



Oil & Gas Update - June 1, 2018

AIR QUALITY RFP

Broomfield issued a request for proposals (RFP) for air quality testing near the Extraction well sites and in nearby neighborhoods, as well as for the development of a webpage to report air quality monitoring results. Eight proposals were received by the April 26th due date, including proposals from groups associated with the University of Colorado, Colorado State University, and six private firms. A committee composed of staff, consultants, a representative from the 301 group, and a representative of the Oil and Gas Comprehensive Plan Committee, reviewed the proposals on May 10, 2018, and sent follow-up questions to the three firms that were ranked highest by the committee. The Colorado Department of Health and Environment (CDPHE) and Adams County staff have also submitted comments with regard to the proposals of the three highest ranked firms. The committee will meet to review the responses of proposers to follow up questions and interview the highest ranked proposers, before making a final recommendation is made to Council. Staff would like to have the contract awarded within 30-60 days, so that baseline testing can begin. View the [RFP here](#).

EXTRACTION COMPREHENSIVE DRILLING PLAN (CDP) UPDATE

- Broomfield's Operator Agreement with Extraction requires a Comprehensive Drilling Plan (CDP), which contains 23 plans on topics ranging from air quality, to noise control, and emergency and risk analysis. The CDP will control activities on the 6 well pads and 84 wells that are allowed under the Operator Agreement. The CDP is subject to Broomfield's approval.
- Extraction submitted a third draft of the CDP on May 11, 2018. Here is a [link](#) to the updated CDP documents. Staff sent additional comments to Extraction on May 23rd with [regard to the Risk Registry](#) and on May 25th with [regard to drainage ponds](#).
- Staff has reviewed the CDP and is placing it on City Council's agenda for review and comment at a Study Session on June 12, 2018. The CDP is likely to be reviewed in sections over a number of meetings by the City Council.

EXTRACTION'S FORM 2A LOCATION ASSESSMENT PERMITS

- Extraction has submitted to the Colorado Oil and Gas Conservation Commission (COGCC) all of the Form 2A locations assessment permit applications for the six well sites in Broomfield.
- Broomfield has, or will, comment on all of the Form 2A permits.
- The comment period for the United and Northwest A & B Pads closed on May 27, 2018. A copy of [Broomfield's comments on these permits can be seen here](#).

- At the request of COGCC, Extraction prepared Best Management Practices (BMPs) to be included on the State Form 2A permits for the proposed 6 new well pads in Broomfield.
- Broomfield staff submitted comments to the COGCC on Extraction's proposed BMPs for these State permits. The COGCC responded back to Broomfield's comments on these BMPs and a link to the current interaction is [here](#).
- Staff submitted additional comments from a member of the Oil and Gas Comprehensive Plan Committee on May 15, 2018, and a link to those comments is [here](#).
- The significance of having BMPs on the State Form 2A permits is that those BMPs will be enforceable by the State. Broomfield staff developed its comments on the Form 2A BMPs by comparing what was proposed by Extraction to the Operator Agreement BMPs. COGCC staff indicates that its interaction with Broomfield on these BMPs and their consideration and inclusion of some of our comments is an unprecedented level of interaction with a local government on these matters. The COGCC has though, expressed concern about including the entirety of Exhibit B of the Operator Agreement, Best Management Practices with the COGCC permits.
- COGCC has indicated to staff that the Form 2A permits for the Interchange A&B and Northwest A&B pads will likely be placed on the July, 2018 COGCC docket.
- COGCC has indicated to staff that the Livingston Pad Form 2A permit will likely be approved in the next two weeks.

EXTRACTION APPLICATIONS FOR PUBLIC and PRIVATE IMPROVEMENT PERMITS FOR PIPELINES

Broomfield negotiated with Extraction to have all gas, oil, and produced water piped off of the proposed Extraction well sites. Pipelines are safer and result in less emissions because it avoids the retention of oil, gas, and produced water on the well sites. Pipelines also greatly reduce the amount of truck traffic to and from a well site. Broomfield insisted that pipelines be in place to Extraction well sites prior to completion of the drilling and removal of oil, gas, and produced water from the sites. A map of the pipeline route can be viewed [here](#).

The estimated schedule for the installation of the pipelines is set forth below, with the section referenced those indicated on the map.

Updated Tentative Schedule Forecast: upcoming Public Private Improvement Permits (PPIP) applications and work:

| PPIP | PPIP Submittal | PPIP Approval | Construction Start |
|----------------------|--------------------------------------|---|------------------------|
| Crossing C1 & C2 | 5/2 (reviewing redlines, 1/40 scale) | ~ June (20-Day 1 st or 2 nd week of June) | ~ Mid-June (likely C2) |
| Segment 1, 2 & 3, F1 | 5/2 (reviewing redlines) | ~ June (20-Day 1 st or 2 nd week of June) | ~ Mid-June (likely S3) |
| Crossing F2 & C3A | ~ 5/21 | ~ 2 nd week of June | ~ July/Aug |
| Segment 4 & 5 | ~ 5/21 | ~ 2 nd week of June | ~ July/Aug |
| Segment 6 & 7 | ~ 4 th week of May | ~ 3 rd week of June | ~ July/Aug |
| Crossing C3 & C4 | ~ 4 th week of May | ~ 3 rd week of June | ~ Aug/Sep |
| Segment 8 & 9 | ~ 1 st week of June | ~ 4 th week of June | ~ Aug/Sep |
| Crossing C5 & C6 | ~ 1 st week of June | ~ 4 th week of June | ~ Aug/Sep |
| Crossing F5, F6, F7 | ~ 2 nd week of June | ~ 2 nd week of July | ~ Sep/Oct |
| Crossing C7, C8, C9 | ~ 2 nd week of June | ~ 2 nd week of July | ~ Sep/Oct |
| Segment 10 & 11 | ~ 3 rd week of June | ~ 3 rd week of July | ~ Sep/Oct |

Section 13 of the Operator Agreement with Extraction requires pipelines to be built in accordance with specific protections like the highest class of pipeline for safety and durability and continuous monitoring systems. In exchange, Broomfield agreed to grant easements over City owned property for the pipelines. The pipelines, as contemplated by the Operator Agreement, are subject only to the issuance of a PPIP by the City Engineer. (A link to Broomfield’s permit form can be found [here](#).) The primary purpose of the permit is so that any pipelines or utilities crossing public or private lands are built to engineering specifications, do not interfere with public utilities, and address associated environmental issues.

After months of working with Extraction, staff has issued the first two PPIPs for sections of pipeline in northern Broomfield, north of SH 7 and west and east of 1-25. These are sections S12 and S13 of the of the pipeline shown in red and aqua on the map. These sections of the pipeline will serve the Broomfield well sites, as well as the Coyote well pad in Weld county that resulted from negotiations to move forty wells from within Broomfield, which will be complete sooner.

CRESTONE PEAK OIL AND GAS UPDATE

Staff met with Crestone on May 7th to discuss its pending application for two well pads in northeastern Broomfield, the Gottl wel pads. Staff provided Crestone with a first round of [comments on these applications](#).

NEW DRAFT OIL AND GAS REGULATIONS

- City Council adopted draft oil and gas regulations on first reading at its May 8, 2018, meeting. A link to the May 8th Council packet and proposed new regulations is [here](#).
- City Council held a study session to review the regulations on May 30, 2018. A link to the May 30th draft of the regulations is [here](#) and a link to the study session video is [here](#).
- Second reading and a public hearing on the regulations, at which public comment will be taken, is currently scheduled for June 12th at 6 p.m. in Council Chambers.

PROPOSED STATE RULEMAKING ON FINANCIAL ASSURANCES

Staff and outside counsel have worked with member of the Oil and Gas Comprehensive Plan Committee to prepare proposed changes to the COGCC’s 700 series rules on financial assurances for oil and gas operators. (A letter to the COGCC regarding the proposed changes can be viewed [here](#).) A meeting has been scheduled with the Director of the COGCC to discuss this proposal.

COLORADO DEPARTMENT OF HEALTH AND ENVIRONMENT MOBILE AIR QUALITY UNIT

Staff and members of the Oil and Gas Comprehensive Plan Committee toured potential sites for the placement of CDPHE’s mobile air monitoring unit in Broomfield to measure air quality

in proximity to the Extraction well pads. The possible locations for the mobile air quality unit have been determined and staff is working on access, pad, and electrification issues.

RECENT MEETINGS

- Council held a study session on the proposed new oil and gas regulations on May 30th. A link to the video of the discussion is [here](#).

FUTURE MEETINGS

- Second reading and a public reading the draft Oil and Gas Regulations will be held on Tuesday, June 12, 2018, at 6 p.m.
- Council’s review of the Extraction Comprehensive Drilling Plan will be held on Tuesday, June 12, 2018, at 6 p.m.
