



COLORADO

Governor Jared Polis

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Dear Commissioner Robbins, and Directors Ryan, Oeth, and Murphy,

Over the course of my first term, I am proud that the Colorado Oil and Gas Conservation Commission (COGCC) and Department of Public Health and Environment (CDPHE) have undertaken among the most ambitious reforms in the country to ensure public health and environmental protections from oil and gas operations, and today I am directing the important next steps in making major emissions reductions from this industry. When it comes to air pollution, my administration prioritizes legislation, unprecedented statewide investments, and administrative actions that address greenhouse gas and ozone pollution on a sector by sector basis aligned with the State's statutory emissions goals. This approach is already proving itself effective in, for example, the transportation sector where Colorado leads the region in electric vehicle sales and charging infrastructure, or in the power sector

where we will achieve more than 80% renewable energy on the grid by 2030 on a path to 100% by 2040.

I am focused on commonsense efforts to cut pollution and continue to grow our economy while making our air cleaner and people healthier. It is also important to continue this work in partnership with the legislature and faithfully and successfully implement past oil and gas reforms such as the landmark SB 19-181.

Despite passing meaningful and effective legislation to reduce emissions from oil and gas operations, this sector still has a significant impact on our state's air quality and greenhouse gas emissions. Put simply, just as we need to do more in transportation and other sectors, we need to do more to reduce emissions from oil and gas operations in Colorado.

For 2023 oil and gas is projected to be the largest contributor of ozone precursor emissions in the nonattainment area on a ton per day basis, and it is estimated that oil and gas extraction activities are responsible for almost half of total ozone in the Denver metro area¹. These emissions have not yet been subject to actions that require steady, measurable emissions reductions on a schedule commensurate with meeting our air quality challenges, and today that will change.

The oil and gas industry in our state should take a more ambitious approach towards doing their part to address Colorado's ozone problems. Recent technology innovations and operational changes, in many cases driven by current state policy, demonstrate that Colorado's oil and gas industry leads the nation in clean operations. However, in many cases the solutions used today were not foreseeable only a few years ago. Like other sectors of the economy, the best strategy to achieve a goal is to set a clear, measurable target and take robust administrative action to facilitate meeting those targets. As this has been true for the power sector, it can be true for oil and gas as well.

Today I am announcing the most ambitious rule in Colorado's history to reduce harmful air pollution from the oil and gas sector and the first comprehensive NO_x (nitrogen oxides, the primary precursors of ozone) reduction program for the oil and gas industry in the United States.

I am directing the Colorado Oil and Gas Commission, in close coordination with CDPHE and the Air Quality Control Commission (AQCC), to undertake the following actions to hold the oil and gas industry accountable for their fair share of achieving ozone pollution reductions:

1. I am directing COGCC and CDPHE to work together to develop a rule (or rules) by the end of 2024 that requires upstream oil and gas operators in the ozone nonattainment area to achieve at least a 30% reduction of NO_x during the ozone season in 2025 and at

¹See [State Implementation Plan for the 2015 8-Hour Ozone National Ambient Air Quality Standards](#) (December 2022) at pg. 4-14.

least 50% in 2030 from a 2017 baseline as used in the current SIP. To achieve the NO_x targets, the AQCC should engage in rulemaking that will most effectively reduce sector-wide NO_x through available control strategies and consider whether the rule is suitable for adoption into the SIP. These emissions reductions should be verifiable and reportable to the public, and COGCC, CDPHE, and AQCC should revisit and consider updating these targets at least every three years.

2. I am further directing the COGCC through rulemaking to solidify environmental best management practices addressing ozone, and should revisit and consider updating these practices regularly.
3. I am further directing the Colorado Oil and Gas Commission to prioritize the development of an environmental best management practices program at the COGCC. This program should incentivize and reward operators who at the company or project-level are demonstrating industry-leading environmental performance in greenhouse gas and local air pollution mitigation including exceeding goals. The long-term goal of this effort should be to foster a carbon-neutral oil and gas sector in Colorado achieved through on-site and off-site reductions (scope 1 and 2 emissions).

These actions will significantly improve air quality and reduce levels of Ozone pollution, with immediate cuts in ozone-causing chemicals in Colorado's air in the next two years and the largest ongoing reduction in NO_x from oil and gas in Colorado's history.

This work also builds on our nation-leading efforts of the last four years.

Current CDPHE Efforts to Mitigate Emissions

I applaud CDPHE's recent efforts to mitigate emissions from the oil and gas industry, for instance adopting requirements for:

- the installation of controls on storage tanks with uncontrolled actual VOC emissions above certain thresholds;
- control or avoid emissions associated with the unloading of hydrocarbon liquids into transport vehicles;
- stringent leak detection and repair (LDAR) inspection at well production facilities statewide with enhanced leak detection and repair requirements for facilities within 1,000 feet of an occupied structure or in a disproportionately impacted community;
- emissions reporting to further refine the state emissions inventory;
- reduce emissions from natural gas fired reciprocating internal combustion engines (RICE) greater than or equal to 1,000 horsepower (hp);
- owners or operators to monitor air quality at and/or around pre-production operations (i.e., drilling, fracturing, drill-out, flowback) and early production operations;
- owners or operators of pre-production operations to control emissions from flowback vessels; and
- the use of non-emitting pneumatic controllers at well production facilities and natural gas compressor stations that commence operations on or after May 1, 2021, as well

requirements to retrofit natural gas emitting pneumatic controllers to non-emitting controllers at existing well production facilities; the establishment of the GHG intensity rule.

These requirements, when taken in combination with other regulatory and voluntary actions across the state, were designed and will achieve the GHG reduction targets for the oil and gas sector set out in HB21-1266. These new steps announced in this letter will go even further.

Legislative Efforts to Protect Our Air

To protect our air and environment, to ensure environmental justice, and to promote better health for all Coloradans, last [summer](#) I urged state agencies to take further steps. In partnership with the legislature we have made significant progress toward improving our air, including:

- A significant investment over three years to increase resources available to our Air Pollution Control Division (APCD) to right size and modernize the Division in response to the recent expansion in core responsibilities specifically related to the EPA ozone nonattainment that did not come with adequate resources. These investments now empower the Division to expand monitoring and emissions work, accelerate the transition to cleaner technologies across various industries, and to more thoroughly engage with communities across the state, particularly those most affected by air pollution;
- Hundreds of millions of state dollars to clean up our transportation system, including resources to position Colorado as a national leader in the electrification of our school bus fleet; substantial resources to decarbonize the industrial and aviation sectors above and beyond current and future greenhouse gas emissions rules; and significant investments to reduce pollution from the buildings sector; and
- Expanded capabilities across the State to mitigate, prepare for, and respond to disasters such as wildfires, mudslides and flooding, and other devastating impacts of climate change.

Current Actions to Reduce Administrative Burdens

CDPHE is also moving forward on additional actions to reduce paperwork burdens on businesses and improve air quality. The administration has recently undertaken an ambitious schedule at the Air Quality Control Commission that includes important rulemakings:

- Revisions to Colorado's stationary source air pollution emission notice regulations (re: HB 21-1266);
- Establishment of a recovered methane protocol and establishing a GHG tracking system (re: SB 21-264);
- Revisions to the 2008/2015 ozone state implementation plan (SIP) and associated regulations to address Clean Air Act nonattainment requirements for the 2008 and 2015 National Ambient Air Quality Standards (NAAQS);
- Revisions to address greenhouse gas emissions in terms of building energy efficiency as required by HB 19-1261 and HB 21-1186;

- Revisions to establish monitoring and modeling best practices for new and modified industrial emissions sources in disproportionately impacted communities;
- Forthcoming rulemaking to reduce trucking costs and improve the supply chain with the Advanced Clean Trucks (ACT) and Low NOx Truck Rules at AQCC; and
- Extension and expansion of Colorado's electric vehicle sales standard.

Over the past several years and including this legislative session the General Assembly has attempted to address ozone pollution from oil and gas operations and other sources through structural or procedural changes to the COGCC and CDPHE permitting process. While I applaud the intent of these bills, more often than not they introduce significant administrative burdens on state agencies and significant costs on Colorado taxpayers. Due to the complexity of implementation, these bills in and of themselves do not necessarily reduce emissions at the speed that the legislature, organizations, or I would want them to and can in fact delay progress towards cleaner air. To resolve outstanding procedural issues at COGCC and CDPHE, I undertook executive actions last year including:

- By July 1, 2023, CDPHE will submit a report to the Governor and the General Assembly an evaluation of cumulative impacts and air quality permit modeling. The Report should include how the Air Pollution Control Division (APCD) considers, models or doesn't model, and evaluates the air quality impacts of a proposed major or minor source or activity, and the cumulative air quality impacts of the proposed source and other sources. The Report should also articulate the scientifically-based and capacity-based criteria used to prioritize when to model sources for permitting purposes with limited resources..
- By January 1, 2024, CDPHE will report back to the Governor and the General Assembly on whether or how the APCD's rules and APCD's monitoring program employ statistically representative sampling and/or direct measurement techniques to verify oil and gas emissions reported pursuant to APCD's greenhouse gas intensity program.
- By July 1, 2024, COGCC, in consultation with APCD, will submit a report describing the permitting processes of each of the two agencies, including how those processes interact and how the two departments collaborate. That report may include increased resource suggestions, and proposed statutory or regulatory changes to their processes to consider improving the business environment, reducing paperwork, reducing costs, and reducing the cumulative impacts in permitting of oil and gas facilities.
- By December 31, 2025, CDPHE will submit a report to the Governor's Office and the General Assembly that analyzes the costs and benefits of available strategies to reduce costs for and emissions from heavy duty off-road compression-ignition engines and large off-road spark-ignition engines. The report will include estimates of the contribution of this equipment to ozone levels in the state's ozone nonattainment area based on the state's existing inventory, how regulations can be modified to reduce costs, gaps in the state's inventory of this

equipment, strategies to address those gaps, and the benefits to the APCD and the private sector in undertaking strategies to mitigate impacts from this equipment.

- Additionally, the COGCC and the Air Pollution Control Division at CDPHE are working together continuously to evaluate their collaboration and shared processes to identify opportunities for improvement or efficiency.
- And CDPHE is implementing a user-friendly public-facing internet portal in the Stationary Sources IT system (or another APCD platform) that:
 - Provides public access to real-time or near real-time air quality information, including air quality notifications, pollutant levels from air quality monitoring stations, permit applications and filings, notices of hearings on applications and application status notification of violations issues and penalties assessed;
 - Has the capability for the public to use the portal to file formal complaints regarding potential violations;
 - Builds in the capability for industry to voluntarily report actions they take to reduce ozone precursors on ozone action days

Altogether, these efforts will produce demonstrable and meaningful reductions of ozone and other air pollution from the oil and gas sector. My administration will continue to support and facilitate the agencies in the successful implementation of these directives and our broader efforts to continue to improve air quality and ensure a safe environment for all Coloradans.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jared Polis".

Jared Polis
Governor of Colorado