

Minutes of the Oil and Gas Advisory Committee
City of Aurora, Colorado
May 17, 2022

Virtual Meeting

The meeting was called to order at 4:05 p.m. by Chairman Pierce.

The following were present:

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

Jeffrey S. Moore, City of Aurora, Oil & Gas Division Manager
Forrest Thorniley, City of Aurora, Senior Inspector
Ian Best, City of Aurora, Assistant City Attorney
Ben Wells – member of the public, joined at 4:28 for 1 minute

1. Brad Pierce, Chairman, called the meeting to order at 4:05 p.m. There was a quorum of 6.
2. Chairman Pierce introduced himself and proceeded to call role. He asked that City of Aurora Staff introduce themselves.

3A. Jeffrey Moore provided the following update of oil and gas applications since the March 31, 2022, meeting. He first stated that Colin Brown had resigned effective May 6, to take a position with a private company, but would continue part time as a contractor until a new Senior Planner could be hired. Mr. Moore did not provide a specific list of permit status, but stated that staff had wrapped up several applications recently, and there were still a few applications under review, mostly for short pipeline connections to the gathering system. Several NTPs (Notice to Proceed) were being circulated for signatures from various City departments to allow the Operator to begin site construction. These include both Well Sites, and short pipeline connections to the oil gathering system. Mr. Moore expects more applications to come in the summer and fall in preparation for Crestone's planned drilling in 2023.

3B. Forrest Thorniley provided the following update of oil and gas inspections since the March 31, 2022 Meeting: Since the November meeting, there have been no complaints, spills, or violations either locally or through the COGCC database. Mr. Thorniley is beginning to see some wells in other jurisdictions from the bankrupt Painted Pegasus company show up as orphaned wells in the COGCC database. Aurora has one well from the company, which will be added to the orphaned well list.

Mr. Thorniley stated that Crestone recently completed the Tups and EveringM wells on Imboden Road. Those were re-plugged as of today, but the sites have not yet been claimed. There are also still wells operated by the City of Denver that have been plugged but not reclaimed. Mr. Thorniley stated there was not much activity for drilling and completion at this time. The Fraser pad, followed by the Grande South and Grande North will be completed next, then Eastern Hills in August. There are two additional re-pluggings that will occur soon.

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4. Approval of Minutes: Mr. Pierce stated the minutes from the March 31 meeting were not ready yet, so they will be voted on at the next meeting.

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

6. Oil & Gas Division updated and Reverse Setback discussion: Mr. Pierce invited Jeffrey Moore to provide an update on the Division, and begin his presentation on Reverse Setbacks. Mr. Moore stated that the Division recently received approval for the purchase of a FLIR infrared inspection camera. The purchase is approved, and staff is working with the vendor to complete the paperwork and finalize the purchase. Mr. Moore used some of the funds which came from unpaid royalties which he discovered and brought into the City in the past nine months totaling \$1.6 million. The camera cost \$95,000.

Mr. Moore began a slide show to discuss two topics which were Reverse Setbacks and an easement around plugged wells. Mr. Moore indicated that the topic has been under discussion for over a year, and the Mayor requested a presentation on the topic at a Council meeting in April when a 150' reverse setback was added back into City Code. That item was placed into Code in 2012 and was later inadvertently removed, so it was restored by Council in April.

Mr. Moore provided a very thorough presentation which included definitions of the most important terms relevant to the topic, including "oil and gas location," "oil and gas facility," "working pad surface," "residential building unit," etc. Max Blair commented that establishing the definitions was very important to avoid confusion, and this was a great start.

Mr. Moore used an example of the Grande South Well Site in Aurora, to show visually how the different definitions fit together with each other. Mr. Moore described how the COGCC typically uses the Working Pad Surface as its point of measurement.

Mr. Moore then described what are "Primary Setbacks" which are setbacks that apply when a residence, school, etc. is already in place and then an operator wants to drill a well. The Primary Setbacks define how far away the well must be placed. Mr. Moore described the setback distances that are in place both at the state level and at the local level, and the exceptions to the state rules. Larry Quirk asked what the exceptions are, and Mr. Moore described the four exceptions at the state that allow operators to place wells between 500' and 2000' from a residence. Mr. Blair expressed he was impressed with Mr. Moore's descriptions and presentation.

Mr. Moore then described "Reverse Setbacks" which apply when an oil and gas well is already in place, and then a developer wants to build a residence, school, etc. Mr. Moore also used visual examples to define these terms, distances, and measurement points visually. Mr. Blair added that the driver of the 150' setback is likely the international fire code. Mr. Moore presented data on how other jurisdictions have implemented reverse setbacks. Mr. Blair suggested looking into Larimar County's new setback rules. Mr. Quirk asked a question about the measurements of reverse setbacks.

Mr. Moore then presented information on plugged wells including why wells need to be re-plugged, and the basic process for replugging, and the equipment needed to do the job properly and safely. Mr. Moore described the need for a permanent easement to the City for space around all plugged wells of 200' by 200' and no permanent structures in that space.

Mr. Moore ended by saying his Division was not seeking changes to the current 150' reverse setback rule, but would simply present information and Council Members could propose changes if they wished. The Oil & Gas Division will request a 200' x 200' easement around plugged wells with no permanent structures to allow for future access.

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7. Reappointment of Members: Mr. Pierce requested that the Committee move on to a discussion of reappointment of members so that Marc Cooper could vote before 5:00 pm when he needed to leave.

Mr. Pierce listed the three Committee members whose terms will expire on June 30, 2022, and have applied for reappointment: Brad Pierce, Philip Holmes, and Marc Cooper. Mr. Pierce stated that William Gollhofer and Jim Rogers stated they would not reapply, and that he had not yet heard from Tom Tobiassen as to whether he intended to reapply. The three who have reapplied would serve a term ending June 20, 2025.

Mr. Pierce read a summary of James Spehalski's membership. His term technically ended on June 30, 2021, but he has not been reappointed yet. Staff recommends that he be reappointed now, for a term ending June 30, 2024. David Carro was appointed by Council for a three-year term on April 21, 2021, however, since he was completing a term of a previous member, his term actually ended on June 30, 2021. Staff recommended that the Committee vote to accept his appointment as continuing through June 30, 2024.

Mr. Moore recommended that the Committee should request reappointment for James Spehalski also, but only for two more years, until June 30, 2024, which is the normal end of his three-year term. Mr. Spehalski agreed with this approach.

Mr. Spehalski moved to put forward Brad Pierce, Philip Holmes, and Marc Cooper for reappointment to a term ending June 30, 2025, and James Spehalski for reappointment to a term ending June 30, 2024. Max Blair seconded the motion. Mr. Pierce discussed the topic by reading the memo he wrote about the reappointments. Mr. Pierce asked if James needed to submit an application for reappointment. Mr. Moore stated affirmatively, and that perhaps they could not vote on him tonight. Mr. Blair offered an amendment which was to reappoint the three earlier members, and also James Spehalski, provided that he submits his application for reappointment in a timely manner. Mr. Spehalski agreed with this amendment to his motion.

The motion passed unanimously.

8. Return to Reverse Setbacks: Mr. Pierce stated that PED Committee asked for this Committee to provide a written review of the reverse setback concepts. Mr. Moore stated that the Committee should provide a report. His discussion with City Management indicated that this topic should go directly to Council, rather than going to PED first, because the Mayor had specifically requested a presentation on the topic.

The Committee discussed the ideas presented. Mr. Spehalski asked for confirmation of the current reverse setback and whether the Oil & Gas Division was proposing a change. Mr. Moore stated it was 150' and no specific proposal was being made. Mr. Spehalski stated he agreed with the 150' reverse setback and also the 200' x 200' easement. He shared his perspective that typically when there is an easement over something, that easement space is not allowed to be counted in a developer's total acreage. He stated that the concept is good and perhaps it should be a covenant or license instead of an easement, but if the acreage could be counted in a developer's total land use, that would be helpful. Mr. Blair added that a conservation easement might be a better term to use. Mr. Moore stated his agreement with this idea and stated he would fully support it with the Planning Department.

Philip Holmes asked for clarification between the different measurements of 150' used for the reverse setback and the 200' x 200' square around a plugged well. Mr. Moore explained how they would be applied.

Mr. Blair agreed with the 200' x 200' square and suggested that to make it work with developers as easily as possible, the rule might need to be written as a preferred size, but also with a truly minimum size, or as a shape plus a minimum square footage. Mr. Moore agreed with this idea, and agreed to consider that in any language proposed in the future.

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Mr. Quirk provided that a circle of radius of 141' matches the corners of a square of 200' x 200'.

Mr. Pierce suggested that he felt the 150' reverse setback might be too close based on the new requirements of SB19-181 which changed the focus of the Oil & Gas Commission, and perhaps it should be extended further.

Mr. Spenhalski stated he agreed with the need to have the 150' reverse setback in City Code. Mr. Pierce asked for clarification of how the 150' setback is measured and whether signage is required. Mr. Moore clarified the 150' is measured from the oil and gas facility, which is each piece of permanent equipment, to a residential lot line. Also, there is a requirement to post a sign if the residence is within 350'.

Mr. Pierce stated that if the reverse setback was extended as far as 2,000' or even 1,000', it would be too far and constitute a takings by the City. Mr. Pierce asked the Committee if anyone objected to stated agreement with leaving the 150' setback in place as it is currently. Mr. Blair stated he agreed, and agreed with the concern about takings, if the distance was changed significantly. The five Committee members present agreed.

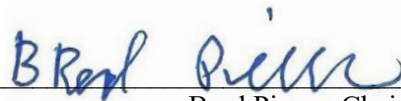
Mr. Blair shared his perspective that over time, the idea that further away from a well is better, is not always necessary. The many advances in technology, production equipment, and emissions controls have all been designed to protect the public health safety, welfare, and the environment, and they are very effective. Distance alone is no longer a reasonable measure to determine whether something is safe or not. A poorly run, old well, with bad controls might need a larger setback, but modern wells not as much. Risks that have traditionally been mitigated by distance, are now being mitigated by technology and good performance.

Mr. Pierce stated he will email a memo to the Committee for review. Mr. Moore explained the timeframe needed to submit comments in the Council agenda process.

9. 2022 Calendar and Discussion Topic Ideas: Mr. Pierce confirmed the dates of future meetings as July 20, September 21, and November 16, 2022. Mr. Pierce said he is still working with Civitas for a field tour and will update the Committee as the details get figured out. It may be in Broomfield and hopefully before June 30. He suggested the July meeting could be used to discuss the proposed changes to the Bylaws. Mr. Pierce asked if the website would be ready by July 20 for presentation. Mr. Moore indicated that September would be best. Mr. Pierce requested a copy of the slides from today's presentation. The Committee complimented Mr. Moore on his presentation.

10. The general meeting was adjourned at 5:29 p.m.

Minutes Approved



Brad Pierce, Chairman

11/16/2022

Date