



Oil & Gas Monthly Update

City Council Meeting July 2019

City Oil & Gas Permit Applications

- To date, no official permits have been submitted to the City.
- All operators have asked (at the request of the city) that holds be placed on the processing of all Form 2A's, with the additional request of a 2nd comment period.



Current Spacing Applications

Docket No	Operator	Location (Sections)	Intervention Date	Status
180300262	Petro Operating	Sections 10 & 11, T2S R67W	4/16/2018	Approved
180400300	Extraction Oil and Gas	Sections 21, 22 & 23, T2S R66W	4/16/2018	Approved
180400284	Extraction Oil and Gas	Sections W½ 26, 27 & 28, T2S R66W	4/16/2018	Approved
180700524	Great Western Operating	Sections 32 & 33, T1S R66W	4/16/2018	Approved
180600433	Extraction Oil and Gas	Sections 11 & 14, T2S R66W	5/25/2018	Approved
190300473	Extraction Oil and Gas	Sections 3, 4 & 5, T2S R66W	2/25/2019	Pending
190300474	Extraction Oil and Gas	Sections 7 & 8, T2S R66W	2/25/2019	Pending
190300475	Extraction Oil and Gas	Sections 12 & 13, T2S R67W	2/25/2019	Pending
190300476	Extraction Oil and Gas	Sections 9 & 10, T2S R66W	2/25/2019	Pending
190300230	Extraction Oil and Gas	Sections 15 & 16, T2S R66W	2/25/2019	Consent Agenda
		Sections S½ 22, 27 & 34, T1S R66W		Consent Agenda
190600410	Great Western Operating	Sections 1 & 2, T2S R67W	5/17/2019	Pending

Note: applications highlighted in blue above were split from a previously submitted spacing unit (1903000230), into separate docket numbers.



Current Form 2 Applications

Site Name	Operator	Original Intervention Date or Comment Deadline	Approved?	Well Count
Blue Jay	Extraction Oil and Gas	4/12/2018	On Hold	32
Owl	Extraction Oil and Gas	4/18/2018	On Hold	16
Condor	Extraction Oil and Gas	4/25/2018	On Hold	16
Red Tail	Extraction Oil and Gas	5/14/2018	On Hold	16
Antelope	Petro Operating, LLC	5/16/2018	Pending	24
Falcon	Extraction Oil and Gas	5/21/2018	On Hold	32
Kestral	Extraction Oil and Gas	5/21/2018	On Hold	16
Jacobson	Great Western Operating	6/20/2018	On Hold	36
Oriole / Hawk	Extraction Oil and Gas	9/5/2018	On Hold	32

New Form 2 Applications received since the last monthly update:

None



Commerce
CITY

Current Form 2A Applications

Site Name	Operator	Original Intervention Date or Comment Deadline	Approved?
Condor	Extraction Oil and Gas	4/25/2018	On Hold
Blue Jay	Extraction Oil and Gas	5/27/2018	On Hold
*Antelope	Petro Operating, LLC	5/31/2018	Pending
Falcon	Extraction Oil and Gas	6/9/2018	On Hold
Jacobson	Great Western Operating	7/4/2018	On Hold
Harlo	Extraction Oil and Gas	9/15/2018	On Hold
Red Tail	Extraction Oil and Gas	9/15/2018	On Hold

* The city provided a comment letter to the COGCC requesting the opening of a second comment period after further conversations with the operator occur regarding the location. The city currently opposes the proposed location of this site based on proximity to planned and existing residential, and other health and safety concerns.

New Form 2A Applications received since the last monthly update:

None

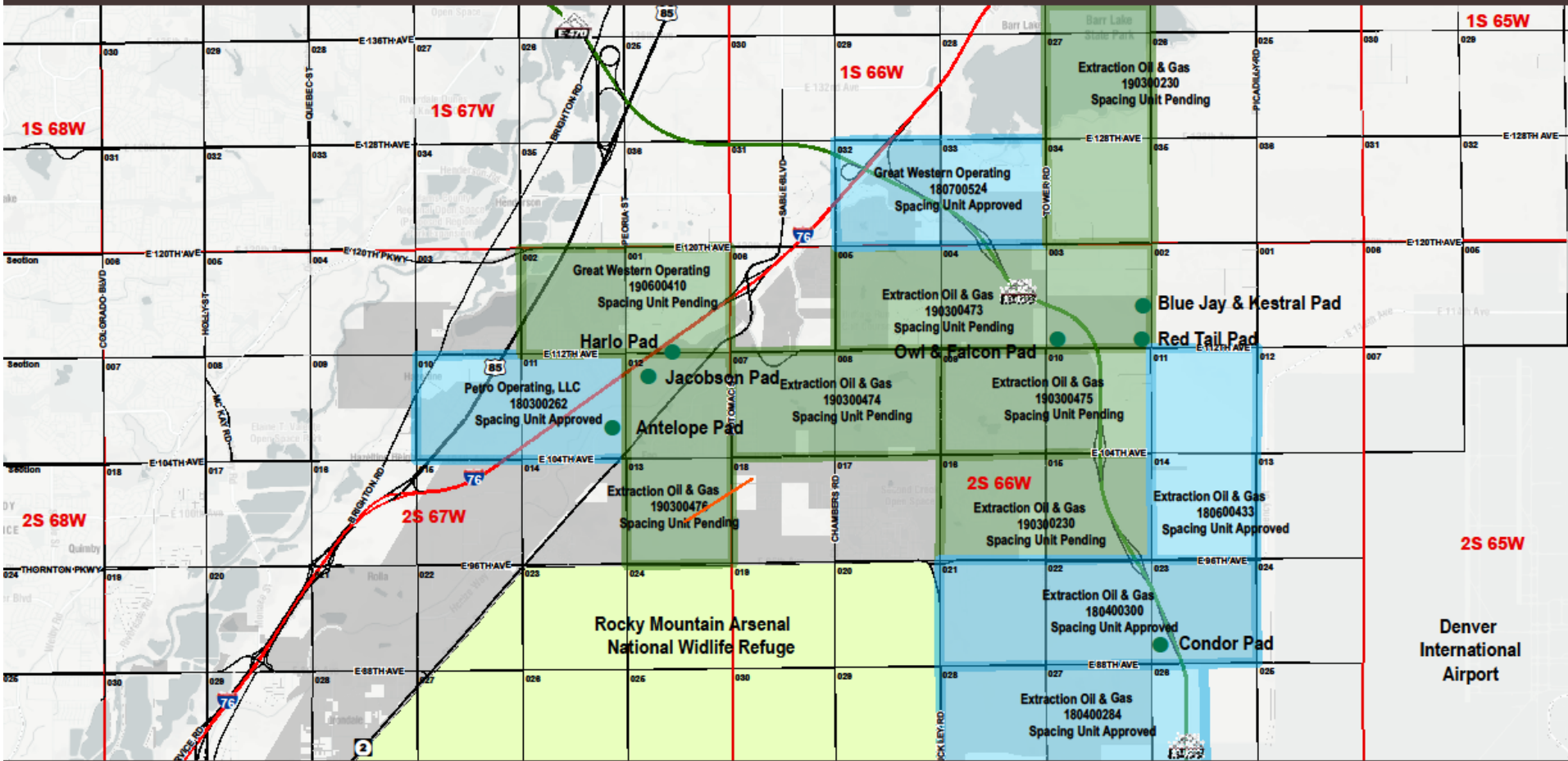


Map of COGCC Activity



Applications to the COGCC Within Commerce City Boundaries

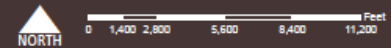
Active as of 7/1/2019



Status of State Applications

- Spacing Unit Approved
- Spacing Unit Pending
- City Limit Boundaries
- Pending Form 2A
- Approved Form 2A

*This map represents all pending Form 2A applications, and spacing applications that have been submitted by Oil & Gas operators to the COGCC. Approval of a spacing unit by the COGCC does not constitute the ability to drill, unless Form 2's and 2a's within that section are also approved, and a city permit has been issued. No applications have been submitted to the city for review.



General Updates

- Final Oil and Gas Focus Group Meeting on 6/26
- Oil and Gas Impact Fee passed on 1st reading by City Council on 7/1
- Met with COGCC Director Jeff Robbins on 7/10
 - Discussed status of state permits, SB19-181 implementation
- Attended Broomfield LGD Roundtable meeting on 7/12
 - Updates on local regulations, upcoming state issues, regional air quality efforts

Overview - Timeline

- March 2018: Approached by Extraction about proposed facilities in Commerce City – began meeting weekly
- April – July 2018: Within Commerce City Boundaries, seven (7) COGCC Form 2a applications submitted to the state from 3 separate operators
- May 2018: Executive Session – approach to take with operators
- May 2018: Entered negotiations with extraction on Best Management Practices & ROA
- September 2018: Executive Session – reaffirming approach
- November 2018: Minor LDC Oil & Gas Amendments
 - Smaller, process related amendments
- December 2018: BMP’s Open House – Community Meeting
 - Draft BMP document made available for public comment online (or in person) since that meeting

Overview - Timeline

- March 2019: Executive Session – detailing remaining items on ROA
- April – June 2019: Focus Group
- June 2019: Oil & Gas Transportation Impact Fee open house & stakeholder meetings
- July 2019: ROA 21 day comment period
- July 2019: Staff begins LDC amendment process in response to SB19-181
- Ongoing: numerous meetings with COGCC, fire districts, water districts, emergency responders, Adams County
- Monthly updates to council detailing staff updates & review of state permit submittals
 - 12 conducted since May '18
- Council Speaker Series
 - David Lucas: Rocky Mountain Arsenal National Wildlife Refuge
 - Jim Jones: South Adams County Water & Sanitation District
 - Matt Sura: Commerce City Oil & Gas Special Counsel
 - Julie Murphy: Former COGCC Director
 - Sean Hackett: CO Dept of Public Health & Environment
 - Elliot Sulsky: FHU

Regional Operator Agreement

- 21 day public comment period opened on Tuesday, July 9
 - Proposed ROA and all exhibits can be found at c3gov.com/oilgas
 - Hard copies available for review at Civic Center, Bison Ridge Rec Center, and Eagle Pointe Rec Center
 - Public comment can be submitted online at c3gov.com/oilgas, or in hard copy format at the Community Development Department through July 29
- Following 21 day comment period, city staff will review all feedback and public comments
 - Staff may approve the ROA, incorporate feedback received into the ROA and re-open the public comment period, or choose not to approve the ROA
- Approval of the ROA does not provide Extraction with vested rights, or the approval of any individual well site
 - Approval of a separate Oil and Gas Permit is required for all sites prior to drilling
 - As part of the ROA, pipelines are required under the Best Management Practices Exhibit (B), which requires conditional use permit approval through City Council
 - These processes (combined) may not be complete until sometime in 2020
- 26 public comments received so far

Focus Group

- Authorized by City Council via Resolution 2019-4
- Originally scheduled for three meetings between April 24th and June 26th, 2019
 - Extended two additional meetings at the request of the focus group
- Discussion during the meetings were generally focused on seeking input on future Oil and Gas LDC updates
 - Best Management Practices
 - Zoning
 - Process
 - Enforcement
- The final focus group focused on future COGCC rulemakings, and some of the items being considered in the next year
- A wide range of opinions and ideas concerning Oil & Gas production were represented in the group



Focus Group – Discussion Topics

- **BMP's**
 - Discussed potential updates to the LDC, that were related to the protections contained in the city's draft Best Management Practices, and what items would be critical to include in an update
- **Zoning**
 - A brief introduction on how Senate Bill 181 impacts the ability for jurisdictions to regulate the use through zoning was given, as well as an overview of the description and configuration of the city's current zoning districts and future land use plan.
 - Discussion focused mostly on whether or not the city should explore regulating oil and gas wells specifically in certain zoning districts
- **Process**
 - Overview given of city's existing and potential processes, review and approval criteria as it relates to Oil and Gas, and whether any changes should be necessary. A major component of the discussion surrounded notification and outreach
- **Enforcement**
 - Discussion of the city's current enforcement provisions within the LDC, and what provisions are in the draft ROA. Discussion was then focused on what items should be added in a future update
- **COGCC Rulemaking**
 - Overview of future rulemaking topics required by SB19-181, the anticipated schedule, and how focus group members could get involved in that process. Discussion then focused on what the city's role should be in that process
- Please refer to the minutes & executive summary for more specific details



Takeaways & Next Steps

- Chance for staff to serve in a listening capacity & incorporate feedback into future code updates
- All discussion points and feedback given is currently being reviewed by staff
- Staff is currently in the process of updating LDC as it relates to Oil and Gas
 - There will be additional opportunities for public feedback and comment, community meetings, etc
- Study Sessions with Planning Commission and City Council targeted for this fall





Questions

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City Council Meeting July 2019

Key Draft Terms of the ROA

1. GREATER PROTECTIONS

than COGCC rules

- See BMP document for full list of public health, safety, and environ. protections
- 40+ wells P&A'd




2. Voluntary agreement cannot be legally challenged for state preemption.
3. XOG will be required to finish operations more quickly
4. XOG will pay for ongoing city inspections and air monitoring
5. XOG will pay for emergency response training and equipment purchases
6. Greater financial assurances including insurance
7. Assistance with use of City ROW (pipeline)
8. 4 year term with ability to terminate with 6 month notice (still under negotiation)
9. Covers specified locations

Draft BMP's



COMMERCE CITY BMPs vs. STATE REGULATIONS

The following examples highlight topic areas where the city was able to make significant progress in negotiating BMPs that go above and beyond state regulations to protect resident health, safety and quality of life.

TOPIC	PROPOSED BMP	COGCC REQUIREMENT
 AIR QUALITY	<p>ELECTRIC POWERED DRILL RIG, COMPRESSORS, AND LIFT EQUIPMENT REQUIRED</p> <p>\$20,000 ANNUAL PAYMENT FOR AIR QUALITY MONITORING</p> <p>GLYCOL AND DESSICANT DEHYDRATORS ARE PROHIBITED</p> <p>INCREASED INSPECTION FREQUENCY</p> <p>OIL PIPELINE - NO STORAGE TANKS</p> <p>LEAK DETECTION AND REPAIR PROGRAM - ENHANCED TECHNOLOGY AND MONITORING TIMELINES</p>	<p>NOT REQUIRED</p> <p>ANNUAL MONITORING NOT REQUIRED</p> <p>ALLOWED</p> <p>AS FEW AS 1 INSPECTION / YEAR BASED ON PRODUCTION</p> <p>NOT REQUIRED</p> <p>NO TIMELINE REQUIREMENTS</p>
 WATER QUALITY	<p>PROHIBITION OF 15 FRACKING CHEMICALS KNOWN TO BE DANGEROUS</p> <p>INJECTION WELLS PROHIBITED</p> <p>NO DRILLING WITHIN FLOODWAYS</p> <p>WASTEWATER REQUIRED TO BE PIPED FROM WELLPADS</p>	<p>NO BAN ON SPECIFIC HYDRAULIC FRACTURING CHEMICALS</p> <p>NOT PROHIBITED</p> <p>ALLOWED</p> <p>TRUCKING OF WASTEWATER ALLOWED</p>
 SAFETY	<p>FLOWLINES REQUIRED TO BE REMOVED</p> <p>SITE SECURITY PLAN FOR EACH WELL PAD</p> <p>OPERATOR ASSISTANCE WITH EMERGENCY RESPONSE TRAINING</p>	<p>REMOVAL OF FLOWLINES NOT REQUIRED</p> <p>NOT REQUIRED</p> <p>NOT REQUIRED</p>

Draft BMP's



COMMERCE CITY BMPs vs. STATE REGULATIONS

The following examples highlight topic areas where the city was able to make significant progress in negotiating BMPs that go above and beyond state regulations to protect resident health, safety and quality of life.

TOPIC

PROPOSED BMP

COGCC REQUIREMENT

 NOISE MITIGATION

NOISE MITIGATION PLAN REQUIRED IF WITHIN 1/4 MILE OF A HOME

NOT REQUIRED IN THIS CIRCUMSTANCE

CONTINUOUS NOISE MONITORING IF WITHIN 1/4 MILE OF A HOME


NOT REQUIRED

QUIET FLEET TECHNOLOGY REQUIRED IF WITHIN 1/4 MILE OF A HOME

NOT REQUIRED

NOISE MAY NOT EXCEED 55db or 4db OVER BASELINE LEVEL

MAXIMUM 80DB(A) ADJACENT TO RESIDENTIAL

 VISUAL MITIGATION

PIPELINES - NO STORAGE TANKS

NOT REQUIRED

NO PUMPJACKS ALLOWED

ALLOWED

STAGED LANDSCAPING REQUIREMENT

NO LANDSCAPE REQUIREMENT

 COMMUNITY OUTREACH

NOTIFY ADJACENT NEIGHBORS OF DRILLING, INCIDENTS, AND ACCIDENTS

NOT REQUIRED

BI-ANNUAL UPDATE TO CITY COUNCIL

NOT REQUIRED

OPERATOR WILL MAINTAIN A 24/7 COMPLAINT RESPONSE HOTLINE

NOT REQUIRED