



COMMERCE CITY

CITY COUNCIL MEETING 11/19/2018





Who is Extraction Oil & Gas?

We will be the operator of choice in Commerce City

- Premier Front Range oil and gas operator
- Safety is our FIRST priority
- Smart, sustainable and innovative operations
- Received Environmental Gold Award from Colorado Department of Public Health & Environment
- Denver based and 100% Colorado focused, 600+ Horizontal wells in Colorado
- We work well with other municipalities: Negotiated an operator agreement with Broomfield and others

Extraction Oil & Gas: Safe, Responsible & Reliable



1,221,000

hours without an
employee lost
time incident
(as of Q3 2018)



**GOLD
LEADER**

GOLD Leader
Award from
Colorado's Dept.
of Public Health &
Environment



**PLATINUM
FACILITY**

Awarded to top
10% of companies
with a
demonstrated
mastery over risk
control and
implementation



**AWARD
WINNER**

2018 Rocky
Mountain
"Operator of the
Year" and Award
for "Corporate
and Social
Responsibility"



Extraction goes above and beyond most regulations
with its best management practices and voluntary
programs

Colorado's Strict Regulations

STATE & LOCAL LEVEL



FEDERAL LEVEL



INDUSTRY STANDARDS



Regulatory agencies applicable to all oil and gas development



Commitment to Go Above and Beyond

Extraction's Commerce City Development Plan



SITING



DRILLING



COMPLETIONS



PRODUCTION

COGCC

500' Setback

Conventional Drilling Rig

Conventional Completion & Fluid Disclosure

Tanks & Trucking

Extraction

Average Setback to houses
>5X State standard; Site-specific Landscaping

Electric Drilling Rig and Electric Equipment where possible, and Sound Walls where needed

Quiet Completions Fleet; Green Flowback Operations

Pipelines where possible to reduce truck traffic; Enhanced air and water monitoring

Safeguarding Water

Thousands of wells drilled safely in Colorado with a proven process

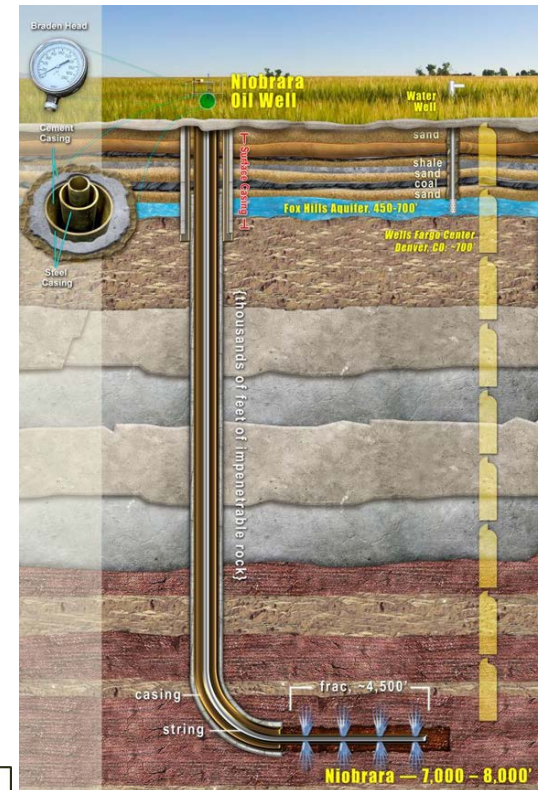
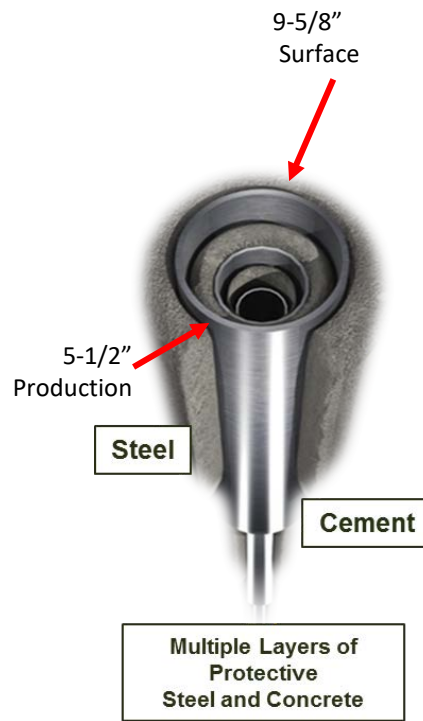
- Across ~20,000 Vertical & 3,000 Horizontal wells

Ground Water (Aquifers)

- Wellbore construction, multiple layers of steel and cement, pressure testing
- Thousands of feet of impervious bedrock protects upward migration of hydrocarbons
- Completion zone at 7,000' – 8,000' below surface
- Conduct baseline and post-completions water samples to ensure protection of groundwater

Surface Water (Reservoirs)

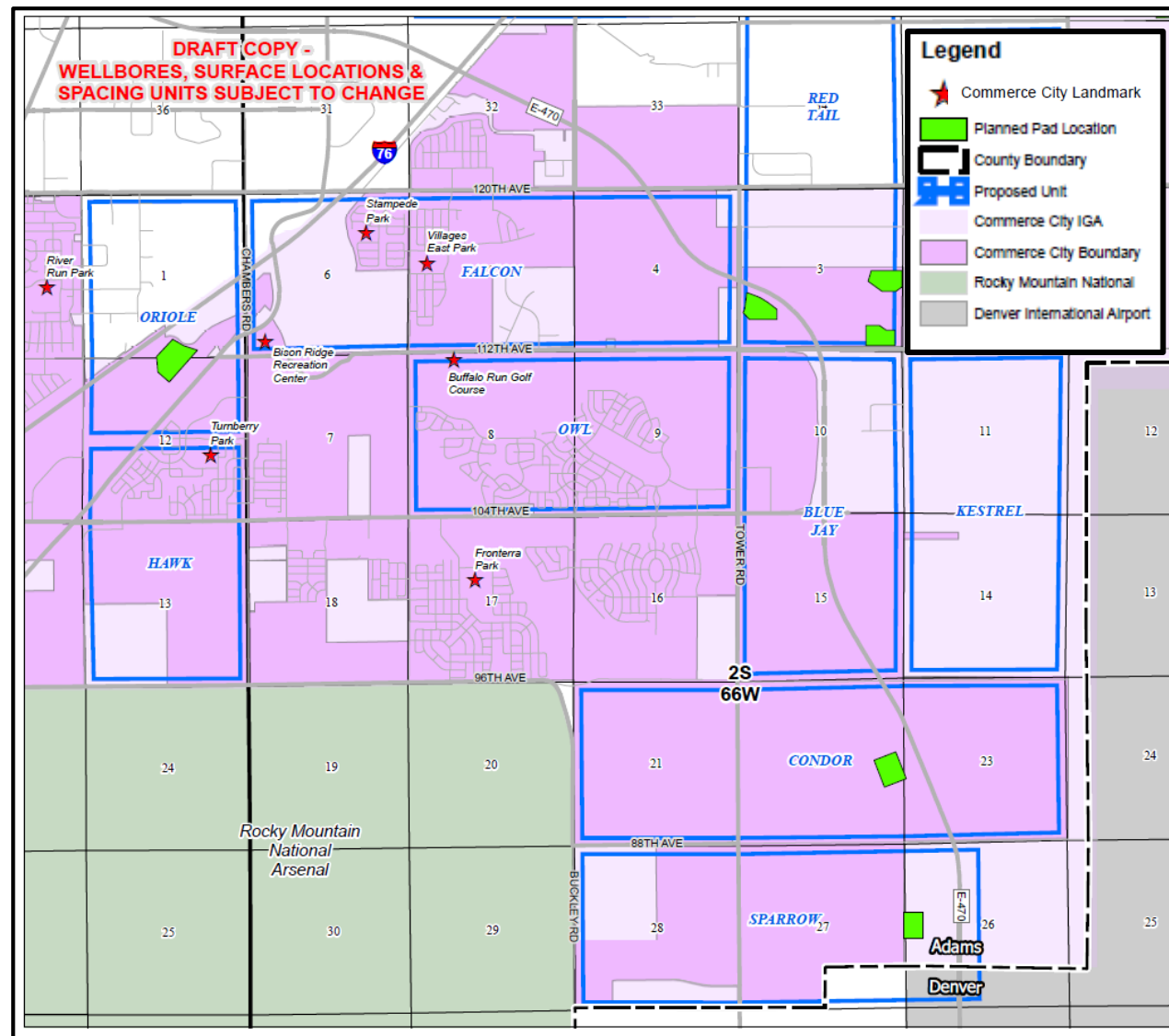
- Wellhead equipment
- Multiple layers of safety controls
- 3 layers of containment around well
 - Surface, Production and Conductor casing
 - Cemented in place



Best in Class Development Plan

**Robust setbacks – average
>5X COGCC standard setback
from well to nearest house**

- Wells located away from houses and neighborhoods
- Working with homebuilders, city planners and land owners to optimize development and reduce impact
- Planning up to 8 well pads within Commerce City with up to 140 to 160 wells
- City feedback taken into consideration by Extraction
- Committed to working in partnership with Commerce City and residents



Best in Class Management Practices



Electric rigs and equipment reduce noise and emissions



Tankless facility – zero oil or water haul trucks and no permanent oil storage tanks



Cutting-edge technology ensures that >99% of emissions are captured



“Quiet Completions Fleet” minimizes noise



Engineered polymer sound walls reduce visual and auditory impact



Completions process uses 33% less water than traditional operations in the Basin

Generating Substantial Local Tax Revenue & Improving the Commerce City Environment

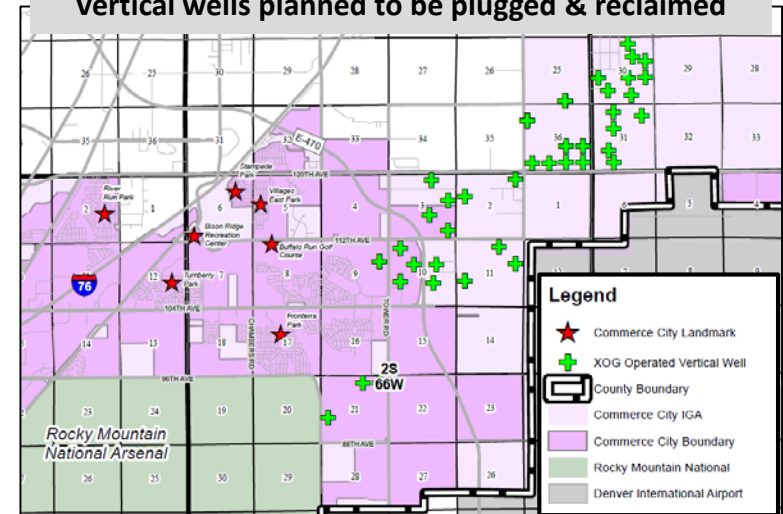
- **Estimated \$351 Million in local taxes over the life of the project***
 - \$34 Million to Commerce City & local infrastructure
 - \$137 Million to K-12 School Districts and other educational initiatives statewide
 - \$180 Million to Adams County, Fire Districts, Libraries and Local Districts
- **Plug and remove legacy vertical wells within Commerce City and growth area**
 - Allows for new surface development and removes emission sources
 - 40 vertical wells, 39 oil tanks, and 24 water tanks plugged and removed
 - Extraction's commitment to being a good neighbor and a sustainable operator



HSR Lunnon 2-3 well facility near Tower Rd. & 118th



Vertical wells planned to be plugged & reclaimed



* Tax revenue estimates subject to commodity prices, well performance, and development plan

Extraction's Commitment to Commerce City

Best-in-Class Plan Ensures Safety and Generates Local Tax Revenue



Our goal is to be the best operator in Commerce City



We recognize Commerce City's needs and are committed to addressing them



We will operate using demonstrated and proven best practices



Provide additional tax revenue to Commerce City's schools, infrastructure, emergency responders and libraries



Our innovations and best practices will reduce truck trips and emissions

A tall, white drilling rig stands in a vast, golden-yellow field. In the background, a range of mountains with patches of snow is visible under a blue sky with wispy clouds. The text "THANK YOU" is centered in the middle of the image.

THANK YOU