

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 25-0701.01 Richard Sweetman x4333

HOUSE BILL 25-1165

HOUSE SPONSORSHIP

Paschal and Soper, Bird, Duran, Lindsay, McCormick, Titone

SENATE SPONSORSHIP

Simpson and Kipp,

House Committees
Energy & Environment

Senate Committees
Transportation & Energy

A BILL FOR AN ACT

101 **CONCERNING THE MANAGEMENT OF UNDERGROUND ENERGY**

102 **RESOURCES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill creates the geologic storage stewardship enterprise (enterprise) in the department of natural resources (department) for the purpose of:

- Imposing and determining the amount of annual stewardship fees;
- Funding the long-term stewardship of geologic storage

SENATE
Amended 2nd Reading
April 3, 2025

HOUSE
3rd Reading Unamended
March 14, 2025

HOUSE
Amended 2nd Reading
March 13, 2025

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

- facilities in the state;
- Funding the plugging, abandoning, reclaiming, and remediating of orphaned geologic storage facilities in the state; and
- Ensuring that costs associated with long-term stewardship of geologic storage facilities are borne by geologic storage operators in the form of stewardship fees.

The bill creates the geologic storage stewardship enterprise board (enterprise board) to administer the enterprise.

The bill requires each geologic storage operator to pay an annual stewardship fee for each ton of injection carbon dioxide that the geologic storage operator injects in the state. The energy and carbon management commission (commission) collects the stewardship fee on the enterprise's behalf. All money collected as stewardship fees is credited to the geologic storage stewardship enterprise cash fund, which is created in the bill. Money in the geologic storage stewardship enterprise cash fund is continuously appropriated to the enterprise.

The enterprise and the commission may each adopt rules to implement the bill.

Upon the commission's approval of a site closure:

- Ownership of the injection carbon dioxide, and ownership of any remaining facilities used to inject or store injection carbon dioxide, transfer to the state without payment of additional compensation;
- Except in specified circumstances, the geologic storage operator is released from all regulatory liability associated with the continued storage of the injection carbon dioxide and the long-term stewardship of the associated geologic storage facility; and
- The enterprise undertakes long-term stewardship of the injection carbon dioxide and any associated geologic storage facility.

The bill makes several updates to laws concerning the administration of underground geothermal resources, including:

- Clarifying that "nontributary groundwater" does not include "designated groundwater", as these terms are defined in current law;
- Exempting certain geothermal operations from needing a well permit from the state engineer;
- Requiring the state engineer to notify the operator of a prior geothermal operation of an application for a proposed well, and allowing the operator the opportunity to request a hearing if the application causes concern for material injury to the prior geothermal operation;
- Establishing that the authority to regulate shallow

geothermal operations is shared by the state engineer and the state board of examiners;

- Renaming the state board of examiners of water well construction and pump installation contractors as the "state board of examiners of water well and ground heat exchanger contractors" (state board of examiners); and
- Regulating ground heat exchanger contractors in the same manner that currently exists for water well construction contractors and pump installation contractors.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that:

4 (a) Colorado has established statewide emission targets to reduce
5 greenhouse gas emissions based on the levels that existed in 2005,
6 including a 26% reduction by 2025, a 50% reduction by 2030, a 65%
7 reduction by 2035, a 75% reduction by 2040, a 90% reduction by 2045,
8 and net-zero emissions by 2050;

9 (b) Meeting these goals will involve multiple, simultaneously
10 pursued strategies, as well as a streamlined administrative structure;

11 (c) Carbon capture and storage, or "CCS", has been identified as
12 an essential tool for hard-to-decarbonize sectors;

13 (d) The geologic sequestration of carbon dioxide, or "CO2", in the
14 subsurface is necessary to reach net-zero emission targets globally and
15 may be equally critical to Colorado's own climate targets;

16 (e) Through CCS, stored CO2 remains in the subsurface
17 permanently. These CO2 storage projects require an extended
18 post-injection site care phase, typically lasting for decades after injection
19 has ceased, in which the injected CO2 is monitored to thoroughly
20 demonstrate that the injected CO2 is stable and will not pose a risk to

1 underground sources of drinking water.

2 (f) When a storage operator ceases to exist, for example, through
3 bankruptcy, current law does not provide for monitoring and stewardship
4 of the the storage facility;

5 (g) These are some of the reasons why the Colorado carbon
6 management roadmap, the energy and carbon management commission's
7 CCS study, and Colorado's carbon capture sequestration and utilization
8 task force all called for the state to create a process for long-term
9 stewardship of CO2 storage sites whereby CCS storage sites can be
10 monitored and maintained for decades after site closure;

11 (h) Establishing an enterprise funded by a fee imposed on
12 geologic storage operators to provide the necessary resources for the state
13 to conduct long-term monitoring and stewardship activities protects
14 Colorado communities from future impacts from storage facilities,
15 supports our state's climate goals, relieves state taxpayers of a potential
16 burden to manage these sites, and provides certainty to operators;

17 (i) Geothermal energy also provides many opportunities to support
18 the state's transition to a low-carbon economy by offering more reliable
19 energy service and predictable, affordable costs while improving local air
20 quality and offering new economic growth opportunities;

21 (j) The energy and carbon management commission and the
22 division of water resources are responsible for regulating geothermal
23 development in Colorado;

24 (k) In 2023, in Senate Bill 23-285, the general assembly directed
25 the energy and carbon management commission and the division of water
26 resources to study the state regulatory structure for geothermal resources
27 and determine if additional changes are necessary;

5 (m) These recommendations will minimize costs, expedite
6 permitting, reduce risks to industry and the public, and clarify regulatory
7 authority across state agencies.

13 **SECTION 2.** In Colorado Revised Statutes, amend 34-60-101 as
14 follows:

15 **34-60-101. Short title.** THE SHORT TITLE OF this article shall be
16 known and may be cited as ARTICLE 60 IS the "Oil and Gas Conservation
17 "ENERGY AND CARBON MANAGEMENT Act".

18 **SECTION 3.** In Colorado Revised Statutes, 34-60-103, **add**
19 (40.5) as follows:

20 **34-60-103. Definitions - rules.** As used in this article 60, unless
21 the context otherwise requires:

22 (40.5) (a) "SITE CLOSURE" MEANS THAT AN OPERATOR OF A
23 GEOLOGIC STORAGE FACILITY HAS DEMONSTRATED, IN ACCORDANCE WITH
24 ALL RULES OF THE COMMISSION, THAT:

25 (I) GEOLOGIC STORAGE OPERATIONS AT THE FACILITY NO LONGER
26 POSE A DANGER TO PUBLIC HEALTH, SAFETY, OR WELFARE OR TO THE
27 ENVIRONMENT, INCLUDING UNDERGROUND SOURCES OF DRINKING WATER

1 AND WILDLIFE RESOURCES; AND

2 (II) THE OPERATOR HAS RECEIVED APPROVAL FROM THE
3 COMMISSION FOR THE FACILITY TO BE CLOSED.

4 (b) "SITE CLOSURE" REQUIRES THAT:

5 (I) ALL WELLS ARE PLUGGED, EQUIPMENT IS REMOVED, AND LAND
6 IS RECLAIMED, UNLESS OTHERWISE REQUIRED FOR LONG-TERM
7 STEWARDSHIP AND MONITORING OR AS DETERMINED BY THE DIRECTOR OF
8 THE COMMISSION; AND

9 (II) MONITORING EQUIPMENT IS INSTALLED IF REQUIRED BY THE
10 POST-INJECTION SITE CARE AND SITE CLOSURE PLAN OR BY RULES OF THE
11 COMMISSION.

12 **SECTION 4.** In Colorado Revised Statutes, **add 34-60-144** as
13 follows:

14 **34-60-144. Geologic storage stewardship enterprise - created**
15 **- legislative declaration - powers and duties of enterprise - geologic**
16 **storage stewardship enterprise board - membership and duties of**
17 **enterprise board - stewardship fees - geologic storage stewardship**
18 **enterprise cash fund - definitions - rules - repeal.** (1) **Legislative**
19 **declaration.** (a) THE GENERAL ASSEMBLY FINDS THAT:

20 (I) GEOLOGIC STORAGE OPERATIONS ARE AN IMPORTANT TOOL TO
21 HELP THE STATE MEET ITS GREENHOUSE GAS EMISSION REDUCTION GOALS;

22 (II) GEOLOGIC STORAGE OPERATIONS INVOLVE PERMANENTLY
23 STORING INJECTION CARBON DIOXIDE UNDERGROUND;

24 (III) IT IS PRUDENT TO MONITOR AND OTHERWISE CONDUCT
25 LONG-TERM STEWARDSHIP OF INJECTION CARBON DIOXIDE TO
26 DEMONSTRATE THAT THE INJECTION CARBON DIOXIDE IS STABLE AND WILL
27 NOT POSE A RISK TO UNDERGROUND SOURCES OF DRINKING WATER;

3 (V) IT IS NECESSARY, APPROPRIATE, AND IN THE BEST INTEREST OF
4 GEOLOGIC STORAGE OPERATORS FOR THE STATE TO CONDUCT LONG-TERM
5 STEWARDSHIP; AND

6 (VI) IT IS NECESSARY, APPROPRIATE, AND IN THE BEST INTEREST
7 OF GEOLOGIC STORAGE OPERATORS FOR THE STATE TO ENSURE THAT
8 ORPHANED GEOLOGIC STORAGE FACILITIES ARE PLUGGED, ABANDONED,
9 RECLAIMED, AND REMEDIATED, IF NECESSARY, IN A TIMELY MANNER IF
10 AVAILABLE FINANCIAL ASSURANCE IS INSUFFICIENT.

11 (b) THE GENERAL ASSEMBLY ALSO FINDS THAT:

12 (I) CURRENT LAW IN JANUARY 2025 PROVIDES NO MECHANISM TO
13 PAY FOR THE STATE'S LONG-TERM STEWARDSHIP OF GEOLOGIC STORAGE
14 FACILITIES; AND

15 (II) CURRENT LAW IN JANUARY 2025 AUTHORIZES THE
16 COMMISSION TO REQUIRE GEOLOGIC STORAGE OPERATORS TO MAINTAIN
17 AND DEMONSTRATE CERTAIN FINANCIAL ASSURANCES TO PLUG, ABANDON,
18 RECLAIM, AND REMEDIATE GEOLOGIC STORAGE FACILITIES.

19 (c) NOW, THEREFORE, THE GENERAL ASSEMBLY DECLares THAT:

20 (I) IT IS IN THE PUBLIC INTEREST TO CREATE AN ENTERPRISE
21 WITHIN THE DEPARTMENT THAT IS COMMITTED TO FUNDING LONG-TERM
22 STEWARDSHIP OF INJECTION CARBON DIOXIDE AND, IF NECESSARY, THE
23 PLUGGING, ABANDONMENT, RECLAIMING, AND REMEDIATING OF
24 ORPHANED GEOLOGIC STORAGE FACILITIES;

7 (IV) GEOLOGIC STORAGE OPERATORS BENEFIT FROM LONG-TERM
8 STEWARDSHIP BECAUSE SERVICES, SUCH AS LONG-TERM MONITORING AND
9 SITE MANAGEMENT, ALLOW GEOLOGIC STORAGE OPERATORS TO OPERATE
10 CLASS VI INJECTION WELLS IN COLORADO BY ADDRESSING THE RISKS
11 PRESENTED BY THE PERMANENT STORAGE OF INJECTION CARBON DIOXIDE
12 WITHOUT REQUIRING GEOLOGIC STORAGE OPERATORS TO CONDUCT
13 LONG-TERM STEWARDSHIP;

14 (V) CONSISTENT WITH THE DETERMINATION OF THE COLORADO
15 SUPREME COURT IN *NICHOLL V. E-470 PUBLIC HIGHWAY AUTHORITY*, 896
16 P.2d 859 (COLO. 1995), THAT THE POWER TO IMPOSE TAXES IS
17 INCONSISTENT WITH ENTERPRISE STATUS UNDER SECTION 20 OF ARTICLE
18 X OF THE STATE CONSTITUTION, THE GENERAL ASSEMBLY CONCLUDES
19 THAT THE STEWARDSHIP FEE IS A FEE, NOT A TAX, AND THE ENTERPRISE
20 OPERATES AS A BUSINESS BECAUSE THE STEWARDSHIP FEE IS IMPOSED FOR
21 THE FOLLOWING SPECIFIC BUSINESS PURPOSES:

22 (A) THE LONG-TERM STEWARDSHIP SERVICES AUTHORIZED BY THIS
23 SECTION PROVIDE A BENEFIT TO GEOLOGIC STORAGE OPERATORS BY
24 ALLOWING A GEOLOGIC STORAGE OPERATOR TO BE RELEASED OF
25 REGULATORY AND LONG-TERM STEWARDSHIP RESPONSIBILITIES
26 ASSOCIATED WITH INJECTION CARBON DIOXIDE AFTER THE COMMISSION
27 APPROVES SITE CLOSURE OF A GEOLOGIC STORAGE FACILITY; AND

17 **(2) Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
18 OTHERWISE REQUIRES:

19 (a) "DEPARTMENT" MEANS THE DEPARTMENT OF NATURAL
20 RESOURCES.

21 (b) "ENTERPRISE" MEANS THE GEOLOGIC STORAGE STEWARDSHIP
22 ENTERPRISE CREATED IN SUBSECTION (3) OF THIS SECTION.

23 (c) "ENTERPRISE BOARD" MEANS THE GEOLOGIC STORAGE
24 STEWARDSHIP ENTERPRISE BOARD CREATED IN SUBSECTION (4) OF THIS
25 SECTION.

26 (d) "GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND"
27 MEANS THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND

1 CREATED IN SUBSECTION (7) OF THIS SECTION.

2 (e) "LONG-TERM STEWARDSHIP" MEANS MONITORING AND
3 INTEGRITY MAINTENANCE OF GEOLOGIC STORAGE FACILITIES AFTER THE
4 COMMISSION APPROVES A SITE CLOSURE, AS WELL AS ANY ASSOCIATED
5 ACTION NECESSARY TO PROTECT PUBLIC HEALTH, SAFETY, WELFARE, THE
6 ENVIRONMENT, OR WILDLIFE RESOURCES.

7 (f) "ORPHANED GEOLOGIC STORAGE FACILITY" MEANS A GEOLOGIC
8 STORAGE FACILITY IN THE STATE FOR WHICH NO OWNER OR OPERATOR CAN
9 BE FOUND OR FOR WHICH THE OWNER OR OPERATOR IS UNWILLING OR
10 UNABLE TO PAY THE COSTS OF PLUGGING, ABANDONING, REMEDIATING,
11 RECLAIMING, OR OTHER ACTION NECESSARY TO OBTAIN SITE CLOSURE
12 PURSUANT TO COMMISSION RULES.

13 (g) "STEWARDSHIP FEE" MEANS THE STEWARDSHIP FEE
14 AUTHORIZED AND IMPOSED PURSUANT TO SUBSECTION (6) OF THIS
15 SECTION.

16 (3) **Enterprise created.** (a) THE GEOLOGIC STORAGE
17 STEWARDSHIP ENTERPRISE IS CREATED IN THE DEPARTMENT, IS A **TYPE 1**
18 ENTITY, AS DEFINED IN SECTION 24-1-105, AND EXERCISES ITS POWERS
19 AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER THE DEPARTMENT. THE
20 ENTERPRISE IS CREATED FOR THE PURPOSE OF:

21 (I) DETERMINING THE AMOUNT OF STEWARDSHIP FEES;
22 (II) FUNDING THE LONG-TERM STEWARDSHIP OF GEOLOGIC
23 STORAGE FACILITIES IN THE STATE;
24 (III) FUNDING THE PLUGGING, ABANDONMENT, RECLAIMING, AND,
25 AS NECESSARY, REMEDIATING OF ORPHANED GEOLOGIC STORAGE
26 FACILITIES IN THE STATE IF THE COMMISSION, AFTER NOTICE AND A
27 HEARING, DETERMINES THAT AVAILABLE FINANCIAL ASSURANCE IS

1 INSUFFICIENT; AND

2 (IV) ENSURING THAT COSTS ASSOCIATED WITH LONG-TERM
3 STEWARDSHIP OF GEOLOGIC STORAGE FACILITIES ARE BORNE BY GEOLOGIC
4 STORAGE OPERATORS IN THE FORM OF STEWARDSHIP FEES.

5 (b) THE ENTERPRISE BOARD, IN CONSULTATION WITH THE
6 COMMISSION, SHALL ADMINISTER THE ENTERPRISE IN ACCORDANCE WITH
7 THIS SECTION.

8 (c) (I) THE ENTERPRISE CONSTITUTES AN ENTERPRISE FOR
9 PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO
10 LONG AS IT RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND
11 RECEIVES LESS THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS, AS
12 DEFINED IN SECTION 24-77-102 (7), FROM ALL COLORADO STATE AND
13 LOCAL GOVERNMENTS COMBINED. SO LONG AS IT CONSTITUTES AN
14 ENTERPRISE, THE ENTERPRISE IS NOT SUBJECT TO SECTION 20 OF ARTICLE
15 X OF THE STATE CONSTITUTION.

16 (II) THE ENTERPRISE IS AUTHORIZED TO ISSUE REVENUE BONDS FOR
17 THE EXPENSES OF THE ENTERPRISE, SECURED BY REVENUE OF THE
18 ENTERPRISE.

19 **(4) Enterprise board created - membership - duties - repeal.**

20 (a) (I) THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE BOARD IS
21 CREATED TO ADMINISTER THE ENTERPRISE. THE ENTERPRISE BOARD
22 INCLUDES THE FOLLOWING FIVE MEMBERS:

23 (A) THE CHAIR OF THE COMMISSION;

24 (B) THE DIRECTOR OF THE COMMISSION OR THE DIRECTOR'S
25 DESIGNEE;

26 (C) AN INDIVIDUAL WITH SUBSTANTIAL EXPERIENCE IN GEOLOGIC
27 STORAGE, PREFERABLY WITH AN ACTUARIAL SCIENCE BACKGROUND AS

1 RELATED TO EVALUATING THE LONG-TERM RISK OF GEOLOGIC STORAGE
2 FACILITIES, TO BE APPOINTED BY THE GOVERNOR AND CONFIRMED BY THE
3 SENATE;

4 (D) AN INDIVIDUAL WITH FORMAL TRAINING OR SUBSTANTIAL
5 EXPERIENCE IN ENVIRONMENTAL PROTECTION, PUBLIC HEALTH, OR OTHER
6 RELEVANT FIELDS, TO BE APPOINTED BY THE GOVERNOR AND CONFIRMED
7 BY THE SENATE; AND

8 (E) AN INDIVIDUAL WITH FORMAL TRAINING OR SUBSTANTIAL
9 EXPERIENCE IN WELBORE MONITORING, LONG-TERM STEWARDSHIP, OR
10 OTHER RELEVANT TECHNICAL FIELDS, TO BE APPOINTED BY THE GOVERNOR
11 AND CONFIRMED BY THE SENATE.

12 (II) (A) THE GOVERNOR SHALL APPOINT THE INITIAL MEMBERS OF
13 THE ENTERPRISE BOARD PURSUANT TO SUBSECTIONS (4)(a)(I)(C),
14 (4)(a)(I)(D), AND (4)(a)(I)(E) OF THIS SECTION ON OR BEFORE SEPTEMBER
15 1, 2025.

16 (B) THIS SUBSECTION (4)(a)(II) IS REPEALED, EFFECTIVE JULY 1,
17 2026.

18 (III) THE MEMBERS OF THE ENTERPRISE BOARD DESCRIBED IN
19 SUBSECTIONS (4)(a)(I)(C), (4)(a)(I)(D), AND (4)(a)(I)(E) OF THIS SECTION
20 SHALL EACH SERVE TERMS OF THREE YEARS; EXCEPT THAT THE INITIAL
21 TERM OF THE MEMBER APPOINTED PURSUANT TO SUBSECTION (4)(a)(I)(C)
22 OF THIS SECTION IS ONE YEAR, AND THE INITIAL TERM OF THE MEMBER
23 APPOINTED PURSUANT TO SUBSECTION (4)(a)(I)(D) OF THIS SECTION IS
24 TWO YEARS. IN THE EVENT OF A VACANCY, THE GOVERNOR MAY APPOINT
25 AN INDIVIDUAL TO COMPLETE THE TERM OF THE MEMBER WHOSE SEAT HAS
26 BECOME VACANT.

27 (IV) AN INDIVIDUAL MAY BE APPOINTED TO SERVE AS A MEMBER

1 OF THE ENTERPRISE BOARD PURSUANT TO SUBSECTION (4)(a)(I)(C),
2 (4)(a)(I)(D), OR (4)(a)(I)(E) OF THIS SECTION FOR AN UNLIMITED NUMBER
3 OF TERMS.

4 (V) ENTERPRISE BOARD MEMBERS SERVING PURSUANT TO
5 SUBSECTIONS (4)(a)(I)(C), (4)(a)(I)(D), AND (4)(a)(I)(E) OF THIS SECTION
6 MAY RECEIVE COMPENSATION FROM THE ENTERPRISE ON A PER DIEM BASIS
7 FOR REASONABLE EXPENSES ACTUALLY INCURRED IN THE PERFORMANCE
8 OF DUTIES REQUIRED OF ENTERPRISE BOARD MEMBERS UNDER THIS
9 SECTION.

10 (VI) THE GOVERNOR SHALL SELECT A MEMBER OF THE ENTERPRISE
11 BOARD TO SERVE AS CHAIR OF THE ENTERPRISE BOARD.

12 (b) IN ADDITION TO ADMINISTERING THE ENTERPRISE, THE
13 ENTERPRISE BOARD SHALL:

14 (I) SET THE AMOUNT OF THE STEWARDSHIP FEE AT AN AMOUNT
15 THAT IS REASONABLY RELATED TO THE OVERALL COST OF THE LONG-TERM
16 STEWARDSHIP SERVICES PROVIDED BY THE ENTERPRISE. THE ENTERPRISE
17 BOARD SHALL SET THE INITIAL AMOUNT WITHIN SIX MONTHS AFTER THE
18 ENTERPRISE BOARD IS CONFIRMED.

19 (II) AS FREQUENTLY AS THE ENTERPRISE BOARD DETERMINES
20 NECESSARY, CONSIDER WHETHER THE AMOUNT OF THE STEWARDSHIP FEE
21 SHOULD BE INCREASED OR REDUCED, BASED ON:

22 (A) THE OVERALL COST OF THE ENTERPRISE'S LONG-TERM
23 STEWARDSHIP SERVICES, INCLUDING REASONABLY ANTICIPATED FUTURE
24 EXPENDITURES FROM THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE
25 CASH FUND; AND

26 (B) THE NEED TO COMPLY WITH SUBSECTION (7)(b) OF THIS
27 SECTION;

1 (III) CONSIDER THE IMPORTANCE OF FINANCIAL
2 PREDICTABILITY FOR OPERATORS WHEN DETERMINING THE FREQUENCY OF
3 CHANGES TO THE STEWARDSHIP FEE AMOUNT;

4 (IV) IF THE ENTERPRISE BOARD DETERMINES THAT AN INCREASE
5 OR REDUCTION OF THE STEWARDSHIP FEE AMOUNT IS WARRANTED, ADJUST
6 THE STEWARDSHIP FEE AMOUNT TO AN AMOUNT THAT IS REASONABLY
7 RELATED TO THE OVERALL COST OF THE LONG-TERM STEWARDSHIP
8 SERVICES PROVIDED BY THE ENTERPRISE; AND

9 (V) ADVISE THE COMMISSION OF THE OUTCOME OF THE
10 ENTERPRISE BOARD'S DELIBERATIONS PURSUANT TO THIS SUBSECTION (4).

15 (a) TO ADOPT PROCEDURES FOR CONDUCTING THE ENTERPRISE
16 BOARD'S AFFAIRS;

21 (c) TO EMPLOY AND SUPERVISE INDIVIDUALS, PROFESSIONAL
22 CONSULTANTS, AND CONTRACTORS AS ARE NECESSARY IN THE ENTERPRISE
23 BOARD'S JUDGMENT TO CARRY OUT ITS BUSINESS PURPOSES;

24 (d) TO ENGAGE THE SERVICES OF CONTRACTORS, CONSULTANTS,
25 AND THE ATTORNEY GENERAL'S OFFICE FOR PROFESSIONAL AND
26 TECHNICAL ASSISTANCE AND ADVICE AND TO SUPPLY OTHER SERVICES
27 RELATED TO THE CONDUCT OF THE AFFAIRS OF THE ENTERPRISE. THE

1 ENTERPRISE MAY CONTRACT WITH THE DEPARTMENT FOR THE PROVISION
2 OF OFFICE SPACE AND ADMINISTRATIVE STAFF TO THE ENTERPRISE AT A
3 FAIR MARKET RATE.

4 (e) TO SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, DONATIONS, OR
5 OTHER PAYMENTS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES
6 OF THIS SECTION, SO LONG AS THE TOTAL AMOUNT OF ALL GRANTS FROM
7 COLORADO STATE AND LOCAL GOVERNMENTS RECEIVED IN ANY STATE
8 FISCAL YEAR IS LESS THAN TEN PERCENT OF THE ENTERPRISE'S TOTAL
9 ANNUAL REVENUE FOR THE STATE FISCAL YEAR. ALL MONEY RECEIVED AS
10 GIFTS, GRANTS, AND DONATIONS SHALL BE CREDITED TO THE GEOLOGIC
11 STORAGE STEWARDSHIP ENTERPRISE CASH FUND.

12 (f) TO CREATE AND IMPOSE UPON GEOLOGIC STORAGE OPERATORS
13 AN ADDITIONAL FEE TO ADDRESS PLUGGING, ABANDONING, RECLAIMING,
14 AND REMEDIATING OF ORPHANED GEOLOGIC STORAGE FACILITIES, WHICH
15 FEE IS IN AN AMOUNT THAT IS REASONABLY RELATED TO THE OVERALL
16 COST OF PLUGGING, ABANDONING, RECLAIMING, AND REMEDIATING
17 ORPHANED GEOLOGIC STORAGE FACILITIES, SO LONG AS THE ENTERPRISE
18 BOARD FINDS THAT:

19 (I) GEOLOGIC STORAGE OPERATIONS IN THE STATE ARE LIKELY TO
20 CREATE ORPHANED GEOLOGIC STORAGE FACILITIES IN THE FUTURE;
21 (II) FINANCIAL ASSURANCE PROVIDED BY OPERATORS WILL BE
22 INSUFFICIENT TO ADDRESS ORPHANED GEOLOGIC STORAGE FACILITIES; AND
23 (III) STEWARDSHIP FEES DEPOSITED INTO THE GEOLOGIC STORAGE
24 STEWARDSHIP CASH FUND WILL BE INSUFFICIENT TO ADDRESS BOTH
25 LONG-TERM STEWARDSHIP AND ORPHANED GEOLOGIC STORAGE
26 FACILITIES;

27 (g) TO HAVE AND EXERCISE ALL RIGHTS AND POWERS NECESSARY

1 OR INCIDENTAL TO OR IMPLIED FROM THE SPECIFIC POWERS AND DUTIES
2 GRANTED BY THIS SECTION; AND

3 (h) TO PERFORM ALL ACTS NECESSARY TO ACCOMPLISH SITE
4 CLOSURES PURSUANT TO COMMISSION RULES FOR ORPHANED GEOLOGIC
5 STORAGE FACILITIES.

6 (6) **Stewardship fees - rules.** (a) ON OR BEFORE APRIL 30, 2026,
7 AND ON OR BEFORE APRIL 30 EACH YEAR THEREAFTER, EACH GEOLOGIC
8 STORAGE OPERATOR SHALL PAY A STEWARDSHIP FEE TO THE COMMISSION,
9 WHICH SHALL COLLECT THE STEWARDSHIP FEE ON THE ENTERPRISE'S
10 BEHALF, FOR EACH TON OF INJECTION CARBON DIOXIDE THAT THE
11 GEOLOGIC STORAGE OPERATOR INJECTS IN THE STATE.

12 (b) MONEY COLLECTED AS STEWARDSHIP FEES SHALL BE CREDITED
13 TO THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND.

14 (c) THE MONEY COLLECTED BY THE COMMISSION FOR TRANSFER TO
15 THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND PURSUANT
16 TO SUBSECTION (6)(b) OF THIS SECTION IS:

17 (I) COLLECTED FOR THE ENTERPRISE;

18 (II) CUSTODIAL MONEY INTENDED FOR THE ENTERPRISE AND HELD
19 TEMPORARILY BY THE COMMISSION AND THE STATE TREASURER SOLELY
20 FOR THE PURPOSE OF TRANSFERRING THE MONEY TO THE GEOLOGIC
21 STORAGE STEWARDSHIP ENTERPRISE CASH FUND; AND

22 (III) BASED ON THE ENTERPRISE'S STATUS AS AN ENTERPRISE, NOT
23 SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AT
24 ANY TIME DURING THE MONEY'S COLLECTION, TRANSFER, AND USE.

25 (d) THE COMMISSION MAY ADOPT RULES TO IMPLEMENT THIS
26 SUBSECTION (6).

27 (7) **Geologic storage stewardship enterprise cash fund - repeal.**

1 (a) THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND IS
2 CREATED IN THE STATE TREASURY. THE GEOLOGIC STORAGE STEWARDSHIP
3 ENTERPRISE CASH FUND CONSISTS OF:

4 (I) MONEY RECEIVED AS STEWARDSHIP FEES;
5 (II) ANY MONEY RECEIVED FROM THE ISSUANCE OF REVENUE
6 BONDS, AS DESCRIBED IN SUBSECTION (3)(c)(II) OF THIS SECTION; [REDACTED]

7 (III) ANY GIFTS, GRANTS, OR DONATIONS RECEIVED PURSUANT TO
8 SUBSECTION (5)(e) OF THIS SECTION; AND

9 (IV) ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
10 APPROPRIATE OR TRANSFER TO THE GEOLOGIC STORAGE STEWARDSHIP
11 ENTERPRISE CASH FUND.

12 (b) (I) THE TOTAL AMOUNT OF MONEY CREDITED OR
13 APPROPRIATED TO THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE
14 CASH FUND AS STEWARDSHIP FEES SHALL NOT EXCEED ONE HUNDRED
15 MILLION DOLLARS IN THE FIRST FIVE YEARS OF THE ENTERPRISE'S
16 EXISTENCE.

17 (II) THIS SUBSECTION (7)(b) IS REPEALED, EFFECTIVE JULY 1, 2031.

18 (c) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
19 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
20 GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND TO THE
21 GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND. ANY
22 UNEXPENDED AND UNENCUMBERED MONEY REMAINING IN THE GEOLOGIC
23 STORAGE STEWARDSHIP ENTERPRISE CASH FUND AT THE END OF A FISCAL
24 YEAR REMAINS IN THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE
25 CASH FUND AND SHALL NOT BE CREDITED OR TRANSFERRED TO THE
26 GENERAL FUND OR TO ANY OTHER FUND.

27 (d) MONEY CREDITED TO THE GEOLOGIC STORAGE STEWARDSHIP

1 ENTERPRISE CASH FUND IS CONTINUOUSLY APPROPRIATED TO THE
2 ENTERPRISE AND SHALL BE EXPENDED TO PAY THE COSTS OF:

3 (I) LONG-TERM STEWARDSHIP;
4 (II) PLUGGING, ABANDONING, RECLAIMING, AND REMEDIATING
5 SERVICES FOR ORPHANED GEOLOGIC STORAGE FACILITIES AT THE REQUEST
6 OF THE DIRECTOR OF THE COMMISSION IF THE COMMISSION, AFTER NOTICE
7 AND A HEARING, DETERMINES THAT AVAILABLE FINANCIAL ASSURANCE IS
8 INSUFFICIENT; AND

9 (III) THE ENTERPRISE'S REASONABLE AND NECESSARY OPERATING
10 EXPENSES.

11 (8) **Rules.** THE ENTERPRISE SHALL ADOPT RULES AS NECESSARY TO
12 IMPLEMENT THIS SECTION. IN ADOPTING ANY RULES CONCERNING
13 SUBSECTION (6) OF THIS SECTION, THE ENTERPRISE SHALL CONSULT WITH
14 THE COMMISSION.

15 (9) **Governmental immunity.** NOTHING IN THIS SECTION
16 CONSTITUTES A WAIVER, ABROGATION, OR LIMITATION OF GOVERNMENTAL
17 IMMUNITY, AS DESCRIBED IN ARTICLE 10 OF TITLE 24. GEOLOGIC STORAGE
18 FACILITIES, GEOLOGIC STORAGE LOCATIONS, GEOLOGIC STORAGE
19 RESOURCES, INJECTION CARBON DIOXIDE, AND FACILITIES ASSOCIATED
20 WITH GEOLOGIC STORAGE OPERATIONS ARE NOT GAS FACILITIES FOR THE
21 PURPOSES OF SECTION 24-10-106 (1)(f) AND DO NOT CONSTITUTE ANY
22 OTHER AREA OR FACILITY FOR WHICH SOVEREIGN IMMUNITY IS WAIVED
23 PURSUANT TO SECTION 24-10-106 (1).

24 **SECTION 5.** In Colorado Revised Statutes, 34-60-106, **amend**
25 **(9)(c)(II) and (9)(c)(IV)(D); repeal (9)(c)(IV)(D.5) and (9)(e)(VI); and**
26 **add (9.4) as follows:**

27 **34-60-106. Additional powers of commission - fees - rules -**

1 definitions - repeal. (9) (c) (II) (A) The commission may issue and
2 enforce permits for geologic storage operations and may regulate geologic
3 storage operations after the commission makes the determination and
4 holds the hearing set forth in subsection (9)(c)(I) of this section and the
5 commission and the governor satisfy the requirements set forth in
6 subsection (9)(a) of this section.

7 (B) A PERSON THAT WILLFULLY VIOLATES A CLASS VI RULE,
8 REGULATION, PERMIT, OR ORDER OF THE COMMISSION ISSUED PURSUANT
9 TO SUBSECTION (9)(c)(II)(A) OF THIS SECTION COMMITS A MISDEMEANOR
10 AND, UPON CONVICTION BY A COURT OF COMPETENT JURISDICTION, IS
11 SUBJECT TO A FINE OF AT LEAST FIVE THOUSAND DOLLARS AND NO MORE
12 THAN SEVEN THOUSAND FIVE HUNDRED DOLLARS FOR EACH ACT OF
13 VIOLATION AND FOR EACH DAY THAT THE PERSON REMAINS IN VIOLATION.

14 (IV) (D) A geologic storage operator shall maintain the financial
15 assurance required under BY this subsection (9)(c)(IV) or under any rules
16 adopted pursuant to this subsection (9)(c)(IV) until the commission
17 approves site closure, as specified in rules adopted by the commission.
18 EXCEPT AS DESCRIBED IN SUBSECTION (9.4) OF THIS SECTION, commission
19 approval of a site closure does not otherwise modify an operator's
20 responsibility to comply with applicable laws.

21 (D.5) If a geologic storage operator makes a material
22 misrepresentation or omission that causes the commission to approve a
23 site closure pursuant to subsection (9)(c)(IV)(D) of this section, the
24 commission may reimpose any regulatory responsibility or financial
25 assurance obligation imposed on the geologic storage operator pursuant
26 to subsection (9)(c)(IV)(A) of this section.

27 (e) As used in this subsection (9), unless the context otherwise

1 requires:

2 (VI) "Site closure" has the meaning set forth in 40 CFR 146.81.

3 (9.4) (a) BEFORE THE COMMISSION APPROVES A SITE CLOSURE,
4 TITLE TO THE INJECTION CARBON DIOXIDE STORED BY A GEOLOGIC
5 STORAGE OPERATOR REMAINS WITH THE GEOLOGIC STORAGE OPERATOR
6 OR ANY PARTY TO WHICH THE GEOLOGIC STORAGE OPERATOR
7 TRANSFERRED TITLE.

8 (b) IN ADDITION TO ANY CRITERIA FOR SITE CLOSURE REQUIRED BY
9 RULES ADOPTED BY THE COMMISSION, THE COMMISSION SHALL NOT
10 APPROVE A SITE CLOSURE UNTIL THE COMMISSION HAS DETERMINED THAT
11 THE GEOLOGIC STORAGE OPERATOR REQUESTING THE SITE CLOSURE HAS
12 CONTRIBUTED MONEY TO THE GEOLOGIC STORAGE STEWARDSHIP
13 ENTERPRISE CASH FUND CREATED IN SECTION 34-60-144 (7) IN AN
14 AMOUNT SUFFICIENT TO PAY FOR LONG-TERM STEWARDSHIP OF THE
15 GEOLOGIC STORAGE FACILITY FOR WHICH THE OPERATOR REQUESTS THE
16 SITE CLOSURE.

17 (c) UPON APPROVAL BY THE COMMISSION OF A SITE CLOSURE:

18 (I) OWNERSHIP OF THE INJECTION CARBON DIOXIDE AND
19 OWNERSHIP OF ANY REMAINING GEOLOGIC STORAGE FACILITIES,
20 INCLUDING THOSE USED TO INJECT, MONITOR, OR STORE INJECTION
21 CARBON DIOXIDE, TRANSFER TO THE STATE WITHOUT PAYMENT OF
22 COMPENSATION;

23 (II) THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CREATED
24 IN SECTION 34-60-144 SHALL UNDERTAKE LONG-TERM STEWARDSHIP OF
25 THE INJECTION CARBON DIOXIDE AND ANY ASSOCIATED GEOLOGIC
26 STORAGE FACILITY; AND

27 (III) THE GEOLOGIC STORAGE OPERATOR IS RELEASED FROM ALL

1 FURTHER REGULATORY LIABILITY ASSOCIATED WITH THE GEOLOGIC
2 STORAGE OPERATIONS OR ASSOCIATED GEOLOGIC STORAGE FACILITY,
3 EXCEPT AS PROVIDED IN SUBSECTION (9.4)(d) OF THIS SECTION.

4 (d) REGULATORY LIABILITY REMAINS WITH THE GEOLOGIC
5 STORAGE OPERATOR TO THE EXTENT THAT THE COMMISSION DETERMINES,
6 AFTER NOTICE AND HEARING, THAT:

7 (I) THE GEOLOGIC STORAGE OPERATOR WAS IN MATERIAL
8 VIOLATION OF A STATE LAW OR REGULATION RELATED TO THE GEOLOGIC
9 STORAGE OPERATIONS OR ANY ASSOCIATED GEOLOGIC STORAGE FACILITY
10 THAT WAS NOT REMEDIED PRIOR TO APPROVAL OF SITE CLOSURE AND HAS
11 NOT BEEN REMEDIED SINCE THAT TIME, AND ANY APPLICABLE STATUTES
12 OF LIMITATION HAVE NOT RUN;

13 (II) THE GEOLOGIC STORAGE OPERATOR PROVIDED DEFICIENT OR
14 ERRONEOUS INFORMATION THAT WAS MATERIAL AND RELIED UPON BY THE
15 COMMISSION TO SUPPORT THE APPROVAL OF SITE CLOSURE;

16 (III) CONTRACTUAL, CIVIL, OR CRIMINAL LIABILITY ARISES FROM
17 CONDUCT OF THE GEOLOGIC STORAGE OPERATOR ASSOCIATED WITH THE
18 GEOLOGIC STORAGE OPERATIONS OR ANY ASSOCIATED GEOLOGIC STORAGE
19 FACILITY AND SUCH LIABILITY MATERIALLY AFFECTS THE COMMISSION'S
20 DECISION TO APPROVE SITE CLOSURE; OR

21 (IV) THERE IS FLUID MIGRATION FOR WHICH THE GEOLOGIC
22 STORAGE OPERATOR IS RESPONSIBLE THAT CAUSES OR THREATENS TO
23 CAUSE IMMINENT AND SUBSTANTIAL ENDANGERMENT TO AN
24 UNDERGROUND SOURCE OF DRINKING WATER.

25 (e) AFTER NOTICE AND HEARING, THE COMMISSION MAY REIMPOSE
26 ANY REGULATORY LIABILITY FROM WHICH THE GEOLOGIC STORAGE
27 OPERATOR HAS BEEN RELEASED PURSUANT TO SUBSECTION (9.4)(c)(III) OF

1 THIS SECTION AND FINANCIAL ASSURANCE OBLIGATIONS, IF THE
2 COMMISSION DETERMINES THAT:

3 (I) THE GEOLOGIC STORAGE OPERATOR MADE A MATERIAL
4 MISREPRESENTATION OR OMISSION THAT CAUSED THE COMMISSION TO
5 APPROVE A SITE CLOSURE;

6 (II) THE GEOLOGIC STORAGE OPERATOR ~~WAS IN MATERIAL~~
7 ~~VIOLATION OF A DUTY IMPOSED ON THE OPERATOR BY STATE LAW,~~
8 ~~INCLUDING BY RULES, PRIOR TO APPROVAL OF A SITE CLOSURE, THE~~
9 ~~MATERIAL VIOLATION HAS NOT BEEN REMEDIED, AND ANY APPLICABLE~~
10 ~~STATUTES OF LIMITATION HAVE NOT RUN; OR~~

11 (III) THERE IS MIGRATION OF THE INJECTION CARBON DIOXIDE FOR
12 WHICH THE GEOLOGIC STORAGE OPERATOR IS RESPONSIBLE THAT CAUSES
13 OR THREATENS TO CAUSE IMMINENT AND SUBSTANTIAL ENDANGERMENT
14 TO AN UNDERGROUND SOURCE OF DRINKING WATER.

15 (f) NOTHING IN THIS SUBSECTION (9.4) WAIVES, ABROGATES, OR
16 LIMITS GOVERNMENTAL IMMUNITY, AS DESCRIBED IN ARTICLE 10 OF TITLE
17 24. GEOLOGIC STORAGE FACILITIES, GEOLOGIC STORAGE LOCATIONS,
18 GEOLOGIC STORAGE RESOURCES, INJECTION CARBON DIOXIDE, AND
19 FACILITIES ASSOCIATED WITH GEOLOGIC STORAGE OPERATIONS ARE NOT
20 GAS FACILITIES FOR THE PURPOSES OF SECTION 24-10-106 (1)(f) AND DO
21 NOT CONSTITUTE ANY OTHER AREA OR FACILITY FOR WHICH SOVEREIGN
22 IMMUNITY IS WAIVED PURSUANT TO SECTION 24-10-106 (1).

23 (g) AS USED IN THIS SUBSECTION (9.4), UNLESS THE CONTEXT
24 OTHERWISE REQUIRES:

25 (I) "REGULATORY LIABILITY" MEANS A GEOLOGIC STORAGE
26 OPERATOR'S OBLIGATION TO COMPLY WITH ANY RULE, REGULATION,
27 PERMIT CONDITION, OR ORDER OF THE COMMISSION ADOPTED OR ISSUED

1 PURSUANT TO SUBSECTION (9)(c)(II) OF THIS SECTION FOR GEOLOGIC
2 STORAGE OPERATIONS.

3 (II) "REGULATORY LIABILITY" INCLUDES A GEOLOGIC STORAGE
4 OPERATOR'S EXPOSURE TO PENALTIES ASSESSED IN ACCORDANCE WITH
5 SECTION 34-60-121 FOR VIOLATIONS OF ANY RULE, REGULATION, PERMIT
6 CONDITION, OR ORDER OF THE COMMISSION ADOPTED OR ISSUED
7 PURSUANT TO SUBSECTION (9)(c)(II) OF THIS SECTION FOR GEOLOGIC
8 STORAGE OPERATIONS.

9 (III) "REGULATORY LIABILITY" DOES NOT INCLUDE A GEOLOGIC
10 STORAGE OPERATOR'S CIVIL, CONTRACTUAL, OR CRIMINAL LIABILITY.

11 **SECTION 6.** In Colorado Revised Statutes, 34-60-140, **amend**
12 (2)(a)(II) introductory portion as follows:

13 **34-60-140. Ownership of geologic storage resources and**
14 **injection carbon dioxide - legislative declaration.** (2) (a) Except as set
15 forth in subsection (5) of this section:

16 (II) UNTIL ownership of injection carbon dioxide and the facilities
17 and equipment that store injection carbon dioxide in the state TRANSFER
18 TO THE STATE PURSUANT TO SECTION 34-60-106 (9.4)(c)(I), SUCH
19 OWNERSHIP is vested in:

20 **SECTION 7.** In Colorado Revised Statutes, 37-80-111.5, **amend**
21 (1)(d) as follows:

22 **37-80-111.5. Fees - rules - satellite monitoring system cash**
23 **fund - well inspection cash fund - created.** (1) (d) Of each fee collected
24 pursuant to sections 37-90-105 (3)(a)(I) and (4)(a); 37-90-107 (7)(d)(I);
25 37-90-116 (1)(a), (1)(c), and (1)(h); 37-90-137 (2)(a); **37-90.5-106;**
26 **37-90.5-107;** and 37-92-602 (3)(a) and (5), ~~forty dollars~~ A PORTION shall
27 be credited to the well inspection cash fund, which fund is ~~hereby~~ created.

1 **Moneys** THE AMOUNT OF THE PORTION TRANSFERRED TO THE WELL
2 INSPECTION CASH FUND IS FORTY DOLLARS, AND THIS AMOUNT MAY BE
3 MODIFIED BY RULES ADOPTED BY THE BOARD OF EXAMINERS PURSUANT TO
4 SECTION 37-91-104 (1)(c). MONEY in the well inspection cash fund shall
5 be CONTINUOUSLY appropriated to and expended by the state engineer for
6 the purposes established in section 37-91-113. Any **moneys** MONEY
7 credited to the well inspection cash fund and unexpended at the end of
8 any given STATE fiscal year ~~remain~~ REMAINS in the fund and ~~do~~ DOES not
9 revert to the general fund. All interest derived from the deposit and
10 investment of this fund ~~remain~~ REMAINS in the fund and ~~do~~ DOES not
11 revert to the general fund.

12 **SECTION 8.** In Colorado Revised Statutes, 37-80-111.7, **amend**
13 (2) introductory portion and (2)(b) as follows:

14 **37-80-111.7. Water resources cash fund - created - uses.**
15 (2) The state engineer shall collect the following fees and transmit them
16 to the state treasurer, who shall credit them to the fund, except as
17 specified in ~~paragraph (b) of this subsection~~ (2) SUBSECTION (2)(b) OF
18 THIS SECTION:

19 (b) The state engineer shall collect fees pursuant to sections
20 37-90-105 (3)(a) and (4); 37-90-107 (7)(c)(I) and (7)(d)(I); 37-90-108 (4)
21 and (6); 37-90-116 (1)(a), (1)(c), (1)(h), and (1)(i); 37-90-137 (2), (3)(a),
22 and (3)(c); 37-90.5-106; **37-90.5-107**; 37-92-305 (17); 37-92-308; and
23 37-92-602 (1)(g)(III)(C), (3)(a), and (5). The STATE treasurer shall credit
24 the fees collected pursuant to this ~~paragraph (b)~~ SUBSECTION (2)(b) to the
25 fund except as specified in section 37-80-111.5 (1)(d).

26 **SECTION 9.** In Colorado Revised Statutes, 37-90-103, **amend**
27 (10.5) as follows:

1 **37-90-103. Definitions - repeal.** As used in this article 90, unless
2 the context otherwise requires:

3 (10.5) "Nontributary groundwater" means that groundwater,
4 located outside the boundaries of any designated groundwater basins in
5 existence on January 1, 1985 EXCLUDING DESIGNATED GROUNDWATER,
6 the withdrawal of which will not, within one hundred years of continuous
7 withdrawal, deplete the flow of a natural stream, including a natural
8 stream as defined in sections 37-82-101 (2) and 37-92-102 (1)(b), at an
9 annual rate greater than one-tenth of one percent of the annual rate of
10 withdrawal. The determination of whether groundwater is nontributary
11 shall be based on aquifer conditions existing at the time of permit
12 application; except that, in recognition of the de minimis amount of water
13 discharging from the Dawson, Denver, Arapahoe, and Laramie-Fox Hills
14 aquifers into surface streams due to artesian pressure, when compared
15 with the great economic importance of the groundwater in those aquifers,
16 and the feasibility and requirement of full augmentation by wells located
17 in the tributary portions of those aquifers, it is specifically found and
18 declared that, in determining whether groundwater of the Dawson,
19 Denver, Arapahoe, and Laramie-Fox Hills aquifers is nontributary, it shall
20 be assumed that the hydrostatic pressure level in each such aquifer has
21 been lowered at least to the top of that aquifer throughout that aquifer;
22 except that not nontributary groundwater, as defined in subsection (10.7)
23 of this section, in the Denver basin shall not become nontributary
24 groundwater as a result of the aquifer's hydrostatic pressure level
25 dropping below the alluvium of an adjacent stream due to Denver basin
26 well pumping activity. Nothing in this subsection (10.5) shall preclude
27 PRECLUDES the designation of any aquifer or basin, or any portion thereof,

1 **which** OF AN AQUIFER OR BASIN, THAT is otherwise eligible for
2 designation under the standard set forth in subsection (6) of this section
3 relating to groundwater in areas not adjacent to a continuously flowing
4 natural stream wherein groundwater withdrawals have constituted the
5 principal water usage for at least fifteen years preceding the date of the
6 first hearing on the proposed designation of a basin.

7 **SECTION 10.** In Colorado Revised Statutes, 37-90-137, **amend**
8 (2)(a)(II), (2)(b)(I), (2)(b)(II) introductory portion, (2)(b)(II)(A),
9 (2)(b)(II)(B), and (2)(c); and **add** (2)(e) and (7.5) as follows:

10 **37-90-137. Permits to construct wells outside designated**
11 **basins - fees - permit no groundwater right - evidence - time**
12 **limitation - well permits - rules - definition.** (2) (a) (II) Effective July
13 1, 2006, upon receipt of an application for a replacement well or a new,
14 increased, or additional supply of groundwater from an area outside the
15 boundaries of a designated groundwater basin, accompanied by a filing
16 fee of one hundred dollars, the state engineer shall make a determination
17 as to whether or not the exercise of the requested permit will materially
18 injure the vested water rights OR PRIOR GEOTHERMAL OPERATIONS of
19 others.

20 (b) (I) The state engineer shall issue a permit to construct a well
21 only if:

22 (A) The state engineer finds, as substantiated by hydrological and
23 geological facts, that there is unappropriated water available for
24 withdrawal by the proposed well and that the vested water rights OR PRIOR
25 GEOTHERMAL OPERATIONS of others will not be materially injured; and

26 (B) Except as specified in subparagraph (H) of this paragraph (b)
27 SUBSECTION (2)(b)(II) OF THIS SECTION, the location of the proposed well

1 will be more than six hundred feet from an existing well COMPLETED IN
2 THE SAME AQUIFER AND MORE THAN ONE-FOURTH OF A MILE FROM A PRIOR
3 GEOTHERMAL OPERATION UTILIZING WATER FROM THE SAME AQUIFER.

4 (II) If the state engineer, after a hearing, finds that circumstances
5 in a particular instance so warrant, or if a court decree is entered for the
6 proposed well location after notice has been given in accordance with
7 ~~sub-subparagraph (B) of this subparagraph (II)~~ SUBSECTION (2)(b)(II)(B)
8 OF THIS SECTION, the state engineer may issue a permit without regard to
9 the limitation specified in ~~sub-subparagraph (B) of subparagraph (I) of~~
10 ~~this paragraph (b)~~ SUBSECTION (2)(b)(I)(B) OF THIS SECTION; except that
11 ~~no~~ A hearing ~~shall be~~ IS NOT required and the state engineer may issue a
12 well permit without regard to the limitation specified in ~~sub-subparagraph~~
13 ~~(B) of subparagraph (I) of this paragraph (b)~~ SUBSECTION (2)(b)(I)(B) OF
14 THIS SECTION:

15 (A) If the state engineer notifies the owners of all wells within six
16 hundred feet of the proposed well by certified mail and receives no
17 response within the time set forth in the notice, AND ~~IF THE PROPOSED~~
18 WELL ~~IS LOCATED WITHIN ONE-FOURTH OF A MILE OF A PRIOR~~
19 ~~GEOTHERMAL OPERATION, AND THE STATE ENGINEER NOTIFIES THE PRIOR~~
20 ~~GEOTHERMAL OPERATION'S DESIGNATED INDIVIDUALS AND THE ENERGY~~
21 ~~AND~~ CARBON MANAGEMENT COMMISSION BY ELECTRONIC MAIL AND
22 RECEIVES NO RESPONSE WITHIN THE TIME ~~SET FORTH IN THE NOTICE;~~

23 (B) If the proposed well is part of a water court proceeding
24 adjudicating the water right for the well, or if the proposed well is part of
25 an adjudication of a plan for augmentation or change of water right and
26 if evidence is provided to the water court that the applicant has given
27 notice of the water court application, at least fourteen days before making

1 the application, by registered or certified mail, return receipt requested,
2 to the owners of record of all wells within six hundred feet of the
3 proposed well AND TO ALL DESIGNATED INDIVIDUALS OF PRIOR
4 GEOTHERMAL OPERATIONS WITHIN ONE-FOURTH OF A MILE OF THE
5 PROPOSED WELL;

6 (c) The permit shall set forth such THE conditions for drilling,
7 casing, and equipping wells and other diversion facilities as are
8 reasonably necessary to prevent waste, pollution, or material injury to
9 existing rights OR PRIOR GEOTHERMAL OPERATIONS.

10 (e) AS USED IN THIS SUBSECTION (2), UNLESS THE CONTEXT
11 OTHERWISE REQUIRES:

12 (I) "MATERIAL INJURY TO A PRIOR GEOTHERMAL OPERATION" HAS
13 THE MEANING SET FORTH IN SECTION 37-90.5-106 (1)(c).

14 (II) "PRIOR GEOTHERMAL OPERATION" HAS THE MEANING SET
15 FORTH IN SECTION 37-90.5-103 (14.5).

16 (7.5) (a) EXCEPT AS REQUIRED BY SUBSECTION (7.5)(b) OF THIS
17 SECTION, A PERMIT FROM THE STATE ENGINEER IS NOT REQUIRED IN THE
18 CASE OF WITHDRAWING NONTRIBUTARY GROUNDWATER FROM A GEOLOGIC
19 FORMATION IF THE WITHDRAWAL IS PERMITTED AS A DEEP GEOTHERMAL
20 OPERATION, AS DEFINED IN SECTION 37-90.5-103 (3), AND THE
21 WITHDRAWN NONTRIBUTARY GROUNDWATER WILL BE USED ONLY FOR
22 OPERATIONS TO EXTRACT OR UTILIZE HEAT, INCLUDING:

23 (I) GENERATING ELECTRICITY;

24 (II) HEATING AND COOLING BUILDINGS;

25 (III) HEATING SWIMMING POOLS, PUBLIC BATHHOUSES, OR
26 DEVELOPED HOT SPRINGS FACILITIES;

27 (IV) HEATING AQUACULTURE;

- 1 (V) MELTING SNOW OR ICE;
- 2 (VI) HEATING TO FACILITATE CARBON DIOXIDE CAPTURE OR
- 3 HYDROGEN PRODUCTION;
- 4 (VII) DEEP GEOTHERMAL EXPLORATION, RESOURCE
- 5 CONFIRMATION, OR RESERVOIR ENHANCEMENT; AND
- 6 (VIII) HEATING AND DRYING FOR OTHER INDUSTRIAL PROCESSES.

10 **SECTION 11.** In Colorado Revised Statutes, 37-90.5-102,
11 **amend (1)(b)** as follows:

12 **37-90.5-102. Legislative declaration.** (1) The general assembly
13 hereby declares that:

14 (b) The development of geothermal resources should be
15 undertaken in such a manner as to safeguard life, health, property, public
16 welfare, HISTORIC GEOTHERMAL HOT SPRINGS, and the environment,
17 including wildlife resources; encourage the maximum economic recovery
18 of each resource and prevent its waste; and protect associated correlative
19 rights.

20 **SECTION 12.** In Colorado Revised Statutes, 37-90.5-103,
21 **amend** (1)(b) and (3)(c)(II); **repeal** (13); and **add** (9.5) and (14.5) as
22 follows:

37-90.5-103. **Definitions.** As used in this article 90.5, unless the context otherwise requires:

25 (1) (b) "Allocated geothermal resource" does not include
26 groundwater in the Denver basin aquifers OR NONTRIBUTARY
27 GROUNDWATER AQUIFERS ENTIRELY LOCATED SHALLOWER THAN TWO

1 THOUSAND FIVE HUNDRED FEET.

2 (3) (c) "Deep geothermal operation" does not include:

3 (II) The use of any heat extracted with produced fluids in an oil
4 and gas operation if the UTILIZATION OF THE heat is only utilized to reduce
5 emissions from the operation in the same location as the well from which
6 it was produced and would otherwise not be economically feasible as a
7 standalone geothermal resource project.

8 (9.5) "HISTORIC HOT SPRING" MEANS A HOT SPRING THAT IS
9 REGISTERED AS DESCRIBED IN SECTION 37-90.5-106 (7) AND IS EITHER:

10 (a) A COMMERCIAL GEOTHERMAL HOT SPRING WITH A VESTED
11 WATER RIGHT; OR

12 (b) A NONCOMMERCIAL GEOTHERMAL HOT SPRING THAT IS
13 ACCESSIBLE TO AND ENJOYED BY THE PUBLIC.

14 (13) "Nonconsumptive geothermal operation" means an operation
15 using geothermal resources in which the volume of geothermal fluid
16 extracted from an aquifer or formation is no more than the volume of the
17 geothermal fluid reinjected in the same aquifer or formation over a
18 reasonable time frame and distance.

19 (14.5) "PRIOR GEOTHERMAL OPERATION" MEANS:

20 (a) A GEOTHERMAL WELL, OPERATION, DISTRICT, OR UNIT
21 AUTHORIZED BY THE STATE ENGINEER OR THE ENERGY AND CARBON
22 MANAGEMENT COMMISSION PURSUANT TO THIS ARTICLE 90.5; OR

23 (b) A HISTORIC HOT SPRING.

24 SECTION 13. In Colorado Revised Statutes, 37-90.5-104,
25 amend (2) and (4); and repeal (5) as follows:

26 **37-90.5-104. Ownership declaration.** (2) The property right to
27 a hot dry rock resource or a geothermal resource associated with

1 nontributary groundwater is an incident of the ownership of the overlying
2 surface, unless the property right is severed, reserved, or transferred with
3 the subsurface estate expressly OR IS OTHERWISE EXPRESSLY SEPARATE
4 FROM THE SURFACE ESTATE. GEOTHERMAL RESOURCES ASSOCIATED WITH
5 NONTRIBUTARY GROUNDWATER SHALL NOT BE TRANSFERRED SEPARATELY
6 FROM THE NONTRIBUTARY GROUNDWATER. WITH RESPECT TO ANY
7 SEVERANCE, RESERVATION, OR TRANSFER OCCURRING AFTER ~~SEPTEMBER~~
8 ~~1, 2025:~~

9 (a) FOR ANY SEVERANCE, RESERVATION, OR TRANSFER OF
10 NONTRIBUTARY GROUNDWATER, THERE IS A REBUTTABLE PRESUMPTION
11 THAT THE SEVERANCE, RESERVATION, OR TRANSFER INCLUDES ANY
12 ASSOCIATED GEOTHERMAL RESOURCES UNLESS THE SEVERANCE,
13 RESERVATION, OR TRANSFER EXPRESSLY STATES OTHERWISE; AND

14 (b) FOR ANY SEVERANCE, RESERVATION, OR TRANSFER OF
15 GEOTHERMAL RESOURCES ASSOCIATED WITH NONTRIBUTARY
16 GROUNDWATER, THERE IS A REBUTTABLE PRESUMPTION THAT THE
17 SEVERANCE, RESERVATION, OR TRANSFER INCLUDES THE ASSOCIATED
18 NONTRIBUTARY GROUNDWATER UNLESS THE SEVERANCE, RESERVATION,
19 OR TRANSFER EXPRESSLY STATES OTHERWISE.

20 (4) Notwithstanding any provision of this section to the contrary,
21 nothing in this section:

22 (a) Derogates the rights of a landowner to nontributary
23 groundwater; **or**

24 (b) Affects any ownership or rights to a geothermal resource
25 associated with nontributary groundwater, which resource is acquired
26 before July 1, 2023; **or**

27 (c) PREVENTS AN OWNER OF NONTRIBUTARY GROUNDWATER

1 RIGHTS FROM ACCESSING NONTRIBUTARY GROUNDWATER FOR
2 NONGEOTHERMAL PURPOSES THAT WILL NOT MATERIALLY INJURE A [REDACTED]
3 PRIOR GEOTHERMAL OPERATION.

4 (5) Notwithstanding any provision of this section to the contrary,
5 geothermal resources associated with nontributary groundwater shall not
6 be transferred separately from the nontributary groundwater.

7 **SECTION 14.** In Colorado Revised Statutes, 37-90.5-106,
8 **amend** (1)(a)(I), (1)(a)(II), (1)(b)(III), (3), and (6); and **add** (1)(a)(IV),
9 (1)(a)(V), (1)(c), (2)(c), and (7) as follows:

10 **37-90.5-106. Regulation of geothermal resource operations -**
11 **reinjection - fees - rules - definition.** (1) (a) (I) The state engineer has
12 AND THE BOARD OF EXAMINERS OF WATER WELL AND GROUND HEAT
13 EXCHANGER CONTRACTORS CREATED IN SECTION 37-91-103 HAVE the
14 exclusive authority to regulate shallow geothermal operations and may
15 adopt rules that regulate shallow geothermal operations.

16 (II) ~~Prior to~~ BEFORE constructing a test bore, GROUND HEAT
17 EXCHANGER, monitoring well, or production well or reworking an
18 existing well associated with shallow geothermal operations, A PERSON
19 SHALL OBTAIN an operations permit ~~must be obtained~~ from the state
20 engineer.

21 (IV) THE STATE ENGINEER SHALL MAINTAIN A TRIBUTARY
22 GEOTHERMAL NOTIFICATION LIST FOR EACH WATER DIVISION.

23 (V) (A) AN APPLICANT FOR A NEW GEOTHERMAL WELL PERMIT
24 WITHDRAWING TRIBUTARY GROUNDWATER AT A RATE GREATER THAN
25 FIFTY GALLONS PER MINUTE SHALL PROVIDE A COPY OF THE APPLICATION
26 BY ELECTRONIC MAIL TO ALL PARTIES THAT HAVE SUBSCRIBED TO THE
27 TRIBUTARY GEOTHERMAL NOTIFICATION LIST FOR THE WATER DIVISION IN

1 WHICH THE WELL WILL BE LOCATED AND SHALL FILE PROOF OF SUCH
2 NOTICE WITH THE STATE ENGINEER.

3 (B) THE STATE ENGINEER SHALL ALLOW THE OWNERS OR
4 OPERATORS OF PRIOR GEOTHERMAL OPERATIONS, VESTED WATER RIGHTS,
5 OR WELLS THIRTY-FIVE DAYS AFTER THE DATE OF THE ELECTRONIC
6 MAILING OF THE NOTICE TO SUBMIT A CLAIM OF MATERIAL INJURY. ANY
7 SUCH CLAIM MAY REQUEST CONDITIONS TO BE IMPOSED UPON THE WELL
8 PERMIT IN ORDER TO PREVENT SUCH INJURY AND PROVIDE OTHER
9 INFORMATION TO BE CONSIDERED BY THE STATE ENGINEER IN REVIEWING
10 THE APPLICATION.

11 (C) IF AN APPLICANT PROPOSES A GEOTHERMAL WELL
12 WITHDRAWING TRIBUTARY GROUNDWATER AT A RATE GREATER THAN
13 FIFTY GALLONS PER MINUTE, AND THE PROPOSED WELL IS IN A
14 HYDROGEOLOGIC SETTING WHERE IT HAS THE POTENTIAL TO MATERIALLY
15 INJURE A HISTORIC HOT SPRING, THE APPLICANT SHALL PROVIDE GEOLOGIC
16 AND HYDROLOGIC EVIDENCE TO BE CONSIDERED BY THE STATE ENGINEER.
17 THE EVIDENCE MUST DEMONSTRATE THAT THE PROPOSED WELL WILL NOT
18 MATERIALLY INJURE THE HISTORIC HOT SPRING. THE STATE ENGINEER
19 SHALL AMEND THE GEOTHERMAL RULES ADOPTED PURSUANT TO
20 SUBSECTION (1)(a)(I) OF THIS SECTION TO IMPLEMENT THE REQUIREMENTS
21 OF THIS SUBSECTION (1)(a)(V)(C).

22 (b) (III) In issuing an operations permit pursuant to subsection
23 (1)(b)(II) of this section, the commission:

24 (A) May allow for the use of groundwater as part of
25 nonconsumptive geothermal operations PURSUANT TO SECTION 37-90-137
26 (7.5)(a) as a material medium for allocated geothermal resources that
27 have been determined to be nontributary pursuant to section 37-90.5-107

1 (1)(b); AND

2 (B) SHALL MAKE A FINDING BASED UPON AVAILABLE DATA THAT
3 THE PROPOSED OPERATION WILL NOT MATERIALLY INJURE A PRIOR
4 GEOTHERMAL OPERATION; AND

5 (C) SHALL REQUIRE EACH APPLICANT FOR A PERMIT CONCERNING
6 DEEP GEOTHERMAL OPERATIONS TO PROVIDE NOTICE OF THE APPLICATION
7 TO THE DESIGNATED INDIVIDUALS OF PRIOR GEOTHERMAL OPERATIONS
8 REGISTERED PURSUANT TO SUBSECTION (7) OF THIS SECTION AND LOCATED
9 WITHIN ONE-FOURTH OF A MILE OF THE PROPOSED DEEP GEOTHERMAL
10 OPERATIONS.

11 (c) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
12 REQUIRES, "MATERIAL INJURY TO A PRIOR GEOTHERMAL OPERATION"
13 INCLUDES INJURY TO ANY ASPECT OF THE VESTED WATER RIGHTS OF A
14 PRIOR GEOTHERMAL OPERATION, WHICH MAY INCLUDE WATER QUANTITY,
15 PRESSURE, RATE OF FLOW, MINERAL CONTENT, OR TEMPERATURE.
16 REGARDLESS OF WHETHER WATER QUANTITY, PRESSURE, RATE OF FLOW,
17 MINERAL CONTENT, OR TEMPERATURE ARE DECREED, "MATERIAL INJURY
18 TO A PRIOR GEOTHERMAL OPERATION" ALSO INCLUDES DIMINUTION OR
19 ALTERATION OF ANY SUCH PARAMETER THAT RESULTS IN AN ADVERSE
20 EFFECT TO A PRIOR GEOTHERMAL OPERATION.

21 (2)(c) THE COMMISSION MAY ENFORCE RULES ADOPTED PURSUANT
22 TO THIS SUBSECTION (2) IN ACCORDANCE WITH SECTION 34-60-121.

23 (3) Where the maintenance of underground pressures, the
24 prevention of subsidence, or the disposal of brines is necessary,
25 reinjection of geothermal fluid OR WATER may be required by the state
26 engineer or the commission.

27 (6) (a) On and after July 1, 2023, Except as set forth in subsection

1 (6)(b)(II) of this section, the commission is responsible for administering
2 and enforcing any permits issued by the state engineer pursuant to this
3 section that cover deep geothermal operations.

4 (b) ~~The powers, duties, functions, and obligations concerning~~
5 ~~permits issued by the state engineer pursuant to this section that cover~~
6 ~~deep geothermal operations are transferred, effective July 1, 2023, to the~~
7 ~~commission.~~ The state engineer ~~retains~~ OR THE BOARD OF EXAMINERS OF
8 WATER WELL AND GROUND HEAT EXCHANGER CONTRACTORS MAY
9 EXERCISE any ~~powers, duties, functions, and obligations~~ POWER, DUTY,
10 FUNCTION, OR OBLIGATION necessary to issue, administer, and enforce any
11 permits OR LICENSES that cover:

12 (I) Shallow geothermal operations; and
13 (II) The use of geothermal fluid in deep geothermal operations
14 pursuant to section 37-90.5-107, except for ~~nonconsumptive~~ DEEP
15 geothermal operations SUBJECT TO SECTION 37-90-137 (7.5)(a).

16 (c) ~~The rules of the state engineer pertaining to the powers, duties,~~
17 ~~functions, and obligations transferred to the commission pursuant to~~
18 ~~subsection (6)(b) of this section continue in effect and apply to the~~
19 ~~commission until the rules are replaced by rules adopted by the~~
20 ~~commission pursuant to subsection (1)(b)(I) of this section.~~

21 (d) ~~The commission and the state engineer shall enter into~~
22 ~~memoranda of understanding, interagency agreements, or both, as~~
23 ~~appropriate, to provide for the timely transfer of the powers, duties,~~
24 ~~functions, and obligations transferred to the commission pursuant to~~
25 ~~subsection (6)(b) of this section.~~

26 (7) (a) ~~AN OWNER OR OPERATOR OF A PRIOR GEOTHERMAL~~
27 ~~OPERATION, OR A GOVERNMENT ENTITY WITH AN INTEREST IN THE PUBLIC'S~~

1 ENJOYMENT OF A NONCOMMERCIAL GEOTHERMAL HOT SPRING, SHALL
2 REGISTER WITH THE STATE ENGINEER:

3 (I) THE LOCATION OF THE PRIOR GEOTHERMAL OPERATION; AND
4 (II) DESIGNATED INDIVIDUALS TO RECEIVE ELECTRONIC MAIL
5 NOTIFICATIONS FROM THE STATE ENGINEER AND THE COMMISSION AS
6 DESCRIBED IN SECTION 37-90-137 (2) AND SUBSECTION (1)(b)(III)(C) OF
7 THIS SECTION.

8 (b) THE STATE ENGINEER SHALL ADD THE DESIGNATED
9 INDIVIDUALS TO THE TRIBUTARY GEOTHERMAL NOTIFICATION LIST
10 DESCRIBED IN SUBSECTION (1)(a)(IV) OF THIS SECTION FOR THE WATER
11 DIVISION IN WHICH THE PRIOR GEOTHERMAL OPERATION IS LOCATED.

12 **SECTION 15.** In Colorado Revised Statutes, 37-90.5-107,
13 **amend** (1)(a) and (4); and **repeal** (3)(b) and (3)(d) as follows:

14 **37-90.5-107. Permits for the use of geothermal resources -**
15 **rules.** (1)(a) After receipt of the necessary application, the state engineer
16 shall issue a use permit to use distributed geothermal resources consistent
17 with the requirements described in section 37-90-137 SECTION 37-90-107,
18 37-90-108, 37-90-109, 37-90-137, OR 37-90.5-106.

19 (3) (b) The requirement to issue a use permit pursuant to
20 subsection (1)(b) of this section does not apply to operations that are
21 solely nonconsumptive geothermal operations using allocated geothermal
22 resources.

23 (d) The use permit issued pursuant to subsection (1) of this section
24 may allow for nonconsumptive secondary uses of geothermal fluid,
25 including the recovery of geothermal by-products, and may allow for
26 consumptive secondary uses of geothermal fluid, including sale, which do
27 not impair valid, prior water rights.

5 **SECTION 16.** In Colorado Revised Statutes, 37-90.5-111,
6 **amend** (1)(b) as follows:

7 **37-90.5-111. Coordination between the commission and the**
8 **state engineer.** (1) When an operations permit is issued by the
9 commission pursuant to section 37-90.5-106 (1)(b)(II) and a use permit
10 is issued by the state engineer pursuant to section 37-90.5-107 (1), the
11 commission and the state engineer shall coordinate to:

16 **SECTION 17.** In Colorado Revised Statutes, **amend** 37-91-101
17 as follows:

18 **37-91-101. Legislative declaration.** (1) The general assembly
19 hereby finds, determines, and declares that:

20 (a) ~~It has been established by~~ Scientific evidence HAS
21 ESTABLISHED that improperly constructed wells, improperly abandoned
22 wells, IMPROPERLY CONSTRUCTED OR ABANDONED GROUND HEAT
23 EXCHANGERS, and improperly installed pumping equipment can adversely
24 affect groundwater resources and the public health, safety, and welfare;
25 and

26 (b) Therefore, the proper location, construction, repair, and
27 abandonment of wells; THE PROPER LOCATION, CONSTRUCTION, REPAIR,

1 AND ABANDONMENT OF GROUND HEAT EXCHANGERS; the proper
2 installation and repair of pumping equipment; the licensing and regulation
3 of persons engaging in the business of contracting ~~either~~ for the
4 construction of wells, THE CONSTRUCTION OF GROUND HEAT
5 EXCHANGERS, or ~~for~~ the installation of pumping equipment; and the
6 periodic inspection of well construction, GROUND HEAT EXCHANGER
7 CONSTRUCTION, and pump installation are essential for the protection of
8 the public health, SAFETY, AND WELFARE and the preservation of
9 groundwater resources.

10 **SECTION 18.** In Colorado Revised Statutes, 37-91-102, **amend**
11 (3), (10), (10.5), (14), (15), (15.5), (16)(b)(I)(B), (16)(b)(I)(C),
12 (16)(b)(II), and (17); and **add** (4.1), (6.5), (6.7), (7.5), and (16)(b)(I)(D)
13 as follows:

14 **37-91-102. Definitions.** As used in this article 91, unless the
15 context otherwise requires:

16 (3) "Board" means the state board of examiners of water well
17 ~~construction and pump installation~~ AND GROUND HEAT EXCHANGER
18 contractors created ~~by~~ IN section 37-91-103.

19 (4.1) (a) "CONSTRUCTION OR INSTALLATION OF A GROUND HEAT
20 EXCHANGER" MEANS ANY ACT UNDERTAKEN AT A GROUND HEAT
21 EXCHANGER SITE FOR THE ESTABLISHMENT OR MODIFICATION OF A
22 GROUND HEAT EXCHANGER.

23 (b) "CONSTRUCTION OR INSTALLATION OF A GROUND HEAT
24 EXCHANGER" INCLUDES THE LOCATING OF A GROUND HEAT EXCHANGER
25 AND THE EXCAVATING OR FRACTURING NECESSARY TO INSTALL A GROUND
26 HEAT EXCHANGER.

27 (c) "CONSTRUCTION OR INSTALLATION OF A GROUND HEAT

1 EXCHANGER" DOES NOT INCLUDE SURVEYING, SITE PREPARATION, SITE
2 MODIFICATION, OR OTHER PREPARATORY ACTS.

3 (6.5) "GROUND HEAT EXCHANGER" MEANS A CONTINUOUS,
4 SEALED, SUBSURFACE HEAT EXCHANGER CONSISTING OF A CLOSED LOOP
5 THROUGH WHICH A HEAT-TRANSFER FLUID PASSES TO AND RETURNS FROM
6 A HEAT PUMP OR MANIFOLD. A GROUND HEAT EXCHANGER MAY BE
7 VERTICALLY OR HORIZONTALLY CONFIGURED OR SUBMERGED IN SURFACE
8 WATER.

9 (6.7) "GROUND HEAT EXCHANGER CONTRACTOR" MEANS AN
10 INDIVIDUAL LICENSED PURSUANT TO THIS ARTICLE 91 WHO IS RESPONSIBLE
11 FOR THE DRILLING, CONSTRUCTION, GROUTING, REPAIR, TESTING, OR
12 ABANDONMENT OF A GROUND HEAT EXCHANGER, EITHER BY CONTRACT OR
13 FOR HIRE, FOR ANY CONSIDERATION WHATSOEVER.

14 (7.5) "HEAT-TRANSFER FLUID" MEANS A FLUID HEAT-TRANSFER
15 MEDIUM TO CONVEY THERMAL ENERGY TO AND FROM THE THERMAL
16 SOURCE OR SINK.

17 (10) "License" means the document issued by the board to A
18 qualified ~~persons making application therefor~~, APPLICANT pursuant to
19 section 37-91-105, ~~authorizing such persons~~ WHICH DOCUMENT
20 AUTHORIZES THE APPLICANT to engage in one or more methods of well
21 construction, GROUND HEAT EXCHANGER CONSTRUCTION, or pump
22 installation or any combination of such methods.

23 (10.5) "Monitoring and observation well" includes any excavation
24 that is drilled, cored, bored, washed, fractured, driven, dug, jetted, or
25 otherwise constructed when the intended use of ~~such~~ THE excavation is
26 for locating ~~such~~ A well, pumping equipment or aquifer testing,
27 monitoring groundwater, GROUNDWATER REMEDIATION, or collection of

1 water quality samples.

2 (14) "Pump installation contractor" means ~~any person~~ AN
3 INDIVIDUAL licensed to install, remove, modify, or repair pumping
4 equipment for compensation.

5 (15) "Repair" means:

6 (a) Any change, replacement, or other alteration of any well or
7 pumping equipment ~~which~~ THAT requires a breaking or opening of the
8 well seal or any waterlines up to and including the pressure tank and any
9 coupling appurtenant ~~thereto~~ TO THE PRESSURE TANK; OR

10 (b) ANY CHANGE, REPLACEMENT, OR OTHER ALTERATION OF A
11 GROUND HEAT EXCHANGER THAT REQUIRES EXCAVATION OF ANY PORTION
12 OF THE GROUND HEAT EXCHANGER TO REPAIR OR REPLACE COMPONENTS
13 OF SURFACE CASING, PIPING OR GROUT WITHIN THE BOREFIELD, OR PIPING
14 BETWEEN THE BOREFIELD AND THE MANIFOLD.

15 (15.5) "Supervision" means personal and continuous ~~on-the-site~~
16 ON-SITE direction by a licensed well construction contractor, LICENSED
17 GROUND HEAT EXCHANGER CONTRACTOR, or licensed pump installation
18 contractor, unless the licensed contractor has applied for and received
19 from the board an exemption from continuous ~~on-the-site~~ ON-SITE
20 direction for a specific task.

21 (16) (b) (I) "Well" does not include:

22 (B) An excavation made for the purpose of obtaining or
23 prospecting for minerals or those wells subject to the jurisdiction of the
24 energy and carbon management commission, as provided in article 60 of
25 title 34 or IN ARTICLE 90.5 OF THIS TITLE 37;

26 (C) ~~Wells~~ A WELL subject to the jurisdiction of the ~~office of~~ ~~mined~~
27 ~~land~~ ~~reclamation~~ DIVISION OF RECLAMATION, MINING, AND SAFETY, as

1 provided in ~~article 33~~ ARTICLES 32 TO 34 of title 34; OR

2 (D) RECHARGE BASINS OR INFILTRATION BASINS THAT ARE
3 CONSTRUCTED IN SUCH A MANNER THAT THE INTENT OF THEIR DESIGN IS
4 TO REMAIN ABOVE THE GROUNDWATER LEVEL.

5 (II) "Well" does not include a naturally flowing spring or springs
6 where the natural spring discharge is captured or concentrated by
7 installation of a near-surface structure or device less ~~than~~ ten feet
8 in depth located at or within fifty feet of the spring or springs' natural
9 discharge point and the water is conveyed directly by gravity flow or into
10 a separate sump or storage, ~~if~~ SO LONG AS the owner obtains a water right
11 for ~~such~~ THE structure or device as a spring pursuant to article 92 of this
12 ~~title~~ TITLE 37.

13 (17) "Well construction contractor" means ~~any person~~ AN
14 INDIVIDUAL licensed pursuant to this ~~article~~ ARTICLE 91 and responsible
15 for the construction, test-pumping, or development of wells, either by
16 contract or for hire, ~~or~~ for any consideration whatsoever.

17 **SECTION 19.** In Colorado Revised Statutes, 37-91-103, amend
18 (1) and (3) as follows:

19 **37-91-103. State board of examiners of water well and ground**
20 **heat exchanger contractors.** (1) (a) ~~There is created, in the division of~~
21 ~~water resources in the department of natural resources,~~ ~~a~~ THE state board
22 of examiners of water well ~~construction and pump installation~~ AND
23 GROUND HEAT EXCHANGER contractors ~~consisting of five members and~~
24 ~~comprised of~~ IS CREATED IN THE DIVISION OF WATER RESOURCES WITHIN
25 THE DEPARTMENT OF NATURAL RESOURCES. THE BOARD INCLUDES the
26 following ~~persons~~ SIX INDIVIDUALS:

27 (I) The state engineer or ~~a representative designated by~~ the state

1 **engineer** ENGINEER'S DESIGNEE;

2 (II) A representative of the department of public health and
3 environment designated by the executive director of the department; and

4 (III) ~~three~~ FOUR members appointed by the governor, two of
5 whom ~~must~~ SHALL be well construction contractors or pump installation
6 contractors, each with a minimum of ten years' experience in the well
7 construction or pump installation business preceding the individual's
8 appointment, ~~and~~ one of whom ~~must~~ SHALL be an engineer or geologist
9 with a minimum of ten years' experience in water supply and well
10 construction preceding the individual's appointment, and ONE OF WHOM
11 SHALL BE AN INDIVIDUAL WITH A MINIMUM OF TEN YEARS' EXPERIENCE
12 RELATING TO GROUND HEAT EXCHANGERS PRECEDING THE INDIVIDUAL'S
13 APPOINTMENT.

14 (b) The state board of examiners of water well ~~construction and~~
15 ~~pump installation~~ AND GROUND HEAT EXCHANGER contractors is a **type**
16 **1** entity, as defined in section 24-1-105.

17 (3) The board shall meet at least once every three months and ~~at~~
18 ~~such other times~~ as it deems necessary or advisable. Special Board
19 meetings may be called at any time on order of the ~~chairman~~ CHAIR or
20 ~~vice-chairman~~ VICE-CHAIR or any ~~three~~ FOUR members of the board. The
21 board shall determine the time and place of all meetings, but at least one
22 meeting every three months shall be held in Denver. ~~Three~~ FOUR
23 members of the board ~~shall~~ constitute a quorum, and the affirmative vote
24 of ~~three~~ AT LEAST FOUR members ~~shall be~~ IS required to pass any action
25 or motion of the board. The board may adopt bylaws to govern its own
26 procedure.

27 **SECTION 20.** In Colorado Revised Statutes, 37-91-104, **amend**

1 (1)(b), (1)(i), and (1)(l) as follows:

2 **37-91-104. Duties of the board.** (1) The board shall:

3 (b) Have general supervision and authority over the construction
4 and abandonment of wells, CONSTRUCTION AND ABANDONMENT OF
5 GROUND HEAT EXCHANGERS, and the installation of pumping equipment,
6 as provided by sections 37-91-109 and 37-91-110;

7 (i) Disseminate information to pump installation contractors,
8 GROUND HEAT EXCHANGER CONTRACTORS, and well construction
9 contractors in order to protect and preserve the groundwater resources of
10 the state;

11 (I) Assure protection of groundwater resources and the public
12 health by ordering the nondestructive investigation, abandonment, repair,
13 drilling, redrilling, casing, recasing, deepening, or excavation of a well OR
14 GROUND HEAT EXCHANGER where ~~it~~ THE BOARD finds such ~~action to be~~
15 AN ORDER necessary to correct violations of this ~~article~~ ARTICLE 91 or
16 rules ~~promulgated~~ ADOPTED by the board ~~with respect~~ PURSUANT to this
17 ~~article~~ ARTICLE 91 or to protect groundwater resources and the public
18 health.

19 (II) AN existing ~~wells~~ WELL OR GROUND HEAT EXCHANGER that
20 ~~were~~ WAS constructed in compliance with the laws and regulations in
21 effect at the time of ~~their~~ ITS construction ~~shall~~ IS not ~~be~~ required to be
22 repaired, redrilled, or otherwise modified to meet the current standards for
23 well construction OR GROUND HEAT EXCHANGER CONSTRUCTION
24 contained in this ~~article~~ ARTICLE 91 or ~~the~~ IN rules adopted by the board
25 PURSUANT TO THIS ARTICLE 91. THE BOARD MAY ORDER any such ~~wells~~
26 WELL OR GROUND HEAT EXCHANGER that ~~present~~ PRESENTS an imminent
27 threat to public health or AN IMMINENT THREAT OF groundwater

1 contamination ~~may be ordered~~ to be repaired or abandoned. The ANY
2 remedial action required by the board for such ~~wells~~ shall A WELL OR
3 GROUND HEAT EXCHANGER MUST be the minimum repair necessary to
4 remove the threat to public health or of groundwater pollution. An order
5 to abandon a well that is issued under this ~~article~~ ARTICLE 91 is not a
6 determination of intent to abandon any water right associated with the
7 well.

8 **SECTION 21.** In Colorado Revised Statutes, 37-91-105, **amend**
9 (1), (2)(d), (2.5), (5), and (7); and **add** (8) as follows:

10 **37-91-105. Licensing - registration of rigs.** (1) ~~Every person,~~
11 Before ~~engaging in the business of contracting either~~ for the construction
12 of ~~wells~~ A WELL, THE INSTALLATION OF A GROUND HEAT EXCHANGER, or
13 for the installation of pumping equipment, AN INDIVIDUAL shall obtain a
14 license for one or more methods of well construction, GROUND HEAT
15 EXCHANGER INSTALLATION, or pump installation from the board and shall
16 secure a registration from the board for each well-drilling, GROUND HEAT
17 EXCHANGER, or pump-installing rig to be operated or leased by ~~him or his~~
18 THE INDIVIDUAL OR THE INDIVIDUAL'S employee.

19 (2) The board shall issue a license to each applicant who files an
20 application upon a form and in such manner as the board prescribes,
21 accompanied by such fees and bond as required by section 37-91-107, and
22 who furnishes evidence satisfactory to the board that the applicant:

23 (d) Has ~~had~~ not less than two years' experience in the type of well
24 construction work, GROUND HEAT EXCHANGER WORK, or pump
25 installation work for which the applicant is initially applying for a license;
26 however:

27 (I) Once a person AN INDIVIDUAL WHO is licensed in one or more

1 methods of well construction ~~the person~~ is eligible without further
2 experience to take an examination to obtain a license for a different
3 method of well construction;

4 (II) ~~Once a person~~ AN INDIVIDUAL WHO is licensed for installing
5 one or more types of pumps ~~the person~~ is eligible without further
6 experience to take an examination to obtain a license for a different type
7 of pump installation; ~~and~~

8 (III) AN INDIVIDUAL'S education in an accredited program
9 approved by the board may substitute for well construction, GROUND
10 HEAT EXCHANGER INSTALLATION, or pump installation experience upon
11 application to and acceptance by the board; AND

12 (IV) AN INDIVIDUAL'S POSSESSION OF A LICENSE FOR WELL
13 CONSTRUCTION MAY SUBSTITUTE FOR GROUND HEAT EXCHANGER
14 INSTALLATION EXPERIENCE UPON APPLICATION TO AND ACCEPTANCE BY
15 THE BOARD.

16 (2.5) The board shall issue a special license for the use of special
17 equipment or limited procedures in well construction, GROUND HEAT
18 EXCHANGER INSTALLATION, or pump installation to each applicant who
19 files an application upon a form and in such manner as the board
20 prescribes, accompanied by such fees and bond as are required by section
21 37-91-107, and who furnishes evidence satisfactory to the board that ~~he~~
22 THE APPLICANT meets the requirements established in subsection (2) of
23 this section; except that a special licensee ~~shall~~ is not ~~be~~ eligible to take
24 an examination to obtain a license for a different method of well
25 construction, GROUND HEAT EXCHANGER INSTALLATION, or pump
26 installation unless ~~said~~ THE licensee has at least two years of experience
27 in the method of well construction, GROUND HEAT EXCHANGER

1 INSTALLATION, or pump installation for which the additional license is
2 sought.

3 (5) The examination ~~shall~~ MUST consist of an oral and written
4 examination and ~~shall~~ fairly test the applicant's knowledge and
5 application ~~thereof in~~ OF the following subjects, RESPECTIVELY,
6 DEPENDING ON THE LICENSE TYPE:

7 (a) FOR A WELL CONSTRUCTION CONTRACTOR LICENSE: Basics of
8 drilling methods, specific drilling methods, ~~basics of pump installation~~
9 ~~methods, specific pump installation methods,~~ and basics of well
10 construction and ~~his~~ THE APPLICANT'S knowledge and application of state
11 laws and local ordinances concerning the construction of wells ~~or~~ AND
12 RULES ADOPTED IN CONNECTION WITH SUCH LAWS AND ORDINANCES;

13 (b) FOR A PUMP INSTALLATION CONTRACTOR LICENSE: BASICS OF
14 PUMP INSTALLATION METHODS, SPECIFIC PUMP INSTALLATION METHODS
15 AND ASSOCIATED PUMPING EQUIPMENT, AND THE APPLICANT'S
16 KNOWLEDGE AND APPLICATION OF STATE LAWS AND LOCAL ORDINANCES
17 CONCERNING the installation of pumping equipment ~~or both~~; and rules
18 ~~promulgated~~ ADOPTED in connection ~~therewith~~ WITH SUCH LAWS AND
19 ORDINANCES; AND

20 (c) FOR A GROUND HEAT EXCHANGER CONTRACTOR LICENSE:
21 BASICS OF GROUND HEAT EXCHANGER INSTALLATION, SPECIFIC METHODS
22 RELATED TO GROUND HEAT EXCHANGER INSTALLATION, AND THE
23 APPLICANT'S KNOWLEDGE AND APPLICATION OF STATE LAWS AND LOCAL
24 ORDINANCES CONCERNING THE INSTALLATION OF GROUND HEAT
25 EXCHANGERS AND RULES ADOPTED IN CONNECTION WITH SUCH LAWS AND
26 ORDINANCES.

27 (7) Each licensee shall complete eight hours of continuing

1 education training as approved by the board every year in order to
2 maintain or renew a license.

3 (8) (a) UNTIL THE GOVERNOR APPOINTS TO THE BOARD A MEMBER
4 WITH TEN OR MORE YEARS OF GROUND HEAT EXCHANGER EXPERIENCE,
5 AND UNTIL THE BOARD ADOPTS RULES CONCERNING THE LICENSING OF
6 GROUND HEAT EXCHANGER CONTRACTORS, AN INDIVIDUAL OPERATING
7 PURSUANT TO A PERMIT ISSUED FROM THE STATE ENGINEER MAY INSTALL
8 GROUND HEAT EXCHANGERS IN ACCORDANCE WITH RULES ADOPTED BY
9 THE STATE ENGINEER PURSUANT TO SECTION 37-90.5-106.

10 (b) AFTER THE TIME FRAME DESCRIBED IN SUBSECTION (8)(a) OF
11 THIS SECTION, AN INDIVIDUAL OPERATING UNDER A PERMIT ISSUED BY THE
12 STATE ENGINEER WHO APPLIES FOR A GROUND HEAT EXCHANGER
13 CONTRACTOR LICENSE IS REQUIRED TO PASS AN ORAL EXAMINATION
14 PURSUANT TO SUBSECTION (2)(e) OF THIS SECTION BUT IS NOT REQUIRED
15 TO:

16 (I) DEMONSTRATE THEIR EXPERIENCE PURSUANT TO SUBSECTION
17 (2)(d) OF THIS SECTION; OR

18 (II) PASS A WRITTEN EXAMINATION PURSUANT TO SUBSECTION
19 (2)(e) OF THIS SECTION.

20 **SECTION 22.** In Colorado Revised Statutes, 37-91-106, **amend**
21 (2) as follows:

22 **37-91-106. License - exemptions - rules.** (2) A license ~~shall~~ is
23 not ~~be~~ required of any ~~person~~ INDIVIDUAL who performs labor or services
24 if ~~he~~ THE INDIVIDUAL is directly employed by, or under the supervision of,
25 a licensed well construction contractor, LICENSED GROUND HEAT
26 EXCHANGER CONTRACTOR, or LICENSED pump installation contractor.

27 **SECTION 23.** In Colorado Revised Statutes, 37-91-107, **amend**

1 (2), (3), (4), (4.5), (5), and (6) as follows:

2 **37-91-107. Fees and bonds - license renewal - continuing**
3 **education.** (2) (a) The board shall charge REQUIRE an application fee TO
4 BE PAID IN THE AMOUNT of twenty dollars. to THE PAYMENT OF THE FEE
5 MUST accompany each application from a resident of the state. of
6 Colorado and THE BOARD SHALL ALSO REQUIRE AN APPLICANT TO PAY a
7 further fee IN THE AMOUNT of fifty dollars upon THE APPLICANT'S
8 successful completion of THE examination AND before issuance of THE
9 BOARD ISSUES a license.

10 (b) In addition TO PAYING A FEE PURSUANT TO SUBSECTION (2)(a)
11 OF THIS SECTION, each successful resident applicant shall file and
12 maintain with the board evidence of financial responsibility in the form
13 of a savings account, deposit, or certificate of deposit in the amount of ten
14 thousand dollars, meeting the requirements of section 11-35-101, C.R.S.,
15 or an irrevocable letter of credit for the amount of ten thousand dollars,
16 meeting the requirements of section 11-35-101.5, C.R.S., or shall file and
17 maintain with the board an approved compliance bond with a corporate
18 surety authorized to do business in the state, of Colorado, in the amount
19 of ten thousand dollars, for the use and benefit of any person or the state
20 of Colorado suffering loss or damage, conditioned that such THE licensee
21 will comply with the laws of the state of Colorado in engaging in the
22 business for which he THE LICENSEE receives a license and the rules of the
23 board promulgated ADOPTED in the regulation of such business.

24 (3) (a) The board shall charge an application fee IN THE AMOUNT
25 of fifty dollars, to THE PAYMENT OF WHICH APPLICATION FEE MUST
26 accompany each application from a nonresident of the state. of Colorado
27 and THE BOARD SHALL ALSO CHARGE a further nonresident fee of four

1 hundred dollars, WHICH A NONRESIDENT SHALL PAY upon successful
2 completion of THE examination AND before THE issuance of a license.

3 (b) In addition TO PAYING ANY FEES REQUIRED BY SUBSECTION
4 (3)(a) OF THIS SECTION, each successful nonresident applicant shall file
5 and maintain with the board evidence of financial responsibility in the
6 form of a savings account, deposit, or certificate of deposit in the amount
7 of twenty thousand dollars, meeting the requirements of section
8 11-35-101, ~~C.R.S.~~, or shall file and maintain with the board an approved
9 compliance bond in the amount of twenty thousand dollars with a
10 corporate surety authorized to do business in the state ~~of Colorado~~ for the
11 use and benefit of any person or the state ~~of Colorado~~ suffering loss or
12 damage, conditioned that ~~such~~ THE licensee ~~will~~ SHALL comply with the
13 laws of the state in engaging in the business for which ~~he~~ THE LICENSEE
14 receives a license and the rules ~~of~~ ADOPTED BY the board ~~promulgated~~ in
15 compliance ~~therewith~~ WITH SUCH LAWS.

16 (4) (a) (I) Every EACH licensed well construction contractor,
17 LICENSED GROUND HEAT EXCHANGER CONTRACTOR, and licensed pump
18 installation contractor in this state shall:

19 (A) Pay to the board during ~~the month of~~ January of each year,
20 beginning in the year immediately ~~subsequent to his or her~~ FOLLOWING
21 THE LICENSEE'S initial licensing, a renewal fee of fifty dollars; ~~shall~~

22 (B) Concurrently file and THEREAFTER maintain a new bond or
23 letter of credit if required pursuant to this section; and ~~shall~~

24 (C) Annually file a certificate of completion of continuing
25 education ~~as required~~ pursuant to section 37-91-105 (7).

26 (II) UPON A LICENSEE'S SATISFACTION OF THE REQUIREMENTS
27 DESCRIBED IN SUBSECTION (4)(a)(I) OF THIS SECTION, the secretary shall

1 thereupon issue a renewal license for one year. The license of any well
2 construction contractor, GROUND HEAT EXCHANGER CONTRACTOR, or
3 pump installation contractor who fails to have his or her THEIR license
4 renewed ~~during the month of January in each year~~ shall lapse. Any
5 LAPSES. A lapsed license may be renewed, without reexamination, within
6 ~~a period of one year after such lapse~~ IT LAPSES upon payment of all fees
7 in arrears. ~~Licensees~~ A LICENSEE may elect to renew their licenses
8 LICENSE and file and maintain a bond or letter of credit for a term of up
9 to three years, paying fifty dollars for each year the license will be in
10 effect.

11 (b) THE BOARD SHALL NOT SET A LICENSE RENEWAL FEE
12 DESCRIBED IN SUBSECTION (4)(a) OF THIS SECTION OR A RIG REGISTRATION
13 FEE DESCRIBED IN SUBSECTION (5) OF THIS SECTION IN AN AMOUNT
14 GREATER THAN IS NECESSARY TO FURTHER THE PURPOSES OF THIS ARTICLE
15 91. THE AMOUNT MUST NOT CAUSE THE TOTAL AMOUNT OF MONEY
16 COLLECTED UNDER THIS ARTICLE 91 TO EXCEED THE DIRECT AND INDIRECT
17 COSTS OF THE BOARD IN ADMINISTERING THIS ARTICLE 91.

8 **SECTION 24.** In Colorado Revised Statutes, 37-91-108, **amend**
9 (1) introductory portion, (1)(d), (1)(f), (1)(g), (1)(h), (3), (4), and (5) as
10 follows:

11 **37-91-108. Denial, revocation, or suspension of license.** (1) The
12 board, by an affirmative vote of ~~three~~ AT LEAST FOUR of its ~~five~~ SIX
13 members, may withhold, deny, revoke, or suspend any license issued or
14 applied for in accordance with ~~the provisions of this article~~ THIS ARTICLE
15 91, upon proof that the licensee or applicant:

16 (d) Has Knowingly constructed a well, INSTALLED A GROUND
17 HEAT EXCHANGER, or installed pumping equipment without a valid
18 permit;

19 (f) Has Used fraud or deception in collecting fees from persons
20 with whom he ~~has~~ THE LICENSEE contracted for well construction,
21 GROUND HEAT EXCHANGER INSTALLATION, or pump installation;

22 (g) Has Failed to submit a well completion report or a pump
23 installation report pursuant to the requirement therefor in REPORT
24 REQUIRED BY the rules and regulations of the board;

25 (h) Has Authorized a person not directly employed or directly
26 supervised by the licensee to construct wells, INSTALL GROUND HEAT
27 EXCHANGERS, or install pumping equipment under the authority of the

licensee's license; or

(3) A hearing upon a complaint may be initiated only if the complaint was filed with the board within two years of AFTER the filing of the completion report for the well, GROUND HEAT EXCHANGER, or pumping equipment, the construction or installation of which formed the basis of the complaint. If no completion report was filed, a hearing upon the complaint may be initiated only if the complaint was filed with the board within two years of AFTER the discovery of the violation or defect that constituted the grounds for the complaint.

(4) The board may order the nondestructive investigation, abandonment, repair, drilling, redrilling, casing, recasing, deepening, or excavation of a well OR GROUND HEAT EXCHANGER to protect groundwater resources and the public health if the board finds such THE action to be necessary to correct violations of article 90 of this title TITLE 37, this article ARTICLE 91, or the rules promulgated ADOPTED by the board pursuant to this article ARTICLE 91.

(5) The board may assess fines of ~~not less than~~ AT LEAST fifty dollars ~~nor more than one thousand dollars~~ for violations of article 90 of this ~~title~~ TITLE 37, this ~~article~~ ARTICLE 91, or the rules ~~promulgated~~ ADOPTED by the board pursuant to this ~~article~~ ARTICLE 91 for each such violation. ~~Such~~ THE fines shall be ~~transmitted to the state treasurer, who shall credit them~~ CREDITED to the well inspection cash fund created in section 37-80-111.5.

SECTION 25. In Colorado Revised Statutes, 37-91-109, amend

(1) as follows:

37-91-109. Further scope of article - orders - penalties.

(1) (a) In addition to the licensing of well construction contractors, and

1 ~~pump installation contractors as required by this article, no~~ A well OR
2 GROUND HEAT EXCHANGER shall NOT be located, constructed, repaired, or
3 abandoned and ~~no~~ pumping equipment shall NOT be installed or repaired
4 contrary to ~~the provisions of this article~~ THIS ARTICLE 91 and applicable
5 rules of the board ~~promulgated~~ ADOPTED to effectuate the purposes of this
6 ~~article~~ ARTICLE 91.

7 (b) The board may ~~by order require any~~ A licensee, private driller,
8 or private pump installer to remedy any ~~such~~ noncompliant installation,
9 construction, or repair and may, pursuant to rules and after due notice and
10 a hearing, impose penalties for ~~such~~ noncompliance.

11 (c) ~~The provisions of this article shall apply~~ THIS ARTICLE 91
12 APPLIES to:

13 (I) Any well or any pumping equipment THAT IS not otherwise
14 subject to regulation under the laws of this state; and ~~to~~

15 (II) Any distribution, observation, monitoring, or dewatering of
16 water ~~therefrom; but this article shall~~ FROM ANY SUCH WELL OR PUMPING
17 EQUIPMENT; EXCEPT THAT THIS ARTICLE 91 DOES not apply to any
18 distribution of water beyond the point of discharge from the pressure tank
19 or to any distribution of water beyond the point of discharge from the
20 pumping equipment if no pressure tank or an overhead pressure tank is
21 employed.

22 (d) THIS ARTICLE 91 APPLIES TO ANY GROUND HEAT EXCHANGER
23 THAT IS NOT OTHERWISE SUBJECT TO REGULATION UNDER THE LAWS OF
24 THIS STATE; EXCEPT THAT THIS ARTICLE 91 DOES NOT APPLY TO ANY
25 DISTRIBUTION OF HEAT-TRANSFER FLUID BEYOND THE POINT OF
26 TRANSITION BETWEEN THE GROUND HEAT EXCHANGER PIPING OR GROUND
27 HEAT EXCHANGER MANIFOLD AND THE DISTRIBUTION LINES FROM THE

1 GROUND HEAT EXCHANGER MANIFOLD.

2 **SECTION 26.** In Colorado Revised Statutes, 37-91-110, **amend**
3 (1) introductory portion, (2), and (3); and **add** (1)(c) as follows:

4 **37-91-110. Basic principles and minimum standards.** (1) The
5 following basic principles, general in scope and fundamental in character,
6 shall govern the construction, repair, or abandonment of any A well; THE
7 INSTALLATION, REPAIR, OR ABANDONMENT OF A GROUND HEAT
8 EXCHANGER; and the installation or repair of any pumping equipment:

9 (c) A GROUND HEAT EXCHANGER SHALL BE:

10 (I) LOCATED IN A MANNER THAT CONSIDERS THE PHYSICAL
11 LIMITATIONS OF THE LAND AREA AND THE PROXIMITY TO OTHER ELEMENTS
12 THAT MIGHT AFFECT THE TYPE AND CONFIGURATION OF THE GROUND HEAT
13 EXCHANGER; AND

14 (II) INSTALLED OR ABANDONED IN A MANNER THAT MAINTAINS
15 NATURAL PROTECTION AGAINST POLLUTION OF WATER-BEARING
16 FORMATIONS AND EXCLUDES KNOWN SOURCES OF CONTAMINATION.

17 (2) The board shall adopt and may, from time to time, amend rules
18 and regulations reasonably necessary to insure ENSURE the proper
19 construction or proper abandonment of wells, THE PROPER INSTALLATION
20 OR PROPER ABANDONMENT OF GROUND HEAT EXCHANGERS, and the
21 proper installation of pumping equipment. The board has the authority to
22 MAY require the filing of information and reports relating to the
23 construction or abandonment of wells, THE INSTALLATION OR
24 ABANDONMENT OF GROUND HEAT EXCHANGERS, and the installation of
25 pumping equipment whenever IF it may deem DEEMS such action to be
26 necessary.

27 (3) All wells AND GROUND HEAT EXCHANGERS shall be

1 constructed or abandoned and all pumping equipment shall be installed
2 in compliance with this ~~article~~ ARTICLE 91 and with the rules ~~and~~
3 regulations promulgated ADOPTED by the board.

4 **SECTION 27.** In Colorado Revised Statutes, 37-91-111, ~~amend~~
5 (1) and (3) as follows:

6 **37-91-111. Violations and penalties.** (1) It is unlawful:

7 (a) For ~~any person~~ AN INDIVIDUAL to represent ~~himself~~ THEMSELF
8 as a well construction contractor, GROUND HEAT EXCHANGER
9 CONTRACTOR, or a pump installation contractor ~~who~~ IF THE INDIVIDUAL
10 is not licensed under this ~~article~~ ARTICLE 91 or ~~to so represent himself~~
11 ~~after his~~ THE INDIVIDUAL'S license has been suspended or revoked or has
12 lapsed;

13 (b) For ~~any person~~ AN INDIVIDUAL WHO IS not licensed under this
14 ~~article~~ ARTICLE 91 to advertise or issue any sign, card, or other device
15 ~~which would indicate that he~~ THAT INDICATES THE INDIVIDUAL is a well
16 construction contractor, GROUND HEAT EXCHANGER CONTRACTOR, or a
17 pump installation contractor;

18 (c) For ~~any person~~ AN INDIVIDUAL WHO IS not licensed or whose
19 license is suspended to construct wells unless ~~he~~ THE INDIVIDUAL is a
20 private driller or directly employed by or under the supervision of a
21 licensed well construction contractor;

22 (d) For ~~any person~~ AN INDIVIDUAL WHO IS not licensed or whose
23 license is suspended to install pumping equipment unless ~~he~~ THE
24 INDIVIDUAL is a private pump installer or directly employed by or under
25 the supervision of a licensed pump installation contractor, except as
26 ~~excluded pursuant to~~ DESCRIBED IN section 37-91-106 (4); or

27 (d.5) FOR AN INDIVIDUAL WHO IS NOT LICENSED OR WHOSE

1 LICENSE IS SUSPENDED TO INSTALL A GROUND HEAT EXCHANGER UNLESS
2 THE INDIVIDUAL IS DIRECTLY EMPLOYED BY OR UNDER THE SUPERVISION
3 OF A LICENSED GROUND HEAT EXCHANGER CONTRACTOR, EXCEPT AS
4 DESCRIBED IN SECTION 37-91-105 (8); OR

5 (e) For ~~any person~~ AN INDIVIDUAL to otherwise violate ~~any of the~~
6 ~~provisions of this article~~ THIS ARTICLE 91.

7 (3) ~~Any~~ IN ADDITION TO ANY PENALTY ASSESSED PURSUANT TO
8 SUBSECTION (2) OF THIS SECTION, A person who violates any provision of
9 subsection (1) of this section ~~shall also be~~ IS subject to a civil penalty
10 assessed by the court of not less than one hundred dollars ~~nor more than~~
11 ~~five thousand dollars~~ for each ~~such~~ violation. All civil penalties collected
12 under this subsection (3) shall be ~~transmitted to the state treasurer, who~~
13 ~~shall credit the same~~ CREDITED to the well inspection cash fund created
14 in section 37-80-111.5.

15 **SECTION 28.** In Colorado Revised Statutes, 37-91-113, **amend**
16 (1), (2) introductory portion, (2)(a), (3) introductory portion, (3)(a), (3)(e),
17 and (3)(f) as follows:

18 **37-91-113. Well inspection program.** (1) The state engineer
19 shall monitor compliance with this ~~article~~ ARTICLE 91, including by
20 inspecting water well construction, GROUND HEAT EXCHANGER
21 INSTALLATION, and pump installation, and THE STATE ENGINEER may
22 employ inspectors for ~~such~~ THIS purpose. The costs of ~~such~~ monitoring
23 and inspection shall be paid from the well inspection cash fund created
24 ~~by~~ IN section 37-80-111.5.

25 (2) Inspectors shall have the following qualifications, but need not
26 be licensed pursuant to this ~~article~~ ARTICLE 91:

27 (a) Knowledge of proper well construction, GROUND HEAT

1 EXCHANGER INSTALLATION, and pump installation techniques and
2 practices;

3 (3) Inspectors shall annually spend a majority of their time
4 conducting field inspections and a minority of their time preparing and
5 evaluating reports and related office work. Duties ~~shall~~ include the
6 following:

7 (a) Well construction, GROUND HEAT EXCHANGER INSTALLATION,
8 and pump installation inspection and observation;

9 (e) Field inspections of existing wells, GROUND HEAT
10 EXCHANGERS, and pumps;

11 (f) Field inspections of well, GROUND HEAT EXCHANGER, and hole
12 plugging and abandonment; and

13 **SECTION 29.** In Colorado Revised Statutes, 24-1-124, **amend**
14 (4)(d) as follows:

15 **24-1-124. Department of natural resources - creation -**
16 **divisions.** (4) The division of water resources includes the following:

17 (d) The state board of examiners of water well ~~construction and~~
18 ~~pump installation~~ AND GROUND HEAT EXCHANGER contractors created in
19 ~~article 91 of title 37~~ SECTION 37-91-103. The state board of examiners of
20 water well ~~construction and pump installation~~ AND GROUND HEAT
21 EXCHANGER contractors is a **type 1** entity, as defined in section 24-1-105,
22 and exercises its powers and performs its duties and functions under the
23 department of natural resources and is allocated to the division of water
24 resources as a section ~~thereof~~ OF THE DIVISION OF WATER RESOURCES.

25 **SECTION 30.** In Colorado Revised Statutes, 24-33-104, **amend**
26 (1)(e) introductory portion and (1)(e)(IV) as follows:

27 **24-33-104. Composition of the department.** (1) The department

1 of natural resources consists of the following commissions, divisions,
2 boards, offices, and councils:

3 (e) The division of water resources, the head of which ~~shall be~~ IS
4 the state engineer. The division ~~shall consist~~ CONSISTS of the following
5 sections:

6 (IV) The state board of examiners of water well ~~construction and~~
7 ~~pump installation~~ AND GROUND HEAT EXCHANGER contractors.

8 **SECTION 31. Act subject to petition - effective date.** This act
9 takes effect at 12:01 a.m. on the day following the expiration of the
10 ninety-day period after final adjournment of the general assembly; except
11 that, if a referendum petition is filed pursuant to section 1 (3) of article V
12 of the state constitution against this act or an item, section, or part of this
13 act within such period, then the act, item, section, or part will not take
14 effect unless approved by the people at the general election to be held in
15 November 2026 and, in such case, will take effect on the date of the
16 official declaration of the vote thereon by the governor.