body must affirm the nature, timing, and location of the future school facility in writing; or
- For charter schools, the school must have been approved by the appropriate school district or the State Charter School Institute, § 22-30.5-505, C.R.S., at the time it receives a pre-application notice pursuant to Rule 305.a.(4), and the school governing body must affirm the nature, timing, and location of the future school facility in writing; or
- For private schools, the school governing body must be registered with the Office of the Colorado Secretary of State at the time it receives a pre-application notice pursuant to Rule 305.a.(4), and must provide documentation proving its registration with the Office of the Colorado Secretary of State, its tax exempt status, and its submitted plans to the relevant local government building and planning office.

GAS FACILITY shall mean those facilities that process or compress natural gas after production-related activities which are conducted at or near the wellhead and prior to a point where the gas is transferred to a carrier for transport.

GAS STORAGE WELL means any well drilled for the injection, withdrawal, production, observation, or monitoring of natural gas stored in underground formations. The fact that any such well is used incidentally for the production of native gas or the enhanced recovery of native hydrocarbons shall not affect its status as a gas storage well.

GAS WELL shall mean a well, the principal production of which at the mouth of the well is gas, as defined by the Act.

GATHERING LINE means a gathering pipeline or system as defined by the Colorado Public Utilities Commission, Regulation No. 4, 4 C.C.R. 723-4901, Part 4, (4 C.C.R. 723-4901) or a pipeline regulated by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration pursuant to 49 C.F.R. §§ 195.2 or 192.8. 49 C.F.R. §§ 195.2 or 192.8 and 4 C.C.R. 723-4901 in existence as of the date of this regulation and does not include later amendments. 49 C.F.R. §§ 195.2 or 192.8 and 4 C.C.R. 723-4901 are available for public inspection during normal business hours from the Public Room Administrator at the office of the Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado 80203. Additionally, 49 C.F.R. §§ 195.2 or 192.8 may be found at <https://www.phmsa.dot.gov>, and 4 C.C.R. 723-4901 may be found at <https://www.sos.state.co.us>.

GEOLOGIC HAZARD is defined in § 24-65.1-103(8), C.R.S.

GOVERNMENTAL AGENCY means any federal, state, tribal, or local governmental entity.

GRADE 1 GAS LEAK means a gas leak that ignites or represents an existing or probable hazard to persons or property and requires immediate repair or continuous action until the conditions are no longer hazardous.

GREEN COMPLETION PRACTICES shall mean those practices intended to reduce emissions of salable gas and condensate vapors during cleanout and flowback operations prior to the well being placed on production.

GROUNDWATER means subsurface waters in a zone of saturation which are or can be brought to the surface of the ground or to surface waters through wells, springs, seeps or other discharge areas.

HEALTH PROFESSIONAL shall mean a physician, physician assistant, nurse practitioner, registered nurse, or emergency medical technician licensed by the State of Colorado.

HIGH OCCUPANCY BUILDING UNIT means:

- a. Any School, nursing facility as defined in § 25.5-4-103(14), C.R.S., hospital, life care institution as defined in § 12-13-101, C.R.S., or correctional facility as defined in § 17-1-102(1.7), C.R.S., provided the facility or institution regularly serves 50 or more persons;
- b. An operating Child Care Center as defined in § 26-6-102(5), C.R.S.; or
- c. A multifamily dwelling unit with four or more units.

HIGH PRIORITY HABITAT means habitat areas identified by Colorado Parks and Wildlife where measures to Avoid, Minimize, and Mitigate Adverse Impacts to wildlife have been identified to protect breeding, nesting, foraging, migrating, or other uses by wildlife. Maps showing, and spatial data identifying, the individual and combined extents of the High Priority Habitats will be provided by CPW and attached to this Rule as Appendix VII. The Commission will provide the maps on its website. The extent of these High Priority Habitat areas is subject to update on a periodic but no more frequent than annual basis and will be

modified only through the Commission's rulemaking process described in Rule 529. Notice of such rulemaking proceeding will be provided by February 28 of each year.

HORIZONTAL WELL shall mean a well which is drilled in such a way that the wellbore deviates laterally to an approximate horizontal orientation within the target formation with the length of the horizontal component of the wellbore extending at least one hundred feet (100') in the target formation, measured from the initial point of penetration into the target formation through the terminus of the horizontal component of the wellbore in the same common source of hydrocarbon supply.

HYDRAULIC FRACTURING ADDITIVE shall mean any chemical substance or combination of substances, including any chemicals and proppants that is intentionally added to a base fluid for purposes of preparing a hydraulic fracturing fluid for treatment of a well.

HYDRAULIC FRACTURING FLUID shall mean the fluid, including the applicable base fluid and all hydraulic fracturing additives, used to perform a hydraulic fracturing treatment.

HYDRAULIC FRACTURING TREATMENT shall mean all stages of the treatment of a well by the application of hydraulic fracturing fluid under pressure that is expressly designed to initiate or propagate fractures in a target geologic formation to enhance production of oil and natural gas.

INACTIVE WELL means:

- a. An oil or gas Well that has been shut-in and has not produced for a period of 12 consecutive months;
- b. An oil or gas Well that has been temporarily abandoned for a period of 6 consecutive months;
- c. A Class II UIC Well which has not been utilized for a period of 12 consecutive months; or
- d. A Suspended Operations Well or a Waiting on Completion Well with no activity other than monthly Bradenhead monitoring for more than 24 consecutive months.
- e. An Inactive Well does not mean:
 - (1) An oil or gas Well that is completed for fewer than 12 months;
 - (2) A Class II UIC Well that is completed for fewer than 12 months;
 - (3) A Well used for the purpose of monitoring or observing an oil or gas reservoir, or a Stratigraphic Well; or
 - (4) An oil or gas Well designated as Out of Service.

A coalbed methane Well that produces only water, resulting in gas production in offset Gas Wells, is considered producing for purposes of this definition.

INDIAN LANDS shall mean those lands located within the exterior boundaries of a defined Indian reservation, including allotted Indian lands, in which the legal, beneficial, or restricted ownership of the underlying oil, gas, or coal bed methane or of the right to explore for and develop the oil, gas, or coal bed methane belongs to or is leased from an Indian tribe.

INJECTION ZONE means a geological formation, group of formations, or part of a formation receiving Fluids through a Class II UIC Well.

INTERVENOR shall mean a local government, or the Colorado Department of Public Health and Environment intervening solely to raise environmental or public health, safety and welfare concerns, or the Colorado Parks and Wildlife intervening solely to raise wildlife resource concerns, in which case the intervention shall be granted of right, or a person who has timely filed an intervention in a relevant proceeding and has demonstrated to the satisfaction of the Commission that the intervention will serve the public interest, in which case the person may be recognized as a permissive intervenor at the Commission's discretion.

INVESTIGATION-DERIVED WASTE means those materials generated during site investigation and Remediation activities, including but not limited to personal protective equipment, soil cuttings, drilling mud, purged Groundwater, decontamination fluids, and disposable or consumable equipment and supplies.

ISOLATION VALVE means a valve closed to the atmosphere that stops fluid flow and isolates a segment in a flowline or crude oil transfer line.

LACT ("Lease Automated Custody Transfer") shall mean the transfer of produced crude oil or condensate, after processing or treating in the producing operations, from storage vessels or automated transfer facilities to pipelines or any other form of transportation.

LAND APPLICATION means the disposal method by which treated E&P Waste is spread upon and mixed into soils.

LAND TREATMENT means the method by which E&P Waste is treated *ex situ* at the land surface to result in a reduction of hydrocarbon concentration by biodegradation and other natural attenuation processes. Land Treatment may be enhanced by tilling, disking, aerating, composting, or adding nutrients or microbes.

LARGE UMA FACILITY shall mean any Oil and Gas Location proposed to be located in an Urban Mitigation Area and on which: (1) the operator proposes to drill 8 or more new wells; or (2) the cumulative new and existing on-site storage capacity for produced hydrocarbons exceeds 4,000 barrels.

LETTER OF CREDIT means an irrevocable letter guaranteeing the creditworthiness of an Operator, with the guarantee made by a third-party entity and the Commission as a beneficiary, which provides Financial Assurance that an Operator will comply with all its obligations under the Act and the Commission's Rules. A Letter of Credit may be called and expended by the Commission if an Operator fails to perform its Plugging and Abandonment, Reclamation, and Remediation obligations.

LOCAL GOVERNMENT means a county, home rule or statutory city, town, territorial charter city or city and county, or any special district established pursuant to the Special District Act, C.R.S. §32-1-101 to 32-1-1807 (2013).

LOCAL GOVERNMENTAL DESIGNEE means the office designated to receive, on behalf of the local government, copies of all documents required to be filed with the local governmental designee pursuant to these rules.

LOCKOUT means installing a device, such as a blind plug, blank flange, or bolted slip blind that prevents operation of an energy-isolating device, such as a valve, and ensures the equipment cannot be operated until the lockout device is removed.

LOG or WELL LOG shall mean a systematic detailed record of formations encountered in the drilling of a well.

LOW PRODUCING WELL means an oil or gas Well that produces a daily average of less than 2 barrels of oil equivalent ("BOE") or 10 thousand cubic feet of natural gas equivalent ("MCFE") of gas over the previous 12 months. An Inactive Well is also a Low Producing Well. For purposes of this definition, BOE applies to Wells with a gas-to-oil ratio ("GOR") equal to or less than 15,000 standard cubic feet ("SCF")/barrels of oil

("BBL") and MCFE applies to Wells with a GOR greater than 15,000 SCF/BBL. GOR is calculated by dividing the Well's gas production (in thousand cubic feet ("MCF")) over the previous 12 months by the Well's oil production (in BBL) over the previous 12 months and multiplying by 1,000. Operators will use the conversion factor of 5.8 to convert MCF to BBL and vice versa.

- a. A Low Producing Well does not mean a Class II UIC Well that is not an Inactive Well.
- b. A Low Producing Well does not mean a Well used for the purpose of monitoring or observing an oil or gas reservoir, or a Stratigraphic Well.

MAXIMUM ANTICIPATED OPERATING PRESSURE means the highest operational pressure the operator expects to apply to a flowline when in service.

MEDICAL TREATMENT shall mean the management and care of a patient to combat a disease or disorder. An injury or illness is an abnormal condition or disorder. Injuries include cases such as, but not limited to, a cut, fracture, sprain, or amputation. Illnesses include both acute and chronic illnesses, such as, but not limited to, a skin disease, respiratory disorder, or poisoning. "Medical treatment" includes situations where a physician or other licensed health care professional recommends medical treatment but the employee does not follow the recommendation. "Medical treatment" does not include first aid treatment, as defined herein, visits to a physician or other licensed health care professional solely for observation or counseling, or the conduct of diagnostic procedures such as x-rays and blood tests, including the administration of prescription medications used solely for diagnostic purposes.

MINIMIZE ADVERSE IMPACTS means, as provided by § 34-60-106(2.5), C.R.S., providing necessary and reasonable protections to reduce the extent, severity, significance, or duration of Unavoidable direct, indirect, and cumulative Adverse Impacts to public health, safety, welfare, the environment, or Wildlife Resources from Oil and Gas Operations.

MINIMIZE EROSION shall mean implementing best management practices that are selected based on site-specific conditions and maintained to reduce erosion. Representative erosion control practices include, but are not limited to, revegetation of disturbed areas, mulching, berms, diversion dikes, surface roughening, slope drains, check dams, and other comparable measures.

MITIGATE ADVERSE IMPACTS means, with respect to Wildlife Resources, measures that compensate for Unavoidable direct, indirect, and cumulative Adverse Impacts and loss of such resources from Oil and Gas Operations, including, as appropriate, habitat replacement, on- or off-site habitat enhancement, habitat banking, or financial payment in lieu of habitat replacement or enhancement to compensate for the loss of habitat and ensure that wildlife populations are protected.

MULTI-WELL PITS means Pits used for treatment, storage, recycling, reuse, or disposal of E&P Wastes generated from more than one Well.

MULTI-WELL SITE shall mean a common well pad from which multiple wells may be drilled to various bottomhole locations.

NON-CROP LAND shall mean all lands which are not defined as crop land, including range land.

NOXIOUS WEED is defined in § 35-5.5-103(16), C.R.S.

OIL AND GAS DEVELOPMENT PLAN means a plan to develop oil or gas resources at one or more Oil and Gas Locations, consistent with the requirements of Rule 303.

OIL AND GAS FACILITY means equipment or improvements used or installed at an oil and gas location for the exploration, production, withdrawal, treatment, or processing of crude oil, condensate, E&P waste, or gas.

OIL AND GAS LOCATION shall mean a definable area where an operator has disturbed or intends to disturb the land surface in order to locate an oil and gas facility.

OIL AND GAS OPERATIONS means exploring for oil and gas, including conducting seismic operations and the drilling of test bores; siting, drilling, deepening, recompleting, reworking, or abandoning a well; producing operations related to any well, including installing flowlines; the generating, transporting, storing, treating, or disposing exploration and production wastes; and any constructing, site preparing, or reclaiming activities associated with such operations.

OIL WELL shall mean a well, the principal production of which at the mouth of the well is oil, as defined by the Act.

OILY WASTE means those materials containing unrefined petroleum hydrocarbons in concentrations in excess of the concentration levels in Table 915-1. Oily waste may include crude oil, condensate, or other materials such as soil, frac sand, drilling fluids, cuttings, and Pit sludge that contain hydrocarbons.

OPERATOR means any person who exercises the right to control the conduct of Oil and Gas Operations.

- a. **SELLING OPERATOR** means the Operator of record for any Transferable Items, as defined in Rule 218.a, at the time a Form 9, Transfer of Operatorship – Intent is filed.
- b. **BUYING OPERATOR** means the successor-in-interest entity to which Transferable Items, as defined in Rule 218.a, will be transferred through the Form 9 process.
- c. **PRIOR OPERATOR** means an Operator other than the Selling Operator that was a previous Operator of record for any Transferable Items, as defined in Rule 218.a.

ORDINARY HIGH-WATER LINE shall mean the line that water impresses on the land by covering it for sufficient periods to cause physical characteristics that distinguish the area below the line from the area above it. Characteristics of the area below the line include, when appropriate, but are not limited to, deprivation of the soil of substantially all terrestrial vegetation and destruction of its agricultural vegetative value. A flood plain adjacent to surface waters is not considered to lie within the surface waters' ordinary high-water line.

ORPHANED SITE means an Oil and Gas Location or Oil and Gas Facility for which no Operator with unclaimed Financial Assurance or an active Form 1, Registration for Oil and Gas Operations exists, and for which the Commission has not identified a Responsible Party. An Orphaned Site may or may not have Orphaned Well(s) associated with the Oil and Gas Location or Oil and Gas Facility.

ORPHANED WELL means a Well for which no Owner or Operator can be found, or where such Owner or Operator is unwilling or unable to Plug and Abandon such Well.

ORPHANED WELLS MITIGATION ENTERPRISE means the orphaned wells mitigation enterprise created by §34-60-133(1), C.R.S.

OUT OF SERVICE LOCKS AND TAGS (OOSLAT) means locks and tags that an operator applies when equipment is in pre-commissioned status, is placed in an out of service status, or is in the process of abandonment. Out of service locks and tags must be visibly different from lock out and tag out devices used during repair or maintenance of the equipment.

OUT OF SERVICE WELL means a Well that an Operator intends to Plug and Abandon and for which a Form 6A, Out of Service Well designation has been submitted by the Operator.

OWNER shall mean the person who has the right to drill into and produce from a pool and to appropriate the oil or gas produced therefrom either for such owner or others or for such owner and others, including owners of a well capable of producing oil or gas, or both.

PETITION FOR REVIEW shall mean the written request filed by a Complainant for Commission review of the Director's resolution of a complaint filed on a Form 18, Complaint Report.

PIPELINE means a flowline, crude oil transfer line or gathering line as defined in these Rules.

PIT shall mean any natural or man-made depression in the ground used for oil or gas exploration or production purposes. Pit does not include steel, fiberglass, concrete or other similar vessels which do not release their contents to surrounding soils.

PLUGGING AND ABANDONMENT means the permanent plugging of a Well, the removal of its associated Production Facilities, and the abandonment of its Flowline(s).

PLUGGING LIST means the list of an Operator's Out of Service Wells resulting from submitted Form 6As where Plugging and Abandonment are not yet completed for the Well.

POINT OF COMPLIANCE means one or more points or locations at which compliance with applicable groundwater standards established under Water Quality Control Commission Basic Standards for Groundwater, Section 3.11.4, must be achieved.

POLLUTION means anthropogenic contamination or other degradation of the physical, chemical, biological, or radiological integrity of air, water, soil, or biological resources that is not authorized or allowed by the Commission's Rules or applicable regulations promulgated by another federal, state, or Local Government agency.

The words **POOL, PERSON, OWNER, PRODUCER, OIL, GAS, WASTE, CORRELATIVE RIGHTS and COMMON SOURCE OF SUPPLY** are defined by the Act, and said definitions are hereby adopted in these Rules and Regulations. The word "operator" is used in these rules and regulations and accompanying forms interchangeably with the same meaning as the term "owner" except in Rules 301, 323, 401 and 530 where the word "operator" is used to identify the persons designated by the owner or owners to perform the functions covered by those rules.

POTENTIAL FLOW ZONES means formations or zones which have the potential to flow against or are unable to support the hydrostatic pressure exerted by fluid in the well.

PRINCIPAL AGENT means the Operator representative authorized to accept and be served with notice from the Commission, or from other persons authorized under the Act.

PRODUCED AND MARKETED. These words, as used in the Act, shall mean, when oil shall have left the lease tank battery or when natural gas shall have passed the metering point and entered into the stream of commerce as its first step toward the ultimate consumer.

PRODUCED WATER TRANSFER SYSTEM means a system of off-location flowlines that transports produced water generated at more than one well site.

PRODUCTION EVALUATION means an evaluation of production potential for determination of requirements for infrastructure capacity and equipment sizing.

PRODUCTION FACILITY means any storage, separation, treating, dehydration, artificial lift, power supply, compression, pumping, metering, monitoring, flowline, and other equipment directly associated with a well.

PRODUCTION PITS means pits used after drilling operations and initial completion of a well, including pits related to produced water flowlines or associated with E&P waste from gas gathering, processing and storage facilities, which constitute:

SKIMMING/SETTLING PITS used to provide retention time for settling of solids and separation of residual oil for the purposes of recovering the oil or fluid.

PRODUCED WATER PITS used to temporarily store produced water prior to injection for enhanced recovery or disposal, off-site transport, or surface-water discharge.

PERCOLATION PITS used to dispose of produced water by percolation and evaporation through the bottom or sides of the pits into surrounding soils.

EVAPORATION PITS used to contain produced waters which evaporate into the atmosphere by natural thermal forces.

PRODUCTIVITY TEST means a test for determination of a reservoir's ability to produce economic quantities of oil or gas.

PROPPANT shall mean sand or any natural or man-made material that is used in a hydraulic fracturing treatment to prop open the artificially created or enhanced fractures once the treatment is completed.

PROXIMATE LOCAL GOVERNMENT means any Local Government with land use authority within 2,000 feet of a proposed Working Pad Surface.

PUBLIC WATER SYSTEM ("PWS") means a system to provide to the public water for human consumption through pipes or other constructed conveyances, if such systems have at least 15 service connections or regularly serve an average of at least 25 individuals daily at least 60 days out of the year or the entity that administers such a system. The definition of PWS includes:

- a. Any collection, treatment, storage, and distribution facilities under control of the PWS operator of such system and used primarily in connection with such system; and
- b. Any collection or pretreatment storage facilities not under such control, which are used primarily in connection with such system.

The definition of PWS does not include any "special irrigation district," as defined in the Colorado Water Quality Control Commission's ("WQCC") Colorado Primary Drinking Water Regulations, 5 C.C.R. § 1002-11:11.3(77) ("WQCC's Primary Drinking Water Regulations"). Only the version of the WQCC's Primary Drinking Water Regulations that are in effect as of January 15, 2021 applies; later versions do not apply. WQCC's Primary Drinking Water Regulations are available for public inspection during normal business hours from the Public Room Administrator at the office of the Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado 80203. In addition, WQCC's Primary Drinking Water Regulations may be examined at the Colorado Department of Public Health and Environment, 4300 Cherry Creek Drive South, Denver, CO 80246, and are available at <https://www.colorado.gov/pacific/cdphe/water-quality-control-commission-regulations>.

RECLAMATION means the process of returning or restoring the surface of disturbed land to its condition prior to the commencement of Oil and Gas Operations.

REFERENCE AREA shall mean an area either (1) on a portion of the site that will not be disturbed by oil and gas operations, if that is the desired final reclamation; or (2) another location that is undisturbed by oil and gas operations and proximate and similar to a proposed oil and gas location in terms of vegetative potential and management, owned by a person who agrees to allow periodic access to it by the Director and the operator for the purpose of providing baseline information for reclamation standards, and intended to reflect the desired final reclamation.

REFILE means a permit application filed for an expired or nearly expired permit for proposed Oil and Gas Operations that were not conducted during the valid term of the previously approved permit.

REGULATORY COMPLIANCE PROGRAM shall mean a documented program that evaluates an operator's operations on a scheduled basis to determine compliance with regulatory requirements, especially those required by the Act, or Commission rules, orders, or permits. Such a program should include written procedures, a recognized authority within the organization, and designated personnel whose purpose is monitoring and maintaining compliance with applicable regulatory requirements, and documentation of results of evaluations conducted.

RELATED OPERATORS means two or more Operators consolidated for purposes of determining Financial Assurance obligations pursuant to Rule 702 and General Liability Insurance obligations pursuant to Rule 705.

RELEASE shall mean any unauthorized discharge of E&P waste to the environment over time.

RELEVANT LOCAL GOVERNMENT means a Local Government with land use authority where existing or proposed Oil and Gas Operations occur.

REMIEDIATION means the process of reducing the concentration of a contaminant or contaminants in water or soil to the extent necessary to ensure compliance with the concentration levels in Table 915-1 and other applicable Groundwater standards and classifications.

RESERVE PITS shall mean those pits used to store drilling fluids for use in drilling operations or to contain E&P waste generated during drilling operations and initial completion procedures.

RESIDENTIAL BUILDING UNIT means a building or structure designed for use as a place of residency by a person, a family, or families. The term includes manufactured, mobile, and modular homes, except to the extent that any such manufactured, mobile, or modular home is intended for temporary occupancy or for business purposes. Each individual residence within a building will be counted as one Residential Building Unit.

RESPONDENT shall mean a party against whom a proceeding is instituted, or a protestant who protests the granting of the relief sought in the application as provided in Rule 509.

RESPONSIBLE PARTY shall mean an owner or operator who conducts an oil and gas operation in a manner which is in contravention of any then-applicable provision of the Act, or of any rule, regulation, or order of the Commission, or of any permit, that threatens to cause, or actually causes, a significant adverse environmental impact to any air, water, soil, or biological resource. RESPONSIBLE PARTY includes any person who disposes of any other waste by mixing it with exploration and production waste so as to threaten to cause, or actually cause, a significant adverse environmental impact to any air, water, soil, or biological resource.

RISER means the component of a flowline transitioning from below grade to above grade.

SCHOOL means any operating Public School as defined in § 22-7-703(4), C.R.S., including any Charter School as defined in § 22-30.5-103(2), C.R.S., or § 22-30.5-502(6), C.R.S., or Private School as defined in § 22-30.5-103(6.5), C.R.S.

SCHOOL FACILITY means any discrete facility or area, whether indoor or outdoor, associated with a school, that students use commonly as part of their curriculum or extracurricular activities. A school facility is either adjacent to or owned by the school or school governing body, and the school or school governing body has the legal right to use the school facility at its discretion. The definition includes Future School Facility.

SCHOOL GOVERNING BODY means the school district board or board of directors for public schools or the board of trustees, board of directors, or any other body or person charged with administering a private school or group of private schools, or any body or person responsible for administering or operating a child care center. A school governing body may delegate its rights under these rules, in writing, to a superintendent or other staff member, or to a principal or senior administrator of a school that is in proximity to the proposed oil and gas location.

SEISMIC OPERATIONS shall mean all activities associated with acquisition of seismic data including but not limited to surveying, shothole drilling, recording, shothole plugging and reclamation.

SENSITIVE AREA is an area vulnerable to potential significant adverse groundwater impacts, due to factors such as the presence of shallow groundwater or pathways for communication with deeper groundwater; proximity to surface water, including lakes, rivers, perennial or intermittent streams, creeks, irrigation canals, and wetlands. Additionally, areas classified for domestic use by the Water Quality Control Commission, local (water supply) wellhead protection areas, areas within 1/8 mile of a domestic water well, areas within 1/4 mile of a public water supply well, ground water basins designated by the Colorado Ground Water Commission, and surface water supply areas are sensitive areas.

SHUT-IN WELL means a Well which is not currently producing or injecting but is capable of production or injection by opening valves, activating existing equipment, or supplying a power source.

SIMULTANEOUS INJECTION WELL shall mean any well in which water produced from oil and gas producing zones is injected into a lower injection zone and such water production is not brought to the surface.

SINGLE WELL FINANCIAL ASSURANCE means either:

- a. The sum of an Operator's demonstrated costs of Plugging and Abandonment of the Well and the associated and apportioned Reclamation cost for the Well, which is calculated by dividing the demonstrated Reclamation costs by the number of Wells on the Oil and Gas Location or at the Oil and Gas Facility; or
- b. The sum of the Single Well Plugging and Abandonment Cost and the Single Well Location Reclamation Cost.
- c. For purposes of this definition, costs are calculated as follows:
 - (1) **LOCATION RECLAMATION COST** means the Commission's estimated costs of Reclamation at an Oil and Gas Location or an Oil and Gas Facility, which is set at \$100,000 per Location or Facility.
 - (2) **SINGLE WELL LOCATION RECLAMATION COST** means the cost of Reclamation attributable to a single Well on an Oil and Gas Location or at an Oil and Gas Facility, which is calculated by dividing the Location Reclamation Cost by the number of Wells on the Oil and Gas Location or at an Oil and Gas Facility.
 - (3) **SINGLE WELL PLUGGING AND ABANDONMENT COST** means the Commission's estimated costs of Plugging and Abandonment of the Well as follows:
 - A. For a Well drilled to a total vertical depth of 4,000 feet or less: \$10,000 of Financial Assurance.
 - B. For a Well drilled to a total vertical depth of more than 4,000 feet and less than or equal to 8,000 feet: \$30,000 of Financial Assurance.
 - C. For a Well drilled to a total vertical depth of more than 8,000 feet: \$40,000 of Financial Assurance.
- d. Both the Operator's demonstrated costs and Commission's estimated costs are subject to adjustment for inflation pursuant to Rule 707.a.(1).A.

SOLID WASTE shall mean any garbage, refuse, sludge from a waste treatment plant, water supply plant, air pollution control facility, or other discarded material; including solid, liquid, semisolid, or contained gaseous material resulting from industrial operations, commercial operations, or community activities. Solid waste does not include any solid or dissolved materials in domestic sewage, or agricultural wastes, or solid or dissolved materials in irrigation return flows, or industrial discharges which are point sources subject to permits under the provisions of the Colorado Water Quality Control Act, Title 25, Article 8, C.R.S. or materials handled at facilities licensed pursuant to the provisions on radiation control in Title 25, Article 11, C.R.S. Solid waste does not include: (a) materials handled at facilities licensed pursuant to the provisions on radiation control in Title 25, Article 11, C.R.S.; (b) excluded scrap metal that is being recycled; or (c) shredded circuit boards that are being recycled.

SOLID WASTE DISPOSAL shall mean the storage, treatment, utilization, processing, or final disposal of solid wastes.

SPECIAL FIELD RULES shall mean those rules promulgated for and which are limited in their application to individual pools or fields within the State of Colorado.

SPECIAL PURPOSE PITS means pits used in oil and gas operations, including pits related to produced water flowlines or associated with E&P waste from gas gathering, processing and storage facilities, which constitute:

BLOWDOWN PITS used to collect material resulting from, including but not limited to, the emptying or depressurizing of wells, vessels, or flowlines, or E&P waste from gathering systems.

FLARE PITS used exclusively for flaring gas.

EMERGENCY PITS used to contain liquids during an initial phase of emergency response operations related to a spill/release or process upset conditions.

BASIC SEDIMENT/TANK BOTTOM PITS used to temporarily store or treat the extraneous materials in crude oil which may settle to the bottoms of tanks or production vessels and which may contain residual oil.

WORKOVER PITS used to contain liquids during the performance of remedial operations on a producing well in an effort to increase production.

PLUGGING PITS used for containment of fluids encountered during the plugging process.

SPILL shall mean any unauthorized sudden discharge of E&P waste to the environment.

SPUD means the initiation of drilling the surface casing hole of a Well.

SPUD DATE means the date when the Operator starts drilling the surface casing hole of a Well.

STIMULATION means a treatment performed to restore or enhance the productivity of the formation and falls into two main types of treatment: hydraulic fracturing treatments performed above the reservoir fracture pressure, and matrix treatments performed below the reservoir fracture pressure.

STORMWATER RUNOFF shall mean rain or snowmelt that flows over land and does not percolate into soil and includes stormwater that flows onto and off of an oil and gas location or facility.

STRATIGRAPHIC WELL means a well drilled for stratigraphic information only. Wells drilled in a delineated field to known productive horizons shall not be classified as "stratigraphic." Neither the term "well" nor "stratigraphic well" shall include seismic holes drilled for the purpose of obtaining geophysical information only.

SURETY BOND means a surety instrument issued by a Surety Company on behalf of an Operator and in favor of the Commission as obligee, providing Financial Assurance that an Operator will comply with all its obligations under the Act and the Commission's Rules. A Surety Bond may be called by submitting a claim against it with the Surety Company and expended thereafter by the Commission if an Operator fails to perform its Plugging and Abandonment, Reclamation, and Remediation obligations. The Operator providing a Surety Bond has no property interest in the Surety Bond other than a contingent reversionary interest in the surplus, if any, which arises after the Director has determined that the Operator has complied with all Plugging and Abandonment, Reclamation, and Remediation obligations pursuant to Rule 706.a, or after a Buying Operator has filed a satisfactory replacement Financial Assurance pursuant to Rule 218.g.(4).

SURETY COMPANY means a company duly-licensed to write surety business in the State of Colorado and by the Colorado Division of Insurance.

SURFACE OWNER shall mean any person owning all or part of the surface of land upon which oil and gas operations are conducted, as shown by the tax records of the county in which the tract of land is situated, or any person with such rights under a recorded contract to purchase.

SURFACE USE AGREEMENT shall mean any agreement in the nature of a contract or other form of document binding on the Operator, including any lease, damage agreement, waiver, local government approval or permit, or other form of agreement, which governs the operator's activities on the surface in relation to locating a Well, Multi-Well Site, Production Facility, pipeline or any other Oil and Gas Facility that supports oil and gas development located on the Surface Owner's property.

SURFACE WATER INTAKE shall mean the works or structures at the head of a conduit through which water is diverted from a classified water supply segment and/or source (e.g., river or lake) into the treatment plant.

SUSPENDED OPERATIONS WELL means a Well which has been Spud but drilling operations are suspended prior to reaching total depth, and at least one casing string has been set and cemented in the wellbore. Wells in which only conductor pipe has been set but the surface hole has not been Spud are not Suspended Operations Wells.

TAGOUT means securely fastening a tagout device to an energy-isolating device, such as a valve, to indicate that the energy-isolating device and the equipment being controlled may not be operated until the tagout device is removed.

TAGOUT DEVICE means a prominent warning device, such as a tag, that will not deteriorate or become illegible with exposure to weather conditions or wet and damp locations. The tagout device must include: an instruction to not operate the equipment; the date the tag was applied; the date of the last successful integrity test; and the reason for tagging out the equipment.

TANK shall mean a stationary vessel constructed of non-earthen materials (e.g. concrete, steel, plastic) that provides structural support and is designed and operated to store produced fluids or E&P waste. Examples include, but are not limited to, condensate tanks, crude oil tanks, produced water tanks, and gun barrels. Exclusions include Containers and process vessels such as separators, heater treaters, free water knockouts, and slug catchers.

TEMPORARILY ABANDONED WELL means:

- a. A Well that is neither currently producing nor permanently plugged, but has all downhole completed intervals isolated with a plug set above the highest perforation such that the Well cannot produce without removing a plug; or

- b. A Well which is incapable of production or injection without a downhole intervention or the addition of one or more pieces of wellhead or other equipment, including, but not limited to, valves, tubing, rods, pumps, heater-treaters, separators, dehydrators, compressors, piping, or Tanks.

THIRD-PARTY TRUST FUND means a trust fund created by the Operator with the Commission as the beneficiary, and managed by an entity authorized to act as a trustee whose trust operations are regulated and examined by a federal or state agency. The Operator and the Commission will share approval for disbursements from the trust fund. The trustee will direct the investment of funds in the trust and manage such funds considering the field life as determining the anticipated date funds will be withdrawn for performance of Plugging and Abandonment and Reclamation. The wording of the trust agreement will be identical to the wording approved by the Director, and no changes are allowed without Director approval.

TIER 1 OIL AND GAS LOCATION shall mean an oil and gas location where the slope is less than five percent (5%), the soil has low erosion potential, vegetative cover or permanent erosion resistance cover is greater than seventy-five percent (75%), the distance from a perennial stream or Classified Water Supply Segment is greater than five hundred (500) feet, and the oil and gas location size is less than one (1) acre, measured by the amount of surface disturbance at the time of the termination of a construction stormwater permit issued by the Colorado Department of Public Health and Environment.

TOTAL WATER VOLUME shall mean the total quantity of water from all sources used in the hydraulic fracturing treatment, including surface water, ground water, produced water or recycled water.

TRADE SECRET shall have the meaning set forth in § 7-74-102(4) (2011) of the Colorado Uniform Trade Secrets Act.

TRADE SECRET CHEMICAL PRODUCT shall mean a Chemical Product the composition of which is a Trade Secret.

UIC AQUIFER means a geological formation, group of formations, or part of a formation that is capable of yielding a significant amount of water to a well or spring.

UNAVOIDABLE ADVERSE IMPACTS means direct, indirect, or cumulative adverse impacts to public health, safety, welfare, the environment, or Wildlife Resources that are not entirely eliminated through the application of alternative location selection or other methods designed to Minimize Adverse Impacts from Oil and Gas Operations.

UNDERGROUND SOURCE OF DRINKING WATER means a UIC Aquifer or its portion:

- a. Which supplies any Public Water System;
- b. Which contains a sufficient quantity of Groundwater to supply a Public Water System; and
 - (1) Currently supplies drinking water for human consumption; or
 - (2) Contains fewer than 10,000 mg/l total dissolved solids;
- c. Which is not an exempted Aquifer.

UNDESIRABLE PLANT SPECIES are those species that possess unwanted or harmful characteristics. Undesirable plant species include, but are not limited to: Noxious Weeds; non-native invasive species that replace or inhibit the establishment of native vegetation; native or non-native species that create monocultures or are overly dominant; species that by their presence reduce species diversity in vegetation communities; species that reduce or hinder agricultural productivity; species that exacerbate wind or water erosion; and species that increase fire risk.

UPSET CONDITION means a sudden unavoidable failure, breakdown, event, or malfunction, beyond the reasonable control of the Operator, of any equipment or process that results in abnormal operations and requires correction.

URBAN MITIGATION AREA shall mean an area where: (A) At least twenty-two (22) Building Units or one (1) High Occupancy Building Unit (existing or under construction) are located within a 1,000' radius of the proposed Oil and Gas Location; or (B) At least eleven (11) Building Units or one (1) High Occupancy Building Unit (existing or under construction) are located within any semi-circle of the 1,000 radius mentioned in section (A) above.

USED OR USEFUL means a Well, or an Oil and Gas Location or Oil and Gas Facility with or without associated Wells that is currently being used or has an identified future beneficial use, which may be indicated by, among other things:

- a. Production trends for the Well;
- b. Plugging and Abandonment, Remediation, and Reclamation costs in relation to the Well's gross revenue generation;
- c. Failure to use or develop a facility;
- d. Remaining economic viability; or
- e. Other relevant evidence.

VENTING means allowing natural gas to escape into the atmosphere, but does not include:

- a. The emission of gas from devices, such as pneumatic devices and pneumatic pumps, that are designed to emit as part of normal operations if such emissions are not prohibited by AQCC Regulation No. 7, as incorporated by reference in Rule 901.b;
- b. Unintentional leaks that are not the result of inadequate equipment design; and
- c. Natural gas escaping from, or downstream of, a Tank unless: 1) there is no separation occurring at equipment upstream of the Tank; 2) the separation equipment is not sufficiently sized to capture the entrained gas; or 3) the natural gas is sent to the Tank during circumstances when the gas cannot be sent to the Gathering Line or the combustion equipment used to Flare the gas is not operating.

WAITING ON COMPLETION WELL means a Well which has been drilled to total depth, cased, and cemented but the objective formation has not yet been completed or Stimulated.

WATER SOURCE shall mean water wells that are registered with Colorado Division of Water Resources, including household, domestic, livestock, irrigation, municipal/public, and commercial wells, permitted or adjudicated springs, or monitoring wells installed for the purpose of complying with groundwater baseline sampling and monitoring requirements under Rules 318A.e.(4), 608, or 609.

WATERS OF THE STATE mean any and all surface and subsurface waters which are contained in or flow in or through this state, but does not include waters in sewage systems, waters in treatment works of disposal systems, water in potable water distribution systems, and all water withdrawn for use until use and treatment have been completed. Waters of the state include, but are not limited to, all streams, lakes, ponds, impounding reservoirs, wetlands, watercourses, waterways, wells, springs, irrigation ditches or canals, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, public or private, situated wholly or partly within or bordering upon the State.

WELL means an oil or gas Well, a hole drilled for the purpose of producing oil or gas (including non-hydrocarbon gases such as carbon dioxide and helium), a Class II UIC Well, a Stratigraphic Well, a Gas Storage Well, or a Well used for the purpose of monitoring or observing a reservoir.

WELL RECORDS means all records related to the drilling, redrilling, deepening, repairing, plugging or abandoning of a Well, all other Well operations, and all alterations to casing and cement.

WELL SITE shall mean the areas that are directly disturbed during the drilling and subsequent operation of, or affected by production facilities directly associated with, any oil well, gas well, or injection well and its associated well pad.

WILDCAT (EXPLORATORY) WELL means any well drilled beyond the known producing limits of a pool.

WILDLIFE MITIGATION PLAN means a document submitted pursuant to Rules 304.c.(17) and 1201.b for an Oil and Gas Location within High Priority Habitat that describes the implementation of operating requirements pursuant to Rules 1202.a, 1202.b, & 1202.c, as well as any mitigation requirements pursuant to Rules 1202.d & 1203. A Compensatory Mitigation Plan to offset the direct and Unavoidable Adverse indirect Impacts to Wildlife Resources pursuant to Rule 1203.b may be a component of the Wildlife Mitigation Plan.

WILDLIFE PROTECTION PLAN means a document submitted pursuant to Rules 304.c.(17) & 1201.a for Oil and Gas Locations outside of High Priority Habitat that describes the implementation of operating requirements pursuant to Rule 1202.a at the proposed Oil and Gas Location.

WILDLIFE RESOURCES means fish, wildlife, and their aquatic and terrestrial habitats used for all life stages, including reproduction, rearing of young and foraging, and the migration corridors and seasonal ranges necessary to sustain robust wildlife populations.

WORKING PAD SURFACE means the portion of an Oil and Gas Location that has an improved surface upon which Oil and Gas Operations take place.

ZONE OF INCORPORATION shall mean the soil layer from the soil surface to a depth of twelve (12) inches below the surface.

ALL OTHER WORDS used herein shall be given their usual customary and accepted meaning, and all words of a technical nature, or peculiar to the oil and gas industry, shall be given that meaning which is generally accepted in said oil and gas industry.