

Report Highlights



OFFICE OF THE STATE AUDITOR
C O L O R A D O

Oil and Gas Reporting: Production, Emissions, and Severance Taxes

Energy and Carbon Management Commission | Department of Public Health and Environment | Department of Revenue
Performance Audit • November 2025 • 2464P

Key Concern

Overall, we found that the Energy and Carbon Management Commission (ECMC) collected a majority of required production reports and conservation levies from oil and gas operators for Calendar Year 2023, but ECMC can make further improvements to its processes to ensure that it receives all required reports and levies. In addition, we found that although the Colorado Department of Public Health and Environment (CDPHE) collected emissions data from some oil and gas owners and operators for Calendar Year 2023, due to limitations of existing datasets, CDPHE does not know if it collected all of the required emissions data.

Key Findings

- ECMC collected a majority of required production reports for Calendar Year 2023; it approved about 674,000 oil and gas production reports. However, about 32,000 of these reports contained errors and ECMC reported that there were still about 11,600 reports missing for Calendar Year 2023, as of March 2025. We identified an additional 4,436 missing production reports for 2023 that were not reported by ECMC.
- ECMC did not collect more than 200 conservation levy payments on 1.7 million barrels of oil and 310 million MCF (one thousand cubic feet) of gas sold in Calendar Year 2023.
- CDPHE has not established a systematic process to determine the population of oil and gas owners or operators that are required to submit annual emissions data so that it can effectively determine which emissions reports are missing.

Background

- ECMC, a division within the Department of Natural Resources, is responsible for regulating the development and production of oil and gas in the state in a manner that protects public health, safety, welfare, the environment, and wildlife.
- CDPHE regulates air pollution in the state as part of its mission to protect the health and well-being of Coloradans by enforcing the State’s air pollution laws and improving air quality, which includes collecting and reporting on emissions data provided by oil and gas owners or operators.
- The Department of Revenue is responsible for reviewing and processing severance tax filings and withholding statements, and conducting severance tax audits. Severance taxes are a state tax imposed upon nonrenewable resources removed from the earth such as oil and gas.

Audit Recommendations Made	Agency Responses		
	Agree	Partially Agree	Disagree
12	12	0	0

