First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

REENGROSSED
This Version Includes All Amendments Adopted in the House of Introduction

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

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A BILL FOR AN ACT

CONCERNING THE MANAGEMENT OF UNDERGROUND ENERGY 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

HOUSE
3rd Reading Unamended
March 14, 2025

HOUSE
Amended 2nd Reading
March 13, 2025

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.

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

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

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

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

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

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

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

underground sources of drinking water.

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

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

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

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

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

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

(l) In support of the state's climate and energy goals, the department of natural resources has identified statutory changes that will clarify and streamline Colorado's regulatory framework while facilitating responsible development of geothermal resources in Colorado; and

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

(2) The general assembly therefore declares that it is important that Colorado drive and oversee the deployment of CCS and geothermal technologies in a manner that encourages protective growth and adaptation of infrastructure and improved coordination for permitting authorities.

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

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

SECTION 3. In Colorado Revised Statutes, **add** 34-60-144 as follows:

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

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

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

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

(IV) GEOLOGIC STORAGE OPERATIONS PRESENT THE STATE WITH RISKS OF ORPHANED GEOLOGIC STORAGE FACILITIES;

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

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

(b) THE GENERAL ASSEMBLY ALSO FINDS THAT:

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

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

(c) NOW, THEREFORE, THE GENERAL ASSEMBLY DECLARES THAT:

(I) IT IS IN THE PUBLIC INTEREST TO CREATE AN ENTERPRISE WITHIN THE DEPARTMENT THAT IS COMMITTED TO FUNDING LONG-TERM

STEWARDSHIP OF INJECTION CARBON DIOXIDE AND, IF NECESSARY, THE PLUGGING, ABANDONMENT, RECLAIMING, AND REMEDIATING OF ORPHANED GEOLOGIC STORAGE FACILITIES;

(II) THE ACTIVITIES OF THE ENTERPRISE SHALL BE FUNDED BY REVENUE GENERATED FROM STEWARDSHIP FEES PAID BY OPERATORS OF CLASS VI INJECTION WELLS IN COLORADO;

(III) IT IS APPROPRIATE THAT GEOLOGIC STORAGE OPERATORS SHOULD PAY SUCH STEWARDSHIP FEES, AS GEOLOGIC STORAGE OPERATORS ARE THE DIRECT BENEFICIARIES OF THE SERVICES PROVIDED BY THE ENTERPRISE, WHICH ARE LONG-TERM STEWARDSHIP AND, WHERE NECESSARY, THE PLUGGING, ABANDONMENT, RECLAIMING, AND REMEDIATING OF ORPHANED GEOLOGIC STORAGE FACILITIES;

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

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

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

(B) THE PLUGGING, ABANDONMENT, RECLAIMING, AND REMEDIATING SERVICES AUTHORIZED BY THIS SECTION PROVIDE A BENEFIT TO GEOLOGIC STORAGE OPERATORS BY ALLOWING THEM TO OPERATE CLASS VI INJECTION WELLS IN COLORADO DESPITE THE RISK THAT AVAILABLE FINANCIAL ASSURANCE MAY BE INSUFFICIENT TO PROTECT THE PUBLIC FROM THE COSTS OF GEOLOGIC STORAGE FACILITIES BEING ORPHANED; AND

(VI) SO LONG AS THE ENTERPRISE QUALIFIES AS AN ENTERPRISE FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, THE REVENUE FROM THE STEWARDSHIP FEE ADMINISTERED BY THE ENTERPRISE AND COLLECTED BY THE COMMISSION IS NOT STATE FISCAL YEAR SPENDING, AS DEFINED IN SECTION 24-77-102 (17), OR STATE REVENUES, AS DEFINED IN SECTION 24-77-103.6 (6)(c), AND DOES NOT COUNT AGAINST EITHER THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION OR THE EXCESS STATE REVENUES CAP, AS DEFINED IN SECTION 24-77-103.6 (6)(b)(I)(G).

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

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

(b) "ENTERPRISE" MEANS THE GEOLOGIC STORAGE STEWARDSHIP

ENTERPRISE CREATED IN SUBSECTION (3) OF THIS SECTION.

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

(d) "GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND" MEANS THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND CREATED IN SUBSECTION (7) OF THIS SECTION.

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

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

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

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

(I) DETERMINING THE AMOUNT OF STEWARDSHIP FEES;

(II) FUNDING THE LONG-TERM STEWARDSHIP OF GEOLOGIC STORAGE FACILITIES IN THE STATE;

(III) FUNDING THE PLUGGING, ABANDONMENT, RECLAIMING, AND, AS NECESSARY, REMEDIATING OF ORPHANED GEOLOGIC STORAGE FACILITIES IN THE STATE IF THE COMMISSION, AFTER NOTICE AND A HEARING, DETERMINES THAT AVAILABLE FINANCIAL ASSURANCE IS INSUFFICIENT; AND

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

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

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

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

(4) **Enterprise board created - membership - duties - repeal.** (a) (I) THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE BOARD IS CREATED TO ADMINISTER THE ENTERPRISE. THE ENTERPRISE BOARD

INCLUDES THE FOLLOWING FIVE MEMBERS:

(A) THE CHAIR OF THE COMMISSION;

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

(C) AN INDIVIDUAL WITH SUBSTANTIAL EXPERIENCE IN GEOLOGIC STORAGE, TO BE APPOINTED BY THE GOVERNOR AND CONFIRMED BY THE SENATE;

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

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

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

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

(III) THE MEMBERS OF THE ENTERPRISE BOARD DESCRIBED IN SUBSECTIONS (4)(a)(I)(C), (4)(a)(I)(D), AND (4)(a)(I)(E) OF THIS SECTION SHALL EACH SERVE TERMS OF THREE YEARS; EXCEPT THAT THE INITIAL TERM OF THE MEMBER APPOINTED PURSUANT TO SUBSECTION (4)(a)(I)(C) OF THIS SECTION IS ONE YEAR, AND THE INITIAL TERM OF THE MEMBER APPOINTED PURSUANT TO SUBSECTION (4)(a)(I)(D) OF THIS SECTION IS

TWO YEARS. IN THE EVENT OF A VACANCY, THE GOVERNOR MAY APPOINT AN INDIVIDUAL TO COMPLETE THE TERM OF THE MEMBER WHOSE SEAT HAS BECOME VACANT.

(IV) AN INDIVIDUAL MAY BE APPOINTED TO SERVE AS A MEMBER OF THE ENTERPRISE BOARD PURSUANT TO SUBSECTION (4)(a)(I)(C), (4)(a)(I)(D), OR (4)(a)(I)(E) OF THIS SECTION FOR AN UNLIMITED NUMBER OF TERMS.

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

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

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

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

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

(A) THE OVERALL COST OF THE ENTERPRISE'S LONG-TERM STEWARDSHIP SERVICES, INCLUDING REASONABLY ANTICIPATED FUTURE

EXPENDITURES FROM THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND; AND

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

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

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

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

(5) **Powers and duties.** IN ADDITION TO ANY OTHER POWERS AND DUTIES SPECIFIED IN THIS SECTION, THE ENTERPRISE BOARD HAS THE FOLLOWING GENERAL POWERS AND DUTIES ON BEHALF OF THE ENTERPRISE:

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

(b) TO ACQUIRE, HOLD TITLE TO, AND DISPOSE OF REAL AND PERSONAL PROPERTY, INCLUDING OWNERSHIP OF INJECTION CARBON DIOXIDE UPON APPROVAL OF SITE CLOSURE OF AN ASSOCIATED GEOLOGIC STORAGE FACILITY BY THE COMMISSION;

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

(d) TO ENGAGE THE SERVICES OF CONTRACTORS, CONSULTANTS, AND THE ATTORNEY GENERAL'S OFFICE FOR PROFESSIONAL AND TECHNICAL ASSISTANCE AND ADVICE AND TO SUPPLY OTHER SERVICES RELATED TO THE CONDUCT OF THE AFFAIRS OF THE ENTERPRISE. THE ENTERPRISE MAY CONTRACT WITH THE DEPARTMENT FOR THE PROVISION OF OFFICE SPACE AND ADMINISTRATIVE STAFF TO THE ENTERPRISE AT A FAIR MARKET RATE.

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

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

(I) GEOLOGIC STORAGE OPERATIONS IN THE STATE ARE LIKELY TO CREATE ORPHANED GEOLOGIC STORAGE FACILITIES IN THE FUTURE;

(II) FINANCIAL ASSURANCE PROVIDED BY OPERATORS WILL BE INSUFFICIENT TO ADDRESS ORPHANED GEOLOGIC STORAGE FACILITIES; AND

(III) STEWARDSHIP FEES DEPOSITED INTO THE GEOLOGIC STORAGE

STEWARDSHIP CASH FUND WILL BE INSUFFICIENT TO ADDRESS BOTH LONG-TERM STEWARDSHIP AND ORPHANED GEOLOGIC STORAGE FACILITIES;

(g) TO HAVE AND EXERCISE ALL RIGHTS AND POWERS NECESSARY OR INCIDENTAL TO OR IMPLIED FROM THE SPECIFIC POWERS AND DUTIES GRANTED BY THIS SECTION; AND

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

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

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

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

(I) COLLECTED FOR THE ENTERPRISE;

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

(III) BASED ON THE ENTERPRISE'S STATUS AS AN ENTERPRISE, NOT SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AT

ANY TIME DURING THE MONEY'S COLLECTION, TRANSFER, AND USE.

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

(7) **Geologic storage stewardship enterprise cash fund - repeal.** (a) THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND IS CREATED IN THE STATE TREASURY. THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND CONSISTS OF:

(I) MONEY RECEIVED AS STEWARDSHIP FEES;

(II) ANY MONEY RECEIVED FROM THE ISSUANCE OF REVENUE BONDS, AS DESCRIBED IN SUBSECTION (3)(c)(II) OF THIS SECTION;

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

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

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

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

(c) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND TO THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND. ANY UNEXPENDED AND UNENCUMBERED MONEY REMAINING IN THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND AT THE END OF A FISCAL

YEAR REMAINS IN THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND AND SHALL NOT BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR TO ANY OTHER FUND.

(d) MONEY CREDITED TO THE GEOLOGIC STORAGE STEWARDSHIP ENTERPRISE CASH FUND IS CONTINUOUSLY APPROPRIATED TO THE ENTERPRISE AND SHALL BE EXPENDED TO PAY THE COSTS OF:

(I) LONG-TERM STEWARDSHIP;

(II) PLUGGING, ABANDONING, RECLAIMING, AND REMEDIATING SERVICES FOR ORPHANED GEOLOGIC STORAGE FACILITIES AT THE REQUEST OF THE DIRECTOR OF THE COMMISSION IF THE COMMISSION, AFTER NOTICE AND A HEARING, DETERMINES THAT AVAILABLE FINANCIAL ASSURANCE IS INSUFFICIENT; AND

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

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

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

SECTION 4. In Colorado Revised Statutes, 34-60-106, **amend** (9)(c)(IV)(D); **repeal** (9)(c)(IV)(D.5); and **add** (9.4) as follows:

34-60-106. Additional powers of commission - fees - rules - definitions - repeal. (9) (c) (IV) (D) A geologic storage operator shall maintain the financial assurance required ~~under~~ BY this subsection (9)(c)(IV) or ~~under~~ any rules adopted pursuant to this subsection (9)(c)(IV) until the commission approves site closure, as specified in rules adopted by the commission. EXCEPT AS DESCRIBED IN SUBSECTION (9.4) OF THIS SECTION, commission approval of a site closure does not otherwise modify an operator's responsibility to comply with applicable laws.

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

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

(b) IN ADDITION TO ANY CRITERIA FOR SITE CLOSURE REQUIRED BY RULES ADOPTED BY THE COMMISSION, THE COMMISSION SHALL NOT APPROVE A SITE CLOSURE UNTIL THE COMMISSION HAS DETERMINED THAT THE GEOLOGIC STORAGE OPERATOR REQUESTING THE SITE CLOSURE HAS CONTRIBUTED MONEY TO THE GEOLOGIC STORAGE STEWARDSHIP

ENTERPRISE CASH FUND CREATED IN SECTION 34-60-144 (7) IN AN AMOUNT SUFFICIENT TO PAY FOR LONG-TERM STEWARDSHIP OF THE GEOLOGIC STORAGE FACILITY FOR WHICH THE OPERATOR REQUESTS THE SITE CLOSURE.

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

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

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

(III) THE GEOLOGIC STORAGE OPERATOR IS RELEASED FROM ALL FURTHER REGULATORY LIABILITY ASSOCIATED WITH THE GEOLOGIC STORAGE OPERATIONS OR ASSOCIATED GEOLOGIC STORAGE FACILITY, EXCEPT AS PROVIDED IN SUBSECTION (9.4)(d) OF THIS SECTION.

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

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

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

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

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

(e) AFTER NOTICE AND HEARING, THE COMMISSION MAY REIMPOSE ANY REGULATORY LIABILITY FROM WHICH THE GEOLOGIC STORAGE OPERATOR HAS BEEN RELEASED PURSUANT TO SUBSECTION (9.4)(c)(III) OF THIS SECTION AND FINANCIAL ASSURANCE OBLIGATIONS, IF THE COMMISSION DETERMINES THAT:

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

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

(III) THERE IS MIGRATION OF THE INJECTION CARBON DIOXIDE FOR WHICH THE GEOLOGIC STORAGE OPERATOR IS RESPONSIBLE THAT CAUSES

OR THREATENS TO CAUSE IMMINENT AND SUBSTANTIAL ENDANGERMENT TO AN UNDERGROUND SOURCE OF DRINKING WATER.

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

SECTION 5. In Colorado Revised Statutes, 34-60-140, **amend** (2)(a)(II) introductory portion as follows:

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

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

SECTION 6. In Colorado Revised Statutes, 37-80-111.5, **amend** (1)(d) as follows:

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

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

SECTION 7. In Colorado Revised Statutes, 37-80-111.7, **amend** (2) introductory portion and (2)(b) as follows:

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

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

SECTION 8. In Colorado Revised Statutes, 37-90-103, **amend** (10.5) as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(I) GENERATING ELECTRICITY;

(II) HEATING AND COOLING BUILDINGS;

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

(IV) HEATING AQUACULTURE;

(V) MELTING SNOW OR ICE;

(VI) HEATING TO FACILITATE CARBON DIOXIDE CAPTURE OR HYDROGEN PRODUCTION;

(VII) DEEP GEOTHERMAL EXPLORATION, RESOURCE CONFIRMATION, OR RESERVOIR ENHANCEMENT; AND

(VIII) HEATING AND DRYING FOR OTHER INDUSTRIAL PROCESSES.

(b) A WELL PERMIT IS REQUIRED IF THE OPERATOR WILL USE THE NONTRIBUTARY GROUNDWATER FOR ADDITIONAL BENEFICIAL USES UNRELATED TO THE EXTRACTION OR UTILIZATION OF HEAT.

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

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

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

SECTION 11. In Colorado Revised Statutes, 37-90.5-103, **amend** (1)(b) and (3)(c)(II); **repeal** (13); and **add** (9.5) and (14.5) as follows:

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

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

THOUSAND FIVE HUNDRED FEET.

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

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

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

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

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

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

(14.5) "PRIOR GEOTHERMAL OPERATION" MEANS:

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

(b) A HISTORIC HOT SPRING.

SECTION 12. In Colorado Revised Statutes, 37-90.5-104, **amend** (2) and (4); and **repeal** (5) as follows:

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

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

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

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

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

(a) Derogates the rights of a landowner to nontributary groundwater; ~~or~~

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

(c) PREVENTS AN OWNER OF NONTRIBUTARY GROUNDWATER

RIGHTS FROM ACCESSING NONTRIBUTARY GROUNDWATER FOR NONGEOTHERMAL PURPOSES THAT WILL NOT MATERIALLY INJURE A PRIOR GEOTHERMAL OPERATION.

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

SECTION 13. In Colorado Revised Statutes, 37-90.5-106, **amend** (1)(a)(I), (1)(a)(II), (1)(b)(III), (3), and (6); and **add** (1)(a)(IV), (1)(a)(V), (1)(c), (2)(c), and (7) as follows:

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

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

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

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

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

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

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

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

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

(1)(b); AND

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

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

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

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

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

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

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

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

(I) Shallow geothermal operations; and

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

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

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

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

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

(I) THE LOCATION OF THE PRIOR GEOTHERMAL OPERATION; AND

(II) DESIGNATED INDIVIDUALS TO RECEIVE ELECTRONIC MAIL NOTIFICATIONS FROM THE STATE ENGINEER AND THE COMMISSION AS DESCRIBED IN SECTION 37-90-137 (2) AND SUBSECTION (1)(b)(III)(C) OF THIS SECTION.

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

SECTION 14. In Colorado Revised Statutes, 37-90.5-107, **amend** (1)(a) and (4); and **repeal** (3)(b) and (3)(d) as follows:

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

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

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

(4) Notwithstanding any provision of this section to the contrary, section 37-90-137 (4) applies to any ~~consumptive~~ BENEFICIAL use of allocated geothermal resources, EXCEPT FOR THOSE OPERATIONS DESCRIBED IN SECTION 37-90-137 (7.5)(a).

SECTION 15. In Colorado Revised Statutes, 37-90.5-111, **amend** (1)(b) as follows:

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

(b) Determine whether an accounting for the use and reinjection of geothermal fluid OR WATER pursuant to the applicable permit may be submitted to only the commission, ~~or~~ only TO the state engineer, OR TO BOTH.

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

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

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

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

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

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

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

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

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

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

(c) "CONSTRUCTION OR INSTALLATION OF A GROUND HEAT

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

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

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

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

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

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

water quality samples.

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

(15) "Repair" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

~~engineer~~ ENGINEER'S DESIGNEE;

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

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

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

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

SECTION 19. In Colorado Revised Statutes, 37-91-104, **amend**

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

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

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

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

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

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

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

SECTION 20. In Colorado Revised Statutes, 37-91-105, **amend** (1), (2)(d), (2.5), (5), and (7); and **add** (8) as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) Each licensee shall complete eight hours of continuing

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

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

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

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

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

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

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

SECTION 22. In Colorado Revised Statutes, 37-91-107, **amend**

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

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

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

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

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

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

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

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

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

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

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

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

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

(4.5) A licensee shall maintain the amount of financial responsibility required by subsections (2), (3), and (4) of this section for the ~~life~~ DURATION of the license for which the financial responsibility is required. The license of any well construction contractor, GROUND HEAT EXCHANGER CONTRACTOR, or pump installation contractor who fails to maintain such financial responsibility ~~shall lapse~~ LAPSES. A LAPSED license ~~that has so lapsed~~ may be reinstated upon THE LICENSEE'S submission of current evidence of the required financial responsibility to the board and payment to the board of a ~~one-hundred-dollar~~ reinstatement fee IN THE AMOUNT OF ONE HUNDRED DOLLARS.

(5) The board shall charge an annual registration fee of ten dollars for each well drilling ~~or~~ RIG, GROUND HEAT EXCHANGER INSTALLATION RIG, AND pump installation rig to be operated in the state. ~~of Colorado.~~

(6) The board shall ~~no later than January 7, 2007, develop~~ MAINTAIN a continuing education program in conjunction with the Colorado water well contractors association or any analogous or successor organization.

SECTION 23. In Colorado Revised Statutes, 37-91-108, **amend** (1) introductory portion, (1)(d), (1)(f), (1)(g), (1)(h), (3), (4), and (5) as follows:

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

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

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

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

(h) ~~Has~~ Authorized a person not directly employed or directly supervised by the licensee to construct wells, INSTALL GROUND HEAT 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 24. 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~~

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

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

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

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

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

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

GROUND HEAT EXCHANGER MANIFOLD.

SECTION 25. In Colorado Revised Statutes, 37-91-110, **amend** (1) introductory portion, (2), and (3); and **add** (1)(c) as follows:

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

(c) A GROUND HEAT EXCHANGER SHALL BE:

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

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

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

(3) All wells AND GROUND HEAT EXCHANGERS shall be

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

SECTION 26. In Colorado Revised Statutes, 37-91-111, **amend** (1) and (3) as follows:

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

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

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

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

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

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

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

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

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

SECTION 27. In Colorado Revised Statutes, 37-91-113, **amend** (1), (2) introductory portion, (2)(a), (3) introductory portion, (3)(a), (3)(e), and (3)(f) as follows:

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

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

(a) Knowledge of proper well construction, GROUND HEAT

EXCHANGER INSTALLATION, and pump installation techniques and practices;

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

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

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

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

SECTION 28. In Colorado Revised Statutes, 24-1-124, **amend** (4)(d) as follows:

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

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

SECTION 29. In Colorado Revised Statutes, 24-33-104, **amend** (1)(e) introductory portion and (1)(e)(IV) as follows:

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

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

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

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

SECTION 30. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2026 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.