

Minutes of the Oil and Gas Advisory Committee
City of Aurora, Colorado
May 19, 2021

Virtual Meeting

Meeting was called to order at 4:02 p.m. by Chairman Pierce.

The following were present:

Brad Pierce, Committee Member, Chair, Citizen
James Spehalski, Committee Member, Surface Owner
Jim Rogers, Committee Member, Industry - ABSENT
Marc Cooper, Committee Member, Surface Owner - ABSENT
Philip Holmes, Committee Member, Industry
Polly Page, Committee Member, Citizen
Tom Tobiassen, Committee Member, Citizen
William Gollhofer, Committee Member, Citizen
Max Blair, Committee Member, Industry - ABSENT
Josh Reddell, Committee Member, Vice-Chairman, Citizen - ABSENT
David Carro, Committee Member, Surface Owner

Jeffrey S. Moore, City of Aurora, Oil & Gas Division Manager
Colin Brown, City of Aurora, Senior Planner
Forrest Thorniley, City of Aurora, Senior Inspector
Ian Best, City of Aurora, Assistant City Attorney

1. Brad Pierce, Chairman, called the meeting to order at 4:02 p.m. There was a quorum of 7.
2. Chairman Pierce introduced himself and proceeded to call role. He asked that each person include their category of membership on the committee (industry, public, etc.). Aurora City Staff introduced themselves.

Chairman Pierce asked members of the public to introduce themselves. There were no members of the public present.

3. Approval of March 17, 2021 Minutes – James Spehalski moved for both minutes to be approved as amended. Tom Tobiassen seconded. David Carro abstained from voting because he was not on the Committee during the last meeting. The motion passed.
- 4A. Colin Brown provided the following update of oil and gas applications since the March 17, 2021 Meeting – Crestone Peak Resources received the Notice to Proceed (NTP) for the Rush North and Rush South locations. They can begin the installation of permanent equipment and drilling operations. The City received the Grande North and Grande South mylars to record at the county. Both were recorded with the county on 5/18/2021. Crestone can now submit NTPs for signatures for both locations. The mylars for Lone Tree North Phase 2 and Eastern Hills South have been received by the City, but have not been recorded with the County. Crestone Peak Midstream has submitted their third amendment to

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the As-Built Gathering System application and is currently going through the first review cycle. Crestone Peak Midstream will be applying for a fourth amendment to the As-Built system, but that won't be until end of June or early July.

Axis Exploration did send a withdrawal letter to the City. Axis informed the City that they were withdrawing their ACM High Point and Hammer applications at this time. This allows the City to close the document portal. Both locations are still approved through the Operator Agreement, but neither location is being applied for or reviewed at this time.

No updates on applications from GMT Exploration or ARB Midstream. The mylars for the Western Midstream, Mustang Connect project are being recorded with the County. They will be able to submit their NTP after the mylars are recorded.

Chairmen Pierce asked a question about the proposed merger between Extraction Oil and Gas, parent company of Axis Exploration, and Bonanza Creek Energy and potential future activity. Axis has not reached out to Jeffrey or Colin about an increase in future activity.

4B. Forrest Thorniley provided the following update of oil and gas inspections since the March 17, 2021 Meeting – Forrest was able to obtain and use an infrared camera to inspect all of Crestone Peak's facilities and above ground pipelines. On average, he found less than one leak per facility. In total he found 23 or 24 leaks. All, but two of those leaks, were repaired on site and on the day of inspection. Two of the leaks required more intensive work and required a different set of employees for repair than were on location the day of inspection. Overall the inspections were positive and reflected very well on Crestone's operations. The majority of leaks that were found were very small. The largest leak was on a flowline connecting to a wellhead and involved a loose flange bolt. The location had just begun producing hydrocarbons. Forrest does have a PowerPoint that summarizes his inspection findings that he can share during a future meeting or through email.

Crestone is finishing up completions activity on the Schuh pad. The completions crew will be moving on to the State Massive pad location, which is outside the City. Crestone's drilling rig is currently on the Reserve pad. Forrest will perform an inspection at the Reserve pad next week. Crestone did have a reportable spill at the Schuh pad. They were pumping treated water down a well and had a mechanical failure of the tool being used. It resulted in a ~5 BBL spill of treated water on the pad. The location has a poly secondary containment liner, none of the fluid left location or seeped into the ground. Crestone was able to clean up the water using an onsite vacuum truck. Forrest did inspect the location and verified that the site was cleaned up. Crestone will be investigating the spill to determine the root cause of it and will be sharing those results with Forrest.

Jeffrey reiterated that he would like Forrest to show his PowerPoint to the Committee at a future date. It contains a video that shows some of the leaks from the view of the infrared camera. He also clarified that the leaks that Forrest found were leaks that could only be seen with the infrared camera.

4C. Update on Oil and Gas Manual – Jeffrey Moore provided an overview of the Oil and Gas Manual and the changes made to it since it had presented during the City Council Study Session on February 1. A link to the current version of the Oil and Gas Manual was provided to the Committee. Before addressing the changes to the Manual, Jeffrey showed a few different maps to provide some context as

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to the geographical area that the Oil and Gas Manual would apply to. The first map showed the Aurora city limits (primarily zoomed in to Ward II) and the existing and proposed oil and gas well sites that are covered by an Operator Agreement. The second map added the Drilling and Spacing Units (DSU) that are within the City to the first map. Jeffrey provided a brief explanation of what a DSU is and how it is applied for. He also explained that if a DSU contained an existing or proposed oil and gas well site, that those sites were the only sites that could be drilled to access a specific DSU. The lands within a DSU that contained an existing or proposed well site would essentially be off limits to new drilling since no new well sites could access that DSU for drilling. The third map added the new 2,000-foot COGCC setbacks from occupied buildings. The setbacks further eliminate more land that could potentially be used for new well sites. Those new well sites would not be permitted since they would be within the COGCC setback. The new Oil and Gas Manual would only apply to the remaining land not covered by a COGCC setback or by a DSU, or any new land that is annexed into the City. The new Manual would only apply to small portion of the City.

Jeffrey outlined the changes to the Manual and separated them out by topic. The different topics and the changes are listed below.

Public Communication:

- Added “tenants” to the list of “notified residents” at all stages of notification for the City and Operators.
- The street address must be posted on well pad signage.
- Added new definitions (“Neighborhood Meeting”, “Notified Residents”, “Variance Request”, and “Responsible Official”).
- Protocol for response to complaints that have been received.
- Option for virtual Neighborhood Meetings

Permitting – Financial Assurance:

- Operator must demonstrate its financial capability to comply with the Manual by submitting a current balance sheet, signed statement of cash flow/net worth, list of all bonding approved by COGCC, and any other reasonable and relevant financial documentation requested by the City.

Permitting – Extensions:

- Added an expiration date to Oil and Gas Permits (a permit is valid for three years).
 - The Operator may request a one year extension, up to two times, if there are no additional adverse impacts and if the surface use conditions and surrounding land users have not changed to such a degree that current approval could no longer be met.
- Additional extensions would go to City Council and a public hearing.
- Extensions also require the written consent of the surface owner.

Air Quality:

- The City is requiring a speciated baseline sample to determine particulate matter, sulfur dioxide, nitrogen oxides, carbon dioxide, methane, ethane, propane, butane, total volatile organic carbon, and a sample to be analyzed by EPA Method TO-15.
- Baseline measurements will be compared to general air quality measurements in the Aurora area.
- Continuous air monitoring is now defined as data points obtained at least once per minute.

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- Operators are required to collect a speciated hydrocarbon sample if monitoring indicates elevated levels of hydrocarbons.

Surface Quality:

- Unused equipment must be removed from locations within 30 days, unless approved by the surface owner. No permanent storage is allowed.
- Added more restrictive requirement for notification of spills and fires/explosions.
 - Any spill of any volume that leaves the Oil and Gas location, or any spill within the location of one barrel or more, shall be reported to the City within six hours.
- Require the Operator to maintain the disturbed area during pipeline construction.
- Allowed pipelines to be installed diagonally if surface owner or developer agrees.

Other:

- Variance requests will be evaluated by specific criteria. There can be no net impacts to public health, safety, welfare, the environment, or wildlife resources.
- Added new terms and definitions (Off-Location Produced Water Flowline, Crude Oil Transfer Line).
- Any potential future changes to a location would need to go through a variance request. If that request is denied, then a new application would have to be submitted.
- Added new training requirements in conjunction with Emergency Services.
- Removed some duplicate pipeline safety regulations that were covered by federal or state rules.
- Added inspection fees to the Manual.

Chairman Pierce asked a clarification question about what an off-location produced water flowline was. Jeffrey provided an explanation of what it was.

Legal:

- Operator is responsible to ensure compliance with the Manual by their contractors and subcontractors.
- No Oil and Gas Permit will be approved if the location or associated facilities are subject to an ongoing enforcement action by any federal, state, or local agency.
- Operator must obtain a City business license, in addition to any Oil and Gas Permit.
- Added standard language for requirements of public notification, publication, and posting of information.
- Added clarification that wells on lands annexed into the City may continue operation with issuance of Oil and Gas Permit, as long as existing valid permit issued by another local jurisdiction remain in effect.
 - Those locations may not be expanded or have additional facilities or wells added to the location without proper approval by the City.
- The City will allow the assignment of permits to a new Operator if certain criteria are met.
- Changed references to other portions of City Code and state law.
- Removed immediate notification option for inspections, to comply with Colorado case law.

Ordinance:

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- Creates new Chapter 135 in Aurora City Code for the Oil and Gas Manual.
 - Removes all current oil and gas regulations in the UDO and refers to the new chapter.
- Gives the Planning and Zoning Commission authority to make decisions on Oil and Gas Location applications and appeals pursuant to the criteria set forth in Chapter 135.
 - The Notice to Purchaser requirement remains in the UDO (development within a state setback).

Chairman Pierce said he would call into the City Council meeting on May 24th to provide support for the Oil and Gas Manual. He asked the Committee members if it was acceptable for him to provide his comments to City Council on behalf of the Committee members. Chairman Pierce will send out a email to the Committee members to get their permission in writing.

Philip Holmes asked Jeffrey what his expectations from City Council was related to the Oil and Gas Manual. Jeffrey did not have any concerns with the reaction from City Council. He stated he has reached out to each Council Member and has had extensive communication with each Member.

Tom Tobiassen asked if the majority of the Committee needed to approve Chairman Pierce to speak to City Council on behalf of the Committee or if he needed unanimous approval. Chairman Pierce explained that the Committee by-laws did not specify. He said that he would send all Committee members to get their approval to speak with City Council. Chairmen Pierce read the Committee's previously supplied comments.

5. Public Comment Period – There were no public attendees or comments.

6. Interview for citizen vacancy applicants – Chairman Pierce explained the process of how the interviews would be run. Each applicant would be interviewed one at a time. After all interviews are complete, the Committee will discuss the interviews.

6A. Larry Quirk Interview – Mr. Quirk provided a brief background of himself. He lives in the Adonea subdivision, which is in Ward II. He graduated from the Colorado School of Mines with a degree in Petroleum Engineering. For the last 30 years he has been working as a Civil Engineer and has worked on highway and bridge construction projects. He has knowledge of the petroleum industry, but has not worked in the industry for some time. He knows that there are several wells in the vicinity of his neighborhood. He is also on the Adonea Metro District board for the last two years. He is a native of Colorado, grew up in Golden, and has lived in Aurora since 2012. He would like to serve on the Committee to better his community as a whole and apply some common sense to the application of rules and regulations. He sees the Committee as an advisory committee to City Council and hopes that they can provide guidance and recommendations to Council. He has also attended a few Committee meetings in the past to gather information for the Adonea Metro District board.

Question 1: In your opinion, what is the purpose of an Oil and Gas Advisory Committee, why do you wish to serve? What experience, skills, or talents would you bring to the Committee?

Answer: I would like to serve my community and help resolve issues. I think the purpose of the Committee is to help decipher issues and regulations and advise City Council on issues that are coming

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up. Setbacks are a recent rule change that would be an example. I think I bring engineering knowledge, skills, experience, and some general knowledge of the oil and gas industry. I think I would bring some assets to the Committee, that would help solve problems and provide guidance to City Council.

Question 2: When you hear the term ‘advisory’, what does that mean to you as far as your role on the Committee?

Answer: The entire Committee is a citizen advisory committee, so we are advisory to City Council. We should be able to impact and influence decisions, provide guidance and interpretation on rules and their impacts on communities. In an advisory role, I think there is a lot of groundwork and research involved in trying to decipher the best outcome for the community as a whole.

Question 3: If you were to hold a different opinion from one of the other Committee members, how would you handle your difference of opinion and would you be open to other points of view on oil and gas development?

Answer: I think on a Committee there will always be some differences of opinion from time to time. I am on a Metro District and we don’t always see eye to eye all the time. You have to handle it with professionalism and tactfulness, and be open to new ideas, suggestions, and points of view and be sensitive to the idea that everybody is here trying to serve their community in a volunteer capacity. I try to not take things personally and just get to the bottom of a problem and resolve it. We can agree to disagree, but we have to move forward and make a decision sometimes.

Question 4: How is regulatory power balanced between the state and local government? As a committee member, how would you work within these confines and would you be open minded to any changes regarding regulations of oil and gas?

Answer: Between state and local government, my knowledge is that local governments have the ability, within certain constraints, to exceed state standards, but can not go less than state standards. Cities, counties, and local entities have the ability to establish their own rules and regulations as long as they are not in violation of state law, so they aren’t always congruent with state law. They could exceed state law in certain circumstances, so you have to follow whatever confining regulation is what controls the outcome. Sometimes that could be state, county or city law. You have to know and understand what the regulations are, and what you can and cannot do. I would be open minded to any changes regarding regulations of oil and gas. I think this is a continuously evolving industry, being open minded as to where the industry goes, and some communities don’t like being around oil and gas. It’s a very sensitive issue and I understand that, I think that if you aren’t open minded and not willing to change, than perhaps you shouldn’t be on this Committee in my opinion.

Question 5: Due to the fact that oil and gas development affects many of Aurora’s population, how would you communicate or get information out to the citizens concerning discussion topics heard at the Oil and Gas Advisory Committee meetings?

Answer: The City has a website, often times information could be disseminated by being on an HOA board or metro district and helping share information with your neighbors and community. In the industry I work in, sometimes fliers, emails, and public information meetings are used. There are many

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avenues of how to share information, but many times it's about following through and getting your message out there. One of the best methods these days is electronic.

6B. Judith Simenson Interview – Ms. Simenson provided a brief background of herself. She has lived in Colorado for many years and is a retired CPA. She is interested in getting involved in the community by serving on the Committee and is interested in the development of oil and gas. She does not have a lot of expertise related to the oil and gas industry, but she is interested in serving on the Committee.

Question 1: In your opinion, what is the purpose of an Oil and Gas Advisory Committee, why do you wish to serve? What experience, skills, or talents would you bring to the Committee?

Answer: I wasn't exactly sure what the purpose of the Committee was before applying. I wasn't sure if it was involved with new wells or supplying oil and gas to commercial or residential. I wasn't sure of the purpose. I don't really have any skills that I could bring, other than my financial skills as a CPA.

Question 2: When you hear the term 'advisory', what does that mean to you as far as your role on the Committee?

Answer: It means that you would advise the people that are planning to drill oil and gas wells, and look at their plans and approve or disapprove, or give your opinion on their plans.

Question 3: If you were to hold a different opinion from one of the other Committee members, how would you handle your difference of opinion and would you be open to other points of view on oil and gas development?

Answer: I like listening to differing opinions, and I would listen to them. I would like to hear the reason for their opinion and would be open to revising my opinion if there was a good reason to. I don't like loud disagreements; I like to be reasonable and agree to disagree if we have to. I can compromise if that is required as well.

Question 4: How is regulatory power balanced between the state and local government? As a committee member, how would you work within these confines and would you be open minded to any changes regarding regulations of oil and gas?

Answer: It seems like there should be an equal balance. I think the state should listen to input from the local government, but I would think the state would hold the last word. I'm not really sure how to answer the question of working within the confines, I would work with my Committee members and would have them advise me on what the standard practice is. I would try to support local regulations first and then try to get the state to see our point of view. I would be open minded to changes regarding oil and gas.

Question 5: Due to the fact that oil and gas development affects many of Aurora's population, how would you communicate or get information out to the citizens concerning discussion topics heard at the Oil and Gas Advisory Committee meetings?

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Answer: I don't know if you have a website or not, but that would be a good way to get it out. Maybe when you attend City Council meetings, you could let them know so they can let the public know. I don't know what other avenues you have to communicate with the public.

6C. Tanya Ilela Interview – I have worked in secondary education for 24 years, as an English teacher for 12 years and for the last 12 years have been in Aurora Public Schools as high school counselor. I have lived in Colorado for at least 25 years. I am on the Human Relations Commission for the City of Aurora and I have enjoyed that. One of the reasons I think have gotten involved with different City things and events and committees, is because I see the connection between my students and the community, and the larger community they live in. I have three children; one just graduated college and is going to graduate school. One is graduating from Overland High School and my other one is at Quest in Aurora Public Schools and will be going to Rangeview High School.

Question 1: In your opinion, what is the purpose of an Oil and Gas Advisory Committee, why do you wish to serve? What experience, skills, or talents would you bring to the Committee?

Answer: I think the purpose of the Committee is to look at the impact of different decisions that are being made on the community that is impacted, the positive and the negatives that the community might face with different organizations coming in, as well as looking at the benefits of the community might gain. I think it's just looking at that and get that 360-degree view of the impact that it will have to the community that everybody lives in, and to give that information to the decision makers. I wish to serve because I see the impact of the decision being made by the City on the students and families that are in my community. This is another way for me to serve, and to look at it at a bigger scope and understand where the different aspects and challenges are coming from. This would be a new venture for me, going into oil and gas. This is not my area, but I love learning and it's one of the reasons why I have stayed in education and am in education. When I was in college, I served on different environmental committees and stuff like that, so it's just another way for me to look at things and serve my community. I don't have any technical experience or talents, but I think that's the purpose of the advisory committee. It's to have people that are community members and lay people, and to be able to communicate and understand issues as a community member. I feel like I am pretty quick study at things, I ask good questions, I have a sense of curiosity, and I do try to look at things from multiple perspectives, in order to make the best decisions. Even committees that I am on at my own school, how do we take all of the information and how do we make a good decision.

Question 2: When you hear the term 'advisory', what does that mean to you as far as your role on the Committee?

Answer: I believe that my role as an advisory person or committee, would be to get the best information, the most current information and be able to condense it into a concise format and guide, to be able to share with City Council, so that they are able to make decisions for the community. Advisory means that we are just advising and saying that this is how we see all of the aspects of this and this is the direction or suggestion of where we would like to go, and these are the pros and cons of it.

Question 3: If you were to hold a different opinion from one of the other Committee members, how would you handle your difference of opinion and would you be open to other points of view on oil and gas development?

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Answer: Absolutely, I wouldn't apply to serve on an advisory committee if I wasn't able to hold varying perspectives. I don't see disagreements as personal, a lot of times we are going to come from different perspectives. It comes down to pros and cons, and sometimes there isn't a right or wrong answer, it's just a matter of what's going to be the best outcome of a given situation. I don't see that being a problem. I can, and do, share my thoughts and opinions, but in a respectful manner. It would be the tension of having differing views that get us to the best decision.

Question 4: How is regulatory power balanced between the state and local government? As a committee member, how would you work within these confines and would you be open minded to any changes regarding regulations of oil and gas?

Answer: I don't have a clue about the first part, but I would have to do some research and read up on it. I imagine that it's tricky to work within the confines. I would have to update myself on that. I would be open minded to changes regarding regulations of oil and gas.

Question 5: Due to the fact that oil and gas development affects many of Aurora's population, how would you communicate or get information out to the citizens concerning discussion topics heard at the Oil and Gas Advisory Committee meetings?

Answer: I think that's one of the trickiest things because can we think outside the box on how we get information to people. We are a very diverse community, are we going to have that in multiple languages and are we going to do that in a variety of different venues, not just all online and not just phone calls. I think thinking outside the box on what are ways we do that, how can we get more people involved, how can we get information out because we can't just do it in a very linear way. I think using social media is one good way, I don't know what other access the City has to different formats. I think having it broken into digestible chunks for people is super important. I think a lot of time we send information out and people are not always able to understand it because you need some level of technical knowledge. I always say explain it to me like I am a kindergartner, like how you can bring it down so people can understand it. I see it as a multiple pronged thing, because it is important, and a lot of time people are finding out things after the decision has already been made. How can we have a more informed public and active in the process, that would be one of my goals.

Chairman Pierce opened a general discussion up to the Committee members regarding the interviews. James Spahalski thought that Larry brought more technical experience because of his petroleum engineering education from Mines and his construction background. He thought the other two candidates were fine candidates. He thought Judy didn't really understand what she was getting into and probably had the least understanding of the oil and gas issues. He thought Tanya's background as a teacher was good, but lacked oil and gas expertise a little bit.

Philip Holmes generally agreed with what's been said so far. He thinks that of the three, Larry was the strongest, then Tanya, and then Judith. He likes that Larry has attended a few Committee meetings in the past and that shows his level of interest. Tanya's background as a teacher is great and seems like she is pretty open and willing to learn. In his mind, it's between Tanya and Larry.

David Carro agrees with both of those statements, with James and Phillip.

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Tom Tobiassen agrees as well. He thinks Larry is highly qualified and has a lot of technical expertise. Tanya would be a good fit. There is a lot of technical expertise on the Committee already, so Tom thinks the Committee should diversify a little bit, just to broaden our scope and bring in other perspectives. Tom would support Tanya first, from a community perspective.

William Gollhofer agrees with Tom. He is impressed with Larry's abilities and technical abilities he would bring the Committee. He was listening to Tanya's answers and her ability to look at issues from multiple perspectives struck a note with him. He thinks maybe the Committee needs to look a little more outside of the current group and the current expertise that the Committee has.

Chairman Pierce thought Judy would be at the bottom of the list since she didn't really know what she was getting into. He agrees with William as it relates to the current expertise on the current Committee. He thought that Tanya's answer about looking at the impact of decisions being made on her students and coming from that perspective.

James asked if the Committee was making a recommendation tonight or waiting for the other Committee members. Chairman Pierce thought that the members who weren't present could listen to the recording of the interviews. The Committee has some time and they don't have to recommend an applicant tonight. He thought it would be interesting to hear the perspective of the absent members on the interviews. The Committee agreed with Chairmen Pierce that the recording would be sent out to the Committee so that everyone could listen to it, and that the decision to nominate a candidate would be pushed to a future Committee meeting.

7. 2021 Calendar and Discussion Topic Ideas (3rd Wednesdays of July, September and November) – Chairmen Pierce brought up of having a field tour for the Committee at the July meeting. He thought the Committee could tour some of Crestone's operations. One of the members of the Oil and Gas Division can reach out to Crestone to see if a field tour in July would be possible.

8. The general meeting was adjourned at 5:43 p.m.

Minutes Approved



Brad Pierce, Chairman

7/21/2021

Date