

**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 &)	
GAS CONSERVATION COMMISSION OF)	DOCKET NO. 191100692
THE STATE OF COLORADO)	
)	TYPE: RULEMAKING

PREHEARING STATEMENT OF AFFILIATED LOCAL GOVERNMENT COALITION

Boulder County, the City of Lafayette, the City and County of Broomfield, the Town of Erie, and the City of Longmont participating as the Affiliated Local Government Coalition (the “ALGC”), by and through each party’s respective undersigned counsel, hereby files its Prehearing Statement in this matter.

The ALGC supports the efforts of the Colorado Oil and Gas Conservation Commission (COGCC or “Commission”) to consider additions and amendments to Commission Rules of Practice and Procedure, 2 C.C.R. 404-1 (“Rules”), as part of its “Flowline Rulemaking.” We appreciate Staff’s suggested revisions and commend Staff on suggesting revisions that significantly improve the protectiveness of flowlines and crude oil transfer lines. While we are supportive of many of Staff’s suggested revisions, we recommend some additional areas of improvement intended to strengthen the revisions in the Draft Rules and ensure the rules comply with SB 19-181’s mandate to protect public health and the environment. In addition, the ALGC supports the comments submitted by Gunnison County in this matter.

The ALGC requests 30 minutes to present evidence and argument at the rulemaking hearing. The five local governments constituting the ALGC have voluntarily aggregated their party status and

are submitting a single pre-hearing statement. Nonetheless, they should not be penalized for such voluntary coordination and request time sufficient to address their individual and combined positions.

The ALGC requests the relief requested in Attachment A, which show suggested redlines to the COGCC flowline rules.

At this time, the ALGC does not anticipate having any witnesses. However, the ALGC reserves the right to call a witness as necessary in response to any filings by the parties or revisions to the Staff's rules.

1. Section 1101: Registration Requirements

The ALGC approves of Staff's recommended additions to the information operators must submit to the COGCC when registering off-location flowlines and crude oil transfer lines. In particular, we strongly support the added data requirements for corrosion protection and integrity management in R.1101.b and 1101.c. However, we recommend requiring operators of off-location flowlines in existence prior to May 1, 2018, and who are already registered with the Commission, also submit information on corrosion protection and integrity management as an update to their Form 44s. Information on corrosion protection and integrity management is critical information to ensure that existing pipelines are constructed and operated in a manner that minimizes leaks and the risk of ruptures.

We support Staff's proposal to require operators of flowline systems to provide information on the construction method used when registering such systems. R.1101.c.(2)(E). This information is

currently required for operators of crude oil transfer lines. Information on the construction method should not be limited solely to operators of produced water flowlines and crude oil transfer lines, but rather is also important for other types of off-location flowlines, such as those carrying crude oil or natural gas. The ALGC recommends requiring construction method documentation for off-location flowlines in 1101.b(2) as well.

2. Section 1102: Third-Party Inspections

The ALGC supports the requirements to have a third-party inspect crude oil transfer lines before they are placed into service; however, we believe this requirement must apply to all off-location flowlines. Requiring a third-party to certify that the operator installed the pipeline as prescribed by the manufacturer specifications and in accord with the COGCC requirements provides an important element of oversight and an assurance that installation and design defects will be detected before a line is put into service. This is particularly important for buried lines or otherwise difficult to inspect lines. Many of the design, construction and installation requirements require operators to follow specific industry or manufacturer specifications and COGCC requirements. Adherence to these various standards, specifications and rules is critical to ensuring proper installation. We recommend requiring a third-party inspection of all off-location lines since all have the potential of leaking or rupturing if not installed properly.

3. 1104.Integrity Management and Leak Detection

Consistent with our comments to the Commission during the 2018 flowline rulemaking, we continue to believe that all off-location flowlines should have leak detection systems; this important safety requirement should not be limited to just crude oil transfer lines. We recommend expanding the applicability of 1104.g, Leak Protection, Detection and Monitoring to all off-

location flowlines in order to minimize the risk that a produced water line, crude oil or natural gas line will spill, rupture or leak.

We also recommend moving continuous pressure monitoring from 1104.e. and f., Integrity Management, to 1104.g. In our opinion, continuous pressure monitors are a form of leak detection. Indeed, Staff's recommended requirement that an operator's continuous pressure monitoring program must meet the criteria of API RP 1175 "Pipeline *Leak Detection* Program Management" (2017). R. 1104.i, confirms our understanding. Accordingly, we recommend that operators be able to use continuous pressure monitoring as a form of leak detection, per 1104.g, rather than as one of the methods for determining the integrity of flowlines, per 1104.e and f. This would ensure that operators of flowlines and crude oil transfer lines have in place a form of leak detection (e.g., continuous pressure monitor) *as well as* another form of integrity management (e.g., pressure test, smart-pig or other method) to detect corrosion, threats from third-party pipeline encroachment, or pin-hole leaks not detectable by continuous pressure monitors.

4. 1105: Abandonment

The ALGC supports Staff's suggested revisions to the abandonment provisions. In particular we agree that the addition of procedures and processes related to Out of Service Locks and Tags (OOSLAT) in 1105.b enhance the protectiveness of the abandonment requirements and will serve as sensible safety measures. We also support the requirement that operators remove off-location flowlines and crude oil transfer lines unless they submit documentation supporting abandonment in place.

The ALGC recommends local governments receive notice prior to abandonment, rather than after, in order to allow the local government the opportunity to comment on the proposed abandonment method, and to be able to have an inspector onsite during abandonment, if it so desires.

5. Recordkeeping and reporting

As noted above, many of the installation requirements in R. 1102 require operators construct, design and install flowlines and crude oil transfer lines according to specific COGCC rules, industry standards, or manufacturer specifications. We appreciate that Staff has added a recordkeeping requirement for manufacturer specifications, if relied upon. R. 1102.m. We are concerned, however, that there are no other compliance monitoring provisions suggested to ensure compliance with the detailed rules governing component installation standards in R. 1102.b., design in R.1102.c., installation in R.1102.d., cover in R.1102.e, top soil management and reclamation in R.1102.f., marking in R. 1102.g., maintenance in R. 1102.i. and corrosion control, in R.1102.l. We recommend COGCC require operators retain records demonstrating compliance with these requirements.

We recommend COGCC require operators submit an annual report certifying compliance with the 1101 rules, and documenting any deviations from such rules, signed by a responsible official. This type of reporting requirement provides an additional layer of regulatory oversight, as well as transparency, and is commonly required by EPA for oil and gas facilities subject to Clean Air Act requirements.¹ The Colorado Air Quality Control Commission (AQCC) also requires operators submit an annual report documenting compliance with its leak detection and repair requirements.²

¹ 40 CFR § 60.5420a(b)(1)(iv); 42 U.S.C. §7661c(c).

² Colorado Air Quality Control Commission, 5 CCR 1001-9, Reg. 7, XII.L.7.

Furthermore, in its draft revisions to Regulation 7, the Colorado AQCC is proposing to enhance reporting requirements for liquids unloading and plugging and abandonment activities.³

Thank you for your consideration of these suggestions.

DATED this ___th day of October, 2019.

Respectfully submitted,

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³ Colorado Air Quality Control Commission, Draft Regulation 7, II.G.3, available at <https://drive.google.com/file/d/1fZBguGRsR-IvtvHdhl7DrnGSGK6xgrND/view>.

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CERTIFICATE OF SERVICE

I hereby certify that, on October 28th, 2019, I caused the above Affiliated Local Governments Coalitions' Prehearing Statement to be electronically filed and served as follows:

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Affiliated Local Government Coalition

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Colorado Oil & Gas Association
Defend Colorado

SRC Energy Inc.
Weise Consulting
Larimer Alliance for Health, Safety & the
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Colorado Sierra Club
League of Oil and Gas Impacted Coloradans
Oil and Gas Accountability Project ("OGAP")
Citizens for a Healthy Community
Noble Midstream Partners
Colorado Association of Home Builders
Great Western Oil and Gas

Together Against Neighborhood Drilling
The Lookout Alliance
Colorado Rising
350 Colorado
BHSF-Broomfield Health and Safety First
North Range Concerned Citizens
Western Colorado Alliance

Conservation Colorado

Grand Valley Citizens Alliance

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ATTACHMENT A

**ALTERNATIVE RULE LANGUAGE
(COGCC modifications in red, ALGC suggestions in blue)**

1101.b: Off-Location Flowline Registration.

- (1) An operator must register an off-location flowline ~~constructed on or after May 1, 2018,~~ by submitting a Flowline Report, Form 44, to the Director within 90 days after the flowline is ~~placed in active status~~ placed into service. ~~An off-location flowline in existence prior to May 1, 2018, must be registered by October 31, 2019.~~ An off-location flowline registered as part of a produced water transfer system ~~or as part of a flowline system~~ is not subject to this requirement.
- (2) Registration Requirements. ~~For off-location flowlines registered pursuant to this section, operators must include the following information:~~
 - ~~A. For off-location flowlines constructed on or after May 1, 2018, operators must include the following information:~~
 - B. A geodatabase containing the pipeline alignment in the North American Datum of 1983 (NAD 83) with the following attributes: fluid type, pipe material type and pipe size in a format approved by the Director;
 - ~~C. —~~
 - D. Bedding materials used in construction;
 - C. Pipe material;
 - D. Maximum flowline diameter;
 - E. Fluids that will be transferred;
 - F. The maximum anticipated operating pressure, testing pressure, test date and chart of successful pressure test;
 - ~~A layout drawing sufficient to identify the alignment of the flowline, associated oil and gas locations, and existing and proposed pipelines related to the oil and gas locations; and~~
 - G. Identify and describe the starting and ending oil and gas locations;
 - H. Description of corrosion protection; and
 - I. Description of the integrity management system utilized in accordance with 1104.f.
 - J. Description of the construction method used for public by-ways, road crossings, sensitive wildlife habitats, sensitive areas, and natural and manmade watercourses (i.e., open trench, bored and cased, or bored only).
- (3) For off-location flowlines in existence prior to May 1, 2018, ~~and already registered with the Commission, operators must submit the following information, on or before December 1, 2020; a geodatabase containing the pipeline alignment in the North American Datum of 1983 (NAD 83) with the following attributes: fluid type, pipe material type, and pipe size in a format approved by the Director, to the extent such information is or becomes known by the operator or can be acquired from such relevant records in the possession of the operator or its immediate predecessor in interest include in their registration:~~

- A. A geodatabase containing the pipeline alignment in the North American Datum of 1983 (NAD 83) with the following attributes: fluid type, pipe material type, and pipe size in a format approved by the Director;
- B. Description of corrosion protection; and
- C. Description of the integrity management system utilized in accordance with 1104.f.

1102.b. Applicable Technical Standards. Each component of a flowline or crude oil transfer line installed or repaired ~~on or after May 1, 2018~~, must meet one of the following standards appropriate for the component ~~and records must be kept detailing which standard was used and affirming proper compliance with the standard~~:

1102.h. **Inspection.** All ~~off-location flowlines and~~ crude oil transfer lines ~~constructed after May 1, 2018~~, must be inspected by a third-party inspector ~~who is a Professional Engineer registered with the State of Colorado or who is working under the supervision of a Professional Engineer registered with the State of Colorado~~ before being placed into ~~service~~active status. The third-party inspector must be trained in the installation of crude oil transfer lines. The operator must maintain inspection records, including at a minimum:

1102.m. **Record Keeping.** An operator must maintain records of flowline or crude oil transfer line size, route, materials, ~~applicable technical standard used, design, installation, cover for subsurface flowlines and crude oil transfer lines, top soil management and reclamation, marking, maintenance and corrosion control~~, maximum anticipated operating pressure, pressure or other integrity test results, inspections, repairs, and integrity management documentation for the life of the flowline. ~~If an operator relies upon manufacturer's specifications, it is the operator's responsibility to ensure the appropriate specifications are available upon request by the Commission.~~ These records are to be transferred with a change of operator.

1104.e. Integrity Management for **Active Status** Below-Ground On-location Flowlines.

- (1) For any below-ground on-location flowlines not subject to c. or d. above an operator must adhere to one of the following integrity management programs:
 - A. A pressure test to maximum anticipated operating pressure every three years;
 - B. Smart pigging conducted every three years; ~~or~~
 - ~~C. Continuous pressure monitoring; or~~
 - D. ~~C.~~ Annual instrument monitoring conducted pursuant to Rule 1104.j.(2).
- (2) If an operator elects to use smart pigging to comply with this section, the smart pig must be able to measure flowline wall thickness, and measure for flowline defects that could affect integrity, including measurement of metal loss. If no geodatabase file of the flowline exists, the smart pig will have GPS capabilities to the extent such capabilities do not materially compromise the ability of the smart pig to conduct the integrity testing required by this section.

1104.f. **Integrity Management for Active Status Off-Location Flowlines and Crude Oil Transfer Lines.**

- (1) For ~~all~~active status off-location flowlines and crude oil transfer lines, but not including off-location produced water flowlines, operators must adhere to one of the following integrity management programs:
 - A. An annual pressure test to maximum anticipated operating pressure;
 - B. ~~Continuous pressure monitoring;~~
 - C. ~~B.~~ Smart pigging conducted every three years; or
 - D. ~~C.~~ Annual instrument monitoring conducted pursuant to Rule 1104.j.(2).

1104.g. **Leak protection, detection, and monitoring.**

- (1) All off-location flowlines and crude oil transfer line operators must prepare and file with the Director a leak protection and monitoring plan with their registration. The leak protection and monitoring plan may consist of continuous pressure monitoring according to the criteria outlined in API RP 1175.
- (2) All off-location flowlines and crude oil transfer line operators must develop and maintain a plan to coordinate the assessment of all inflow and outflow data. The plan must provide for the assessment of inflow and outflow data between the production facility operator, the crude oil transfer line or off-location flowline operator, and the operator at the point or points of disposal, storage, or sale. Upon discovery of a material data discrepancy, the discovering party is to notify all other appropriate parties and take action to determine the cause. The crude oil transfer line or off-location flowline operator is to retain a record of all material data

1105. ~~Eg.~~ Prior to abandonment, the Director will provide a Field Operations Notice, Form 42 – Abandonment of Flowlines, for an on-location flowline or a Flowline Report, Form 44, for an off-location flowline or crude oil transfer line abandonment to the appropriate Local Governmental Designee and UNGGCO 811.

1106. REPORTING REQUIREMENTS

1106: Reporting.

- (1) All operators of off-location flowlines and crude oil transfer lines must submit an annual report accompanied by a certification by a responsible official that, based on information and belief formed after reasonable inquiry, the statements and information in the document are true, accurate, and complete.