



# Oil & Gas Monthly Update

City Council Meeting September 2019

# City Oil & Gas Permit Applications

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- 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 2<sup>nd</sup> comment period.



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# 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



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# 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

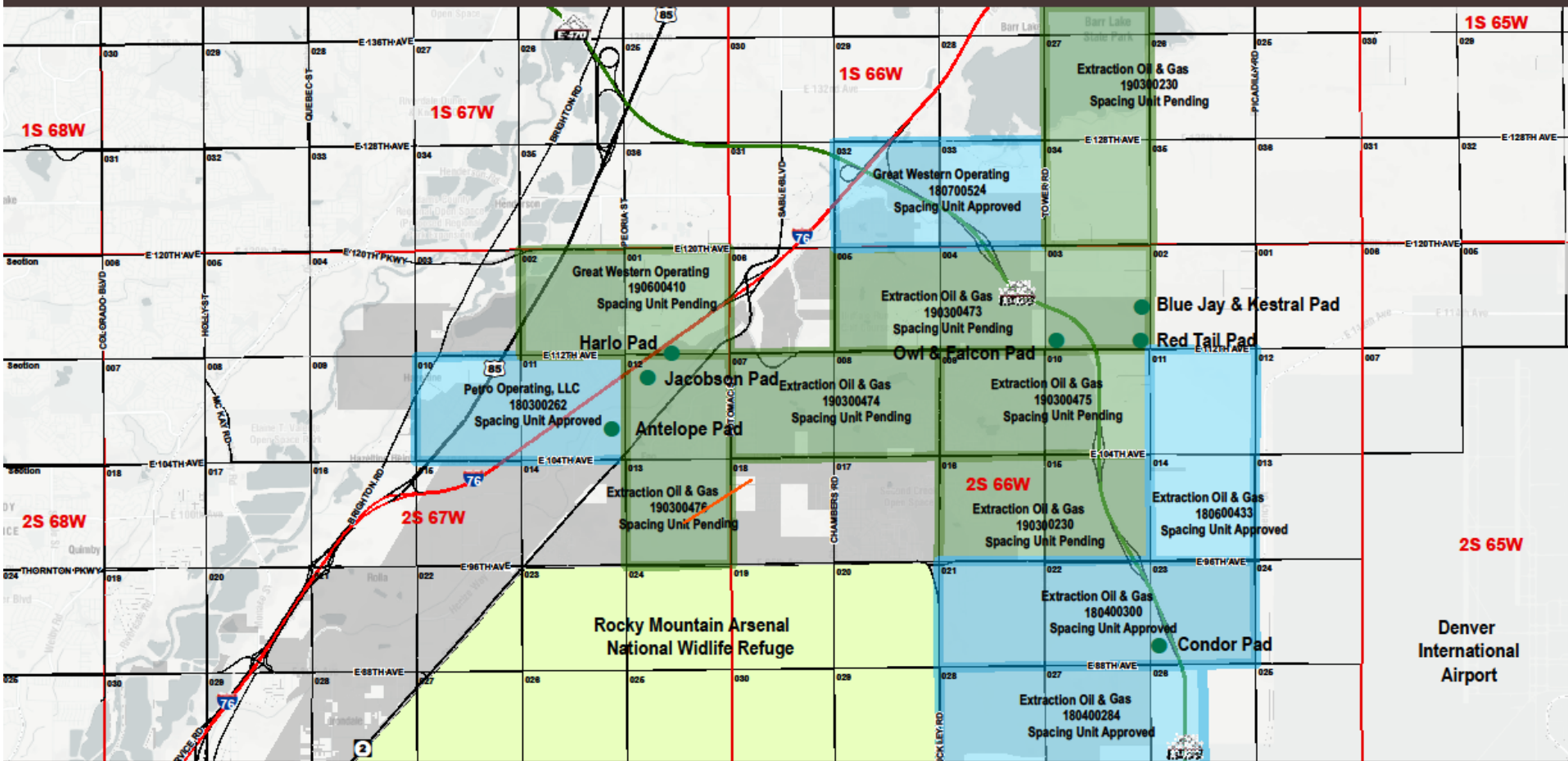


# Map of COGCC Activity



Applications to the COGCC Within Commerce City Boundaries

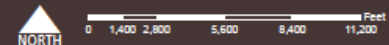
Active as of 7/1/2019



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

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- Draft Regional Operator Agreement Finalized with Extraction Oil and Gas
  - Evaluated the feasibility for comments to be incorporated into the agreement
  - Negotiated additional health, safety & general welfare protections in response to public comments
  - Anticipate administrative approval by September 20th
- City Council Study Session on LDC Updates held on 9/9
  - Schedule for stakeholder participation meetings, meetings with the general public, and study sessions with Planning Commission and City Council have been identified



# ROA & BMP Changes - Overview

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- The following changes were made in response to public comment:
  - Further defined “maximum extent practicable”
    - 3<sup>rd</sup> party dispute resolution (COGCC Technical Advisory Board)
    - Economic practicability not a factor of consideration
  - Severability
    - Removed requirement for city to co-defend with operator during third party legal challenge
  - Included low odor drilling muds and tier 4 drilling rigs in proximity to residential
  - Clarified enforceability language
    - ROA to be enforceable through both contract and through the Land Development Code through permit conditions
  - Included fracking fluid disclosures requirement – including any chemicals considered “proprietary”.
  - Added acknowledgement of Senate Bill 181, and best efforts to incorporate protections gained through legislation



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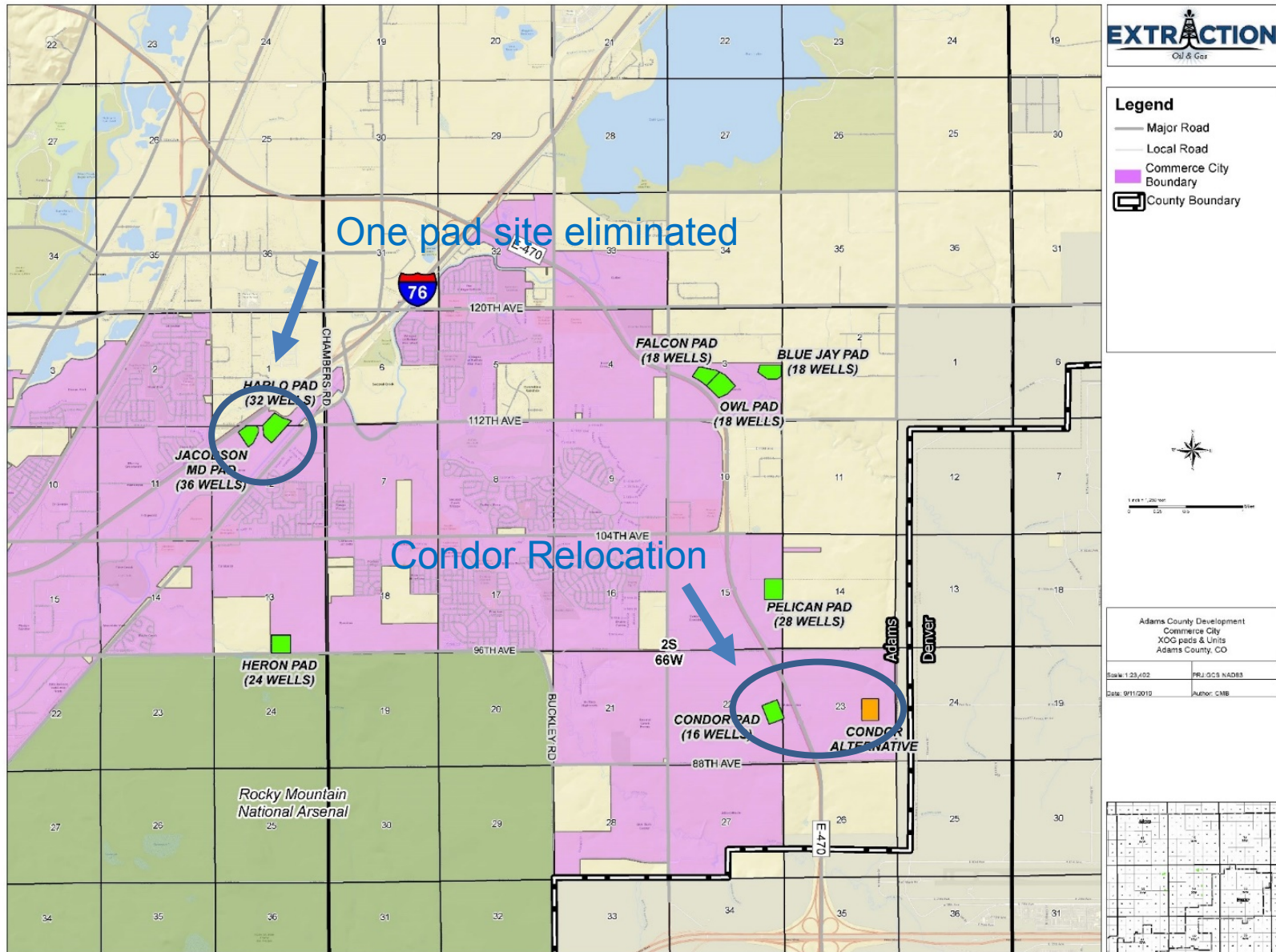


# ROA & BMP Changes - Overview

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- Air quality monitoring
  - Operator providing \$3 million over 30 year lifespan of all wells (addition of exhibit I)
  - Majority of payment made up front to establish program
  - Program will transfer to CDPHE regulation at the time rulemaking is conducted on continuous air quality monitoring
- Harlo & Jacobson
  - One pad to be eliminated
  - Elimination of 32+ wells in closest proximity to residential
- Condor
  - Alternative location proposed further east. Good faith efforts with landowner to renegotiate surface use agreement. Only one location will remain
  - Removed conflict with planned residential in Hightower Ranch
  - Greater conformance with city's Future Land Use Plan
- Produced Water Pipelines
  - Requirement removed for sites, except Harlo or Jacobson & Heron
  - Truck traffic increase coming from produced water trucks evens out, with removal of Harlo or Jacobson pad site

# Exhibit A Map



# The ROA...

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- *Does* provide greater protections than *current* COGCC regulations
  - BMP exhibit contained within the ROA has large number of public health, safety & environmental protections
- *Does* establish application requirements, enforcement provisions, emergency response equipment and training purchases, insurance requirements, above and beyond LDC requirements.
  - All requirements of the LDC still apply
- Exhibit A *does* indicate which sites the agreement & BMP's would apply to
- *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 (approved administratively)
  - As part of the ROA, pipelines are required under the Best Management Practices Exhibit (B), which requires conditional use permit approval through City Council
  - All locations currently proposed in exhibit A will have to go through a zoning, conditional use permit, or PUD amendment process (which require council approval)

# ROA Next Steps

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- If no additional direction from Council, staff will execute the agreement this week.
- Oil and Gas Permit submittals for all sites contained under the agreement are expected to be submitted shortly
- For sites under the agreement not currently zoned for Oil and Gas Facilities, the applicant will be submitting additional requests for rezoning
  - Which require Council approval
- Applicant will also submit Conditional Use Permit applications for the following:
  - Oil and Gas Permits contained within the Reunion PUD
  - Phase I pipeline alignment (along E-470 corridor)
  - All require Council approval



# Objectives of Code Update

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- Utilize SB-181 authority to “zone” Oil and Gas
- Incorporate other powers granted to local governments through SB-181
- Define approval criteria for alternative site location analysis
- Process & approval evaluation
- Incorporate feedback received during Focus Group meetings into code
- Evaluate additional feedback provided from the public, industry, and other regulatory agencies
- Evaluate financial assurances and fees
- Codification of Best Management Practices (BMP’s)
- Incorporate meaningful health, safety, and general welfare protections



# LDC Updates Timeline

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- September 17 – October 4: Hold Public & Stakeholder Meetings
  - Regulatory Groups – COGCC, CDPHE, TCHD, Adams County, Fire Districts, other interested local governments
  - Industry Group – COGA, CPC, Operators
  - General Public Meeting 1 – evening open house (similar to December '18 community meeting & Oil & Gas Impact Fee open house)
  - General Public Meeting 2 – daytime
- October 1: Planning Commission Study Session
- October 14: City Council Study Session
  - Will contain specific details on proposed updates, and summary of stakeholder meetings and PC Study session
- October 23: Draft ordinance posted to website & available for public comment
- October 30: Planning Commission Hearing (public hearing)
- November 4: City Council 1<sup>st</sup> reading (public hearing)
- November 18: City Council 2<sup>nd</sup> reading





# Questions

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City Council Meeting September 2019