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Falsification of Closure and Remediation Data – Not a Good Look for the Oi<u>l and Gas Sector</u>

On July 23, 2025, the Colorado Energy and Carbon Management Commission (ECMC)¹ issued Notices of Alleged Violation (NOAV) to seven oil and gas operators focusing on the alleged submission of falsified remediation data for operations in Weld County, Colorado. As a legal enforcement action, the agency identified 3,275 instances of falsified data points on 683 lab reports spanning 404 locations.

Environmental Consultants in the Hotseat. The issuance of the NOAVs follows an investigation initiated in November 20024 when the agency announced that two environmental consultants – Eagle Environmental Consulting, Inc. and Tasman Geosciences, which had been hired by the oil and gas operators – allegedly submitted falsified laboratory data that affected soil, groundwater, and inorganic and organic contaminant data for 404 oil and gas locations in Weld County.

Form 27 at the Center of the Investigations. The allegations are premised on data submitted by operators via the agency's Form 27 – the Site Investigation and Remediation Workplan – which, among other things, includes data for the closure of oil and gas facilities or the remediation of spills. Form 27 includes hundreds of data points, and ECMC receives more than 15,000 Form 27s annually.

After production operations end, operators must document that the site meets the state's cleanup standards. The ECMC requires investigation of the entire facility and its infrastructure to determine if a spill occurred within the lifespan of the site. The agency's Series 900 Rules include a description of contaminants of concern and levels that must be met at closure.

The investigation by the agency's Environmental Data Unit included an assessment of the operators' reported data as well as an independent analysis that compared

original data from lab reports to Form 27 documentation.

Specific Allegations. The alleged violations include improper (1) modification of sample collection dates and the names of laboratory staff personnel, and (2) modification of hydrocarbon levels showing that the submitted data fell below ECMC's thresholds. In some cases, contaminant levels were altered by as many as three orders of magnitude, and the altered data were used to support requests for no further action – or closure – at the remediation project site.

The agency's COGIS database for the seven NOAVs can be accessed here.

An Aberrant Situation Isolated to a Few Individuals. In announcing the enforcement action, Julie Murphy, ECMC's Director stated:

[T]his is an aberrant and disappointing situation. Maintaining the integrity of the data upon which ECMC – or any regulatory body – bases decisions is essential. Our permitting, compliance, and enforcement procedures – including the submission of reports, data, and samples by operators – are grounded in an expectation that all parties abide by the law and follow a basic professional, ethical code of conduct. At this point we believe that the issue is isolated to individual actors who have betrayed our trust and their profession.

Sites Reopened. The agency alleges that the operators violated two rules: Rule 207 (accurate and complete reports); and Rule 602 (training and supervision of contractors).

All of the subject sites that were previously approved for closure have been reopened. The data must be resampled, investigated, and remediated to ECMC's cleanup standards.

Additional Safeguards Adopted. In December 2024, ECMC imposed safeguards to prevent falsified data from being submitted in the future that require additional documentation from operators in newly submitted forms and examination of metadata. In April 2025, ECMC formalized requirements for submitting secured lab reports on all projects, including requiring <u>updates to Forms 27</u> that are still in the process of being reviewed by the agency.

Forensic Investigation of Other Operators. The agency also hired a forensic investigation firm to determine methods to electronically review analytical data previously submitted to increase confidence that previously submitted data from other operators outside the scope of this situation were not falsified.

Referrals for Criminal Investigation. The ECMC referred the matter to criminal prosecutors for further review, assessment, and investigation, which may include criminal and civil penalties.

This blog was drafted by <u>John L. Watson</u>, an attorney in the Spencer Fane Denver, Colorado, office. For more information, visit <u>www.spencerfane.com</u>.

Formerly known as the Colorado Oil and Gas Conservation Commission, the ECMC regulates the development and production of the natural resources of oil and gas, deep geothermal resources, the capture and sequestration of carbon, and the underground storage of natural gas.

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