

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF CHANGES TO THE)	CAUSE NO. 1R
RULES AND REGULATIONS OF THE OIL)	
AND GAS CONSERVATION COMMISSION)	DOCKET NO. 0609-RM-02
OF THE STATE OF COLORADO)	

NOTICE OF RULE-MAKING HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

The Oil and Gas Conservation Commission, on its own motion, will consider amending Rule 802.c. regarding the allowable noise level between 7:00 p.m. and 7:00 a.m. of 45 db(A) in Residential/Agricultural/Rural zones for construction commencing after January 1, 2007.

In 1989, Senate Bill 181 delegated the Colorado Oil and Gas Conservation Commission (COGCC) as an “implementing agency” for ground water to enforce the water quality standards and classifications set forth by the Water Quality Control Commission (WQCC). The water quality standards for ethylbenzene and total xylenes were modified during the September 13, 2004 rulemaking hearing of the WQCC. Therefore, the Oil and Gas Conservation Commission will consider proposed revisions to Table 910-1, *Allowable Concentrations and Levels*, and Figure 910-1, *Sensitive Area Determination*, to reflect the modified water quality standards for ethylbenzene and total xylenes.

Further, the Commission will consider proposed amendments to the 100 and 1100 Series Rules as described below:

DEFINITIONS
(100 SERIES)

~~GATHERING LINE(S)~~ shall mean ~~a pipeline which transports natural gas beyond leasehold gas metering equipment to a compressor facility, processing plant or interstate pipeline connection.~~

~~PIPELINE(S)~~ shall mean ~~flowline(s) and gathering line(s) as defined herein by the 100-series definitions.~~

PIPELINE FLOWLINE REGULATIONS

1101. INSTALLATION AND RECLAMATION

~~a. Notice. As of June 1, 2006, an operator of a gathering line which has segments subject to safety regulation by the Office of Pipeline Safety, U.S. Department of Transportation, shall notify the Commission thirty (30) days in advance of construction by filing a plan of construction in a format acceptable to the Director. Such plan shall also be provided to each local governmental designee or local government jurisdiction traversed by such gathering line. The plan shall include the general design, construction schedule and route, including a map showing all crossings of public by ways and natural and manmade watercourses.~~

ab. **Material.**

(1) Materials for pipe and other components of pipelines shall be:

A. Able to maintain the structural integrity of the pipeline FLOWLINE under temperature, pressure, and other conditions that may be anticipated;

B. Compatible with the substances to be transported.

C. Locatable by a tracer line or location device placed adjacent to or in the trench of all buried nonmetallic pipelines FLOWLINES to facilitate the location of such pipelines FLOWLINES.

be. **Design.** Each component of a pipeline FLOWLINE shall be designed and installed to prevent failure from corrosion and to withstand anticipated operating pressures and other loadings without impairment of its serviceability. The pipe shall have sufficient wall thickness or be installed with adequate protection to withstand anticipated external pressures and loads that will be imposed on the pipe after installation.

cd. **Cover.**

(1) All installed pipelines FLOWLINES shall have cover sufficient to protect them from damage. On crop land, all pipelines FLOWLINES shall have a minimum cover of three (3) feet.

(2) Where an underground structure, geologic, economic or other uncontrollable condition prevents ~~pipelines~~ FLOWLINES from being installed with minimum cover, or when there is a written agreement between the surface owner and the operator, the line may be installed with less than minimum cover or above ground.

de. Excavation, backfill and reclamation.

(1) When ~~pipelines~~ FLOWLINES cross crop lands, unless waived by the surface owner, the operator shall segregate topsoil while trenching, and trenches shall be backfilled so that the soils shall be returned to their original relative positions and contour. This requirement to segregate and backfill topsoil shall not apply to trenches which are twelve (12) inches or less in width. Reasonable efforts shall be made to run ~~pipelines~~ FLOWLINES parallel to crop irrigation rows on flood irrigated land.

(2) On crop lands and non-crop lands, ~~pipeline~~ FLOWLINE trenches shall be maintained in order to correct subsidence and reasonably minimize erosion. Interim and final reclamation, including revegetation, shall be performed in accordance with the applicable 1000 Series rules.

ef. Pressure testing of flowlines.

(1) Before operating a segment of flowline it shall be tested to maximum anticipated operating pressure. In conducting tests, each operator shall ensure that reasonable precautions are taken to protect its employees and the general public. The testing may be conducted using well head pressure sources and well bore fluids, including natural gas. Such pressure tests shall be repeated once each calendar year to maximum anticipated operating pressure, and operators shall maintain records of such testing for Commission inspection for at least three (3) years.

(2) Flowline segments operating at less than fifteen (15) psig are excepted from pressure testing requirements.

1102. OPERATIONS, MAINTENANCE, AND REPAIR

a. Maintenance.

(1) Each operator shall take reasonable precautions to prevent failures, leakage and corrosion of ~~pipelines~~ FLOWLINES.

(2) Whenever an operator discovers any condition that could adversely affect the safe and proper operation of its ~~pipeline~~ FLOWLINE, it shall correct it within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator shall not operate the affected part of the system until it has corrected the unsafe condition.

b. Repair.

(1) Each operator shall, in repairing its ~~pipelines~~ FLOWLINES, ensure that the repairs are made in a safe manner and are made so as to prevent injury to persons and damage to property.

(2) No operator shall use any pipe, valve, or fitting in repairing ~~pipeline~~ FLOWLINE facilities unless the components meet the installation requirements of this section.

c. Marking.

(1) In designated high density areas, and where crossing public rights-of-way or utility easement, a marker shall be installed and maintained to identify the location of ~~pipelines~~ FLOWLINES.

(2) The following shall be written legibly on a background of sharply contrasting color on each line marker:

"Warning", "Caution" or "Danger" followed by the words "gas (or name of natural gas or petroleum transported) pipeline" in letters at least one (1) inch high with one-quarter (1/4) inch stroke and the name of the operator and the telephone number where the operator can be reached at all times.

d. One Call participation. As to FLOWLINES AND any OTHER pipelines over which the Commission has jurisdiction, each operator shall participate in Colorado's One Call notification system, the requirements of which are established by §9-1.5-101., C.R.S. et seq.

~~**e. Emergency response.** As to gathering lines with segments subject to safety regulation by the Office of Pipeline Safety, U.S. Department of Transportation, the operator shall prepare and submit an emergency response plan to the Commission and to the county sheriff and each local government jurisdiction traversed by such pipeline segment.~~

1103. ABANDONMENT

Each ~~pipeline~~ FLOWLINE abandoned in place shall be disconnected from all sources and supplies of natural gas and petroleum, purged of liquid hydrocarbons, depleted to atmospheric pressure, and cut off three (3) feet below ground surface, or the depth of the ~~pipeline~~ FLOWLINE, whichever is less and sealed at the ends. This requirement shall also apply to compressor or gas plant feeder pipelines upon decommissioning or closure of a portion or all of a compressor station or gas plant. Notice of such abandonment shall be filed with the Commission and with the local governmental designee or local government jurisdiction.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date: Monday, September 18, 2006
Tuesday, September 19, 2006

Time: 9:00 a.m.

Place Suite 801, The Chancery Building
1120 Lincoln Street
Denver, Colorado 80203

The Commission has statutory authority to conduct rule-making on the matters described herein pursuant to C.R.S. § 34-60-105 (to make and enforce rules and regulations, to initiate proceedings, and to do whatever may be reasonably necessary to carry out the provisions of the Oil and Gas Conservation Act) and pursuant to C.R.S. § 34-60-106(11) (to make rules to protect public health, safety and welfare in the conduct of oil and gas operations).

The Commission may take actions, including without limitation, modifying or amending the existing rules described or proposed herein and making conforming modifications to other rules, which it determines are reasonably necessary.

Copies of the current Rules and Regulations are available on the Commission Internet homepage or at the office of the Oil and Gas Conservation Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado 80203, for \$10.00, or by mail upon the receipt of a check or money order for \$15.00, at the same address. Proposed rules or revised proposed rules to be considered at the hearing, together with a proposed statement of basis, specific statutory authority and purpose, and any regulatory analysis required by C.R.S. 24-4-103(4.5) will be available at the same website and same address at least five days prior to the hearing.

All interested persons may submit written data, views, or argument and present the same orally (unless the Commission deems it unnecessary). Written comments on the proposed rule amendments to be considered are requested to be submitted to the Colorado Oil and Gas Conservation Commission, Attn: P.C. Beaver, 1120, Lincoln Street, Suite 801, Denver, CO 80203 by September 11, 2006 for more complete consideration by the Commission. Opportunity for testimony from any interested person will be provided at the hearing, however the time in which to present testimony may be limited, and persons sharing similar viewpoints are requested to appoint a spokesperson to present their testimony at the hearing.

Pursuant to said hearing, in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter its order adopting such rules and regulations as in its judgment the facts may justify.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
July 14, 2006

Exhibit B
STATEMENT OF BASIS AND PURPOSE
CAUSE NO. 1, DOCKET NO. 0609-RM-02

800 Series

The 800 Series Rules and Regulations of the Oil and Gas Conservation Commission pertain to regulation of noise and aesthetics.

The statutory authority for the promulgation of these rules is found in:

§34-60-106 (2)(a), C.R.S., provides that the commission has the authority to regulate “[t]he drilling, producing and plugging of wells and all other operations for the production of oil or gas; . . .”

§34-60-106 (2)(d), C.R.S., gives the commission authority to regulate “[O]il and gas operations so as to prevent and mitigate significant adverse environmental impacts on any air, water, soil or biological resource to the extent necessary to protect public health, safety, and welfare, in consideration of cost-effectiveness and technical feasibility.”

§34-60-106 (10) C.R.S., as amended, gives the Commission authority to promulgate rules and regulations to protect the health, safety and welfare of any person at an oil or gas well.

§34-60-106 (11), C.R.S., mandates that the commission “promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations.”

§34-60-108 (7), C.R.S., provides that the “commission may act upon its own motion, or upon the petition of any interested person”

Consider revision of Rule 802.c. as it pertains to facilities constructed after January 1, 2007 in Residential/Agricultural/Rural Zones.

At its December 5-7, 2005 rulemaking hearing, the Commission voted to establish an allowable noise level of 45 db(A) between the hours of 7 p.m. and 7 a.m. for oil and gas facilities constructed after January 1, 2007 in Residential/Agricultural/Rural Zones. The rule that had been proposed by the stakeholder group and supported by Commission staff established a level of 50 db(A) between the hours of 7 p.m. and 7 a.m. for oil and gas facilities without distinguishing facilities constructed after January 1, 2007.

At its February 13, 2006 hearing the Commission heard statements from industry and citizens’ groups representatives about the efficacy of having promulgated an indoor receptor-based standard in an outdoor source-based rule.

The Commission voted to have its staff conduct a “noise inventory” of a variety of existing oil and gas facilities and report to the Commission in September, 2006. In addition, Commission staff was asked to analyze the cost of reducing the allowable noise standard from 50 db(A) to 45 db(A) level for new facilities constructed after January 1, 2007.

The Commission will consider the information provided at the September, 2006 hearing to determine whether to reconsider the allowable noise level for new facilities constructed after January 1, 2007.

900 Series

The 900 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to exploration and production waste management regulations.

The statutory authority for the promulgation of these rules is found in:

§34-60-106.(1)(c), C.R.S., as amended, gives the commission authority to prevent the pollution of fresh water supplies by oil, gas, saltwater or brackish water.

§34-60-106.(11), C.R.S., gives the commission authority to promulgate rules and regulation to protect the health, safety and welfare of the general public in the drilling, completion and operation of oil and gas wells and production facilities.

§25-8-202(7), C.R.S. specifies the commission as an "implementing agency" of statewide water quality standards.

§25-8-202(7)(a), C.R.S. gives implementing agencies authority to adopt points of compliance (locations at which compliance with the Water Quality Control Commission's groundwater standards must be achieved) and implement the statewide groundwater quality standards for the activities they regulate.

2 CCR 404-1, Table 910-1 of the Rules and Regulations of the Oil and Gas Conservation Commission sets forth the Water Quality Control Commission's groundwater standards that must be met for each oil and gas well.

2 CCR 404-1, Figure 910-1 of the Rules and Regulations of the Oil and Gas Conservation Commission sets forth a chart for determination of sensitive areas.

Revise Table 910-1 and Figure 910-1 to conform to groundwater standards for ethylbenzene and total xylenes promulgated at the September 13, 2004 rulemaking hearing of the Water Quality Control Commission.

1100 Series

The 1100 Series Rules and Regulations of the Oil and Gas Conservation Commission (1100 Series Rules) pertain to the installation, reclamation, operations, maintenance and repair, and abandonment of flowlines and gathering lines.

The statutory authority for the promulgation of these rules is found in:

§34-60-103 (6.5), C.R.S., defines oil and gas operations to include the "installation of flowlines and gathering systems"

§34-60-106 (11), C.R.S., mandates the commission to "promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations."

§34-60-106 (12), C.R.S., mandates the commission to "promulgate rules to ensure proper reclamation of the land and soil affected by oil and gas operations and to ensure the protection of the topsoil of said land during such operations."

Revise 100 Series Rules of the Rules and Regulations of the Oil and Gas Conservation Commission (100 Series Rules) to delete definitions of "gathering lines" and "pipelines."

Revise 1100 Series Rules so that they apply only to flowlines.

On March 15, 2006 (after the Commission promulgated amendments to the 100 and 1100 Series Rules on October 31, 2005) the U.S. Department of Transportation, Office of Pipeline Safety (USDOT), revised its definition of gathering lines and outlined a new process to determine which lines are subject to its minimum safety standards. The Colorado Public Utilities Commission (CPUC) is responsible for enforcing federal pipeline safety regulations in this state and will be promulgating rules to comport with the federal program.

There is duplication and conflict between the Commission's 100 and 1100 Series Rules and the March 15, 2006 rules promulgated by USDOT primarily because of the definition of "gathering lines" by each agency. Therefore, there is likely to be duplication and conflict between the Commission's 100 and 1100 Series Rules with rules promulgated by CPUC to implement the federal program.

The Commission wants to rescind rules that may duplicate or conflict with CPUC's rules. The Commission considered alternatives to rescinding its rules that apply to "gathering lines," including suspending their effectiveness until the CPUC promulgates its rules. However, due to the length of time anticipated for the stakeholder process, public comment, and drafting proposed rules, the Commission determined it was more efficient to rescind its rules as they apply to "gathering lines" until such time and the CPUC delineates those pipelines that are subject to its jurisdiction.