



## FAQ: Adams County Oil and Gas Inspection Fee

### 1. What gives Adams County the legal authority to impose a fee for inspections of existing wells?

C.R.S § 29-20-104.2 provides authority to local governments to impose fees to cover the costs of *any* monitoring and inspection program necessary to ensure oil and gas wells within its jurisdiction are operated in a manner that is protective of public health, safety, and wellbeing and the environment. This broad grant of authority does not restrict the County's ability to impose fees on any particular type of well or to only those wells permitted after the passage of SB 181. Had the legislature intended to restrict the County's authority to only those wells permitted after the passage of SB 181, it easily could have done so. The County's inspection program is necessary to ensure that current oil and gas facilities and operations comply with applicable rules. Restricting the program only to wells permitted after the passage of SB 181 is neither consistent with the letter of the legislation nor its intent, which is to clarify and significantly expand local government oversight over all oil and gas facilities within its jurisdiction.

### 2. How was the inspection fee calculated?

The inspection fee was calculated based on direct and indirect costs of conducting annual, routine inspections of oil and gas wells located within unincorporated Adams County. Factors included in the calculation include personnel costs (two full-time inspectors), total number of annual/routine well inspections, inspection equipment costs, and other equipment costs. Equipment costs were amortized over the expected life of the equipment. More information on the fee calculation and fee schedule adoption can be found in the [September 3, 2019 BOCC public hearing](#) documents.

### 3. How and when was the fee approved?

The fee was approved on September 3, 2019 by the Board of County Commissioners (5-0) at public hearing.

### 4. Was a distinction made between vertical and horizontal type wells when calculating the inspection fee?

No distinction was made between vertical and horizontal type wells in calculating the annual inspection fee as there is no significant difference in inspection duration, type of monitoring or inspection items between the well types.

### 5. Was adopting this fee solely a way for the county to hire an additional inspector?

The number of wells, paired with the new powers afforded to local governments under SB181, warranted the need for a new inspector. The County desires to ensure the health and safety of our residents through a more robust inspection program.

### 6. What are the different types of inspections and which are charged an inspection fee?

The different types of inspections include: Routine (Annual); Complaint-based; Referral; and Follow-up.

The annual inspection fee is only assessed for Routine inspections of oil and gas wells.

Types of inspections for which no inspection fee is assessed include: Follow-up inspections to document corrective actions for non-compliance issues; Complaint-based inspections; and Referral-based inspections.

**7. What gives county inspectors authority to inspect state-permitted wells?**

The county is party to an Inter-Governmental Agreement (IGA) with the Colorado Oil and Gas Conservation Commission (COGCC), the state permitting authority for oil and gas wells, which provides Adams County inspectors the authority to conduct jurisdictional oil and gas well inspections on behalf of the COGCC.

**8. Are these wells getting inspected twice – once by county staff and once by state inspectors?**

All inspection findings and reports are submitted to the COGCC at the time of the Routine well inspection by the county Oil and Gas Inspectors. Depending on inspection findings and severity of any observed non-compliance issue, a particular well may be inspected by COGCC inspectors as part of a follow-up inspection. The county does not assess an inspection fee for inspections conducted by COGCC inspectors. County inspectors may also conduct a follow-up inspection to document corrective measures. This is considered a follow-up inspection for which an inspection fee is *not* assessed.

State inspectors from COGCC and/or CDPHE Air Pollution Control Division retain jurisdictional authority to conduct inspections of any oil and gas well facility located within the state.

**9. Why are the oil and gas inspection fees so much higher than other types of building permit inspections?**

The inspection fee was calculated from a number of factors that cover the direct and indirect costs of running the oil and gas inspection program as allowed for by SB19-181, Section 4. See FAQ 2 for an explanation of how the fee was calculated.