

Oil and Gas Informational Meeting

May 8, 2013

- Agenda
- 6:00 – 6:30 pm Open House
- 6:30 – 6:45 pm Presentation
- 6:45 – 8:00 pm Questions and Answers

Oil and Gas Informational Meeting

May 8, 2013

Laurie Kadrach

Director, Community Development & Neighborhood Services

Discussion:

- Regulatory Actions to date
- Proposed Operator Agreement with Prospect Energy
- Fort Collins Field and undeveloped acreage (UDA)

Moratorium Ordinance No. 145, 2012

- Enacted December 18, 2012
 - stopped permitting of any new oil & gas drilling
- Included City-owned property
- In effect until July 31, 2013

Purpose of Moratorium

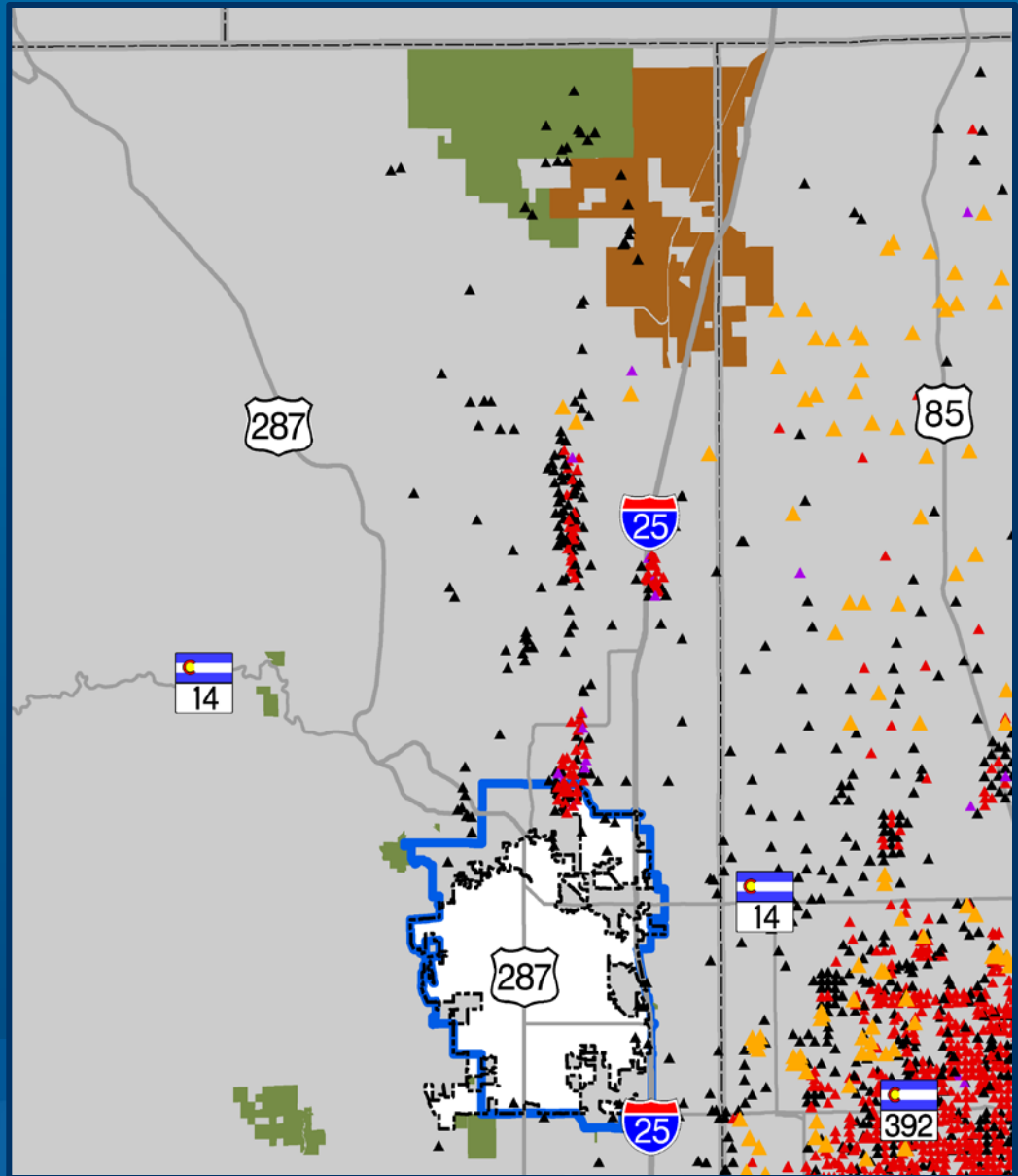
Primary: to study the impact of uses and new rules expected by the COGCC and determine whether additional land use and zoning regulations are necessary:

- Develop legislative policies
- Draft intergovernmental and operator agreements
- Complete a new public engagement process for LUC regulations

Well Activity: City Limits & City-Owned Natural Areas

Oil/Gas Wells

- ▲ Active
- ▲ Shut-in
- ▲ Inactive
- Current Statewide Setbacks (150-350 ft)
- Parks/Natural Areas/Open Spaces



What is Hydraulic Fracturing?

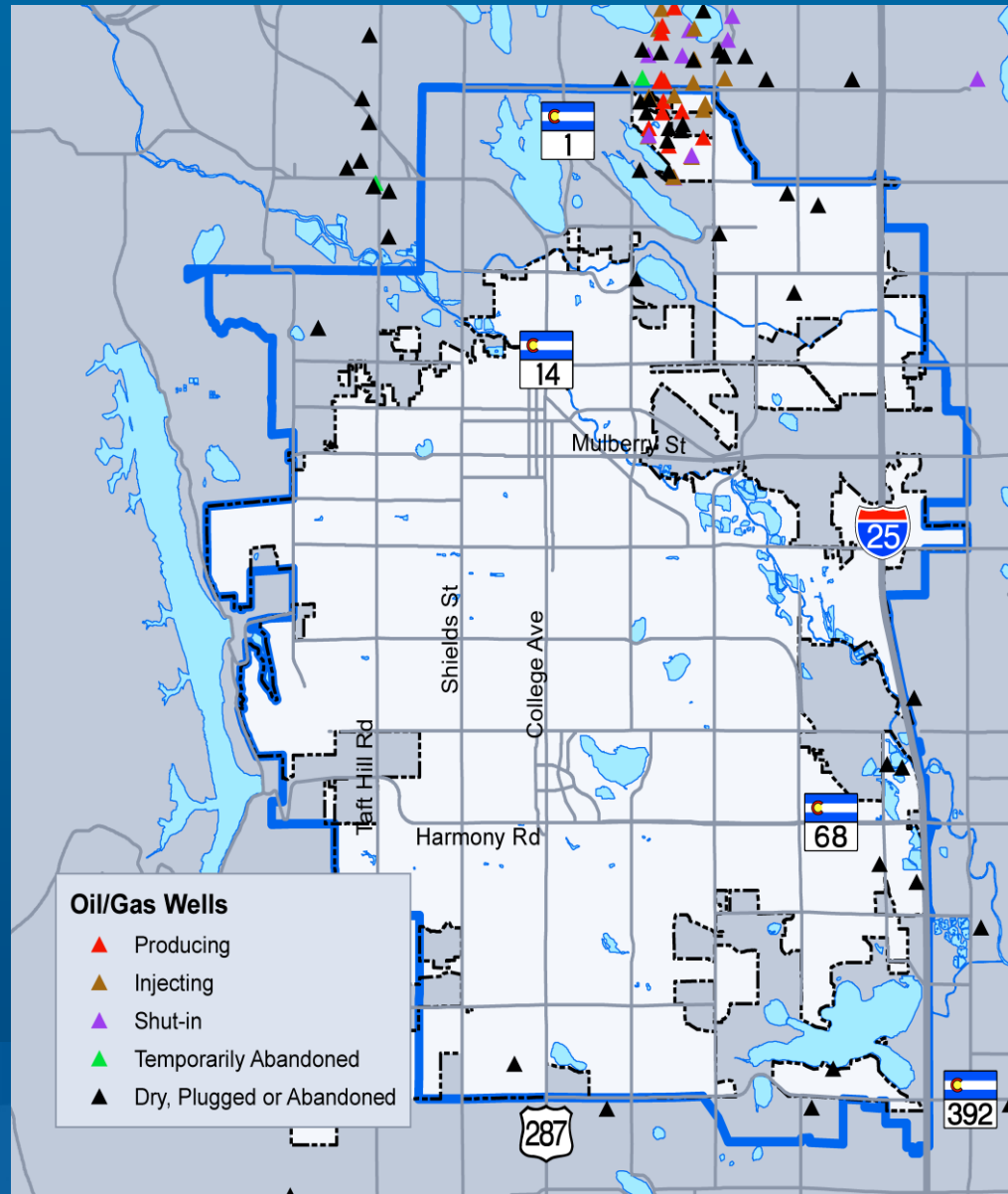
- Generally allows for more oil or gas recovery
- A treatment used by the oil and gas industry to stimulate oil and gas recovery by:
 - Injecting fluids, including chemicals, under pressure into the well
 - Designed to fracture geological formations
 - Enhance production of oil and gas
 - Commonly referred to as “fracking”

Hydraulic Fracturing Ban: Ordinance No. 032

Enacted into City Code March 5, 2013:

- Section 12-135 – Storage
 - No open pits or extended storage of processing fluids
- Section 12-136 – Exemptions
 - Any oil or gas well or pad prior February 19, 2013
 - Operator Agreement
 - Strict controls on Methane release/air emissions
 - Adequate protection public health, safety and welfare

Existing Wells in Fort Collins City Limits Affected by the Ban

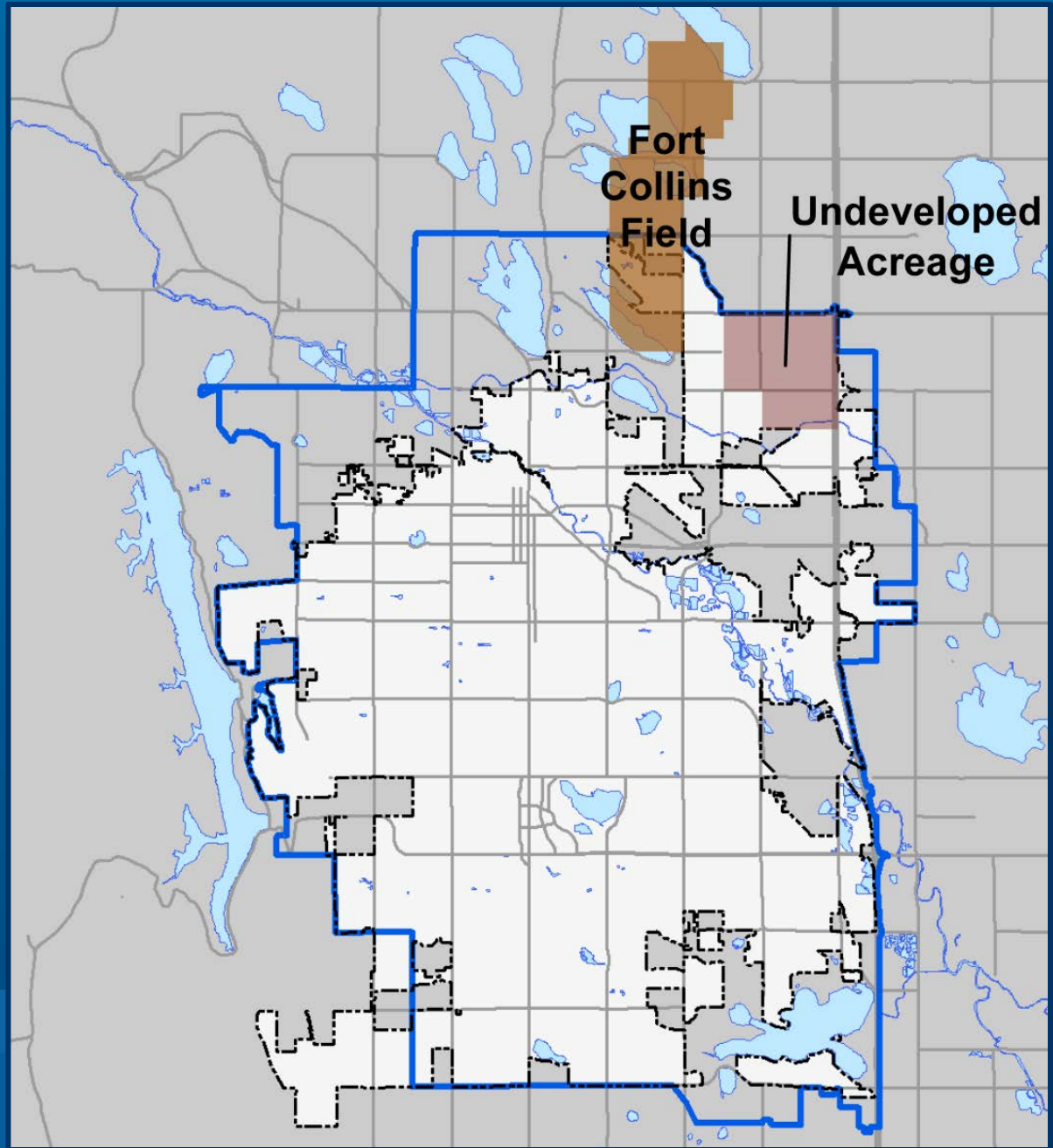


Who is Prospect Energy?









Prospect Energy, LLC

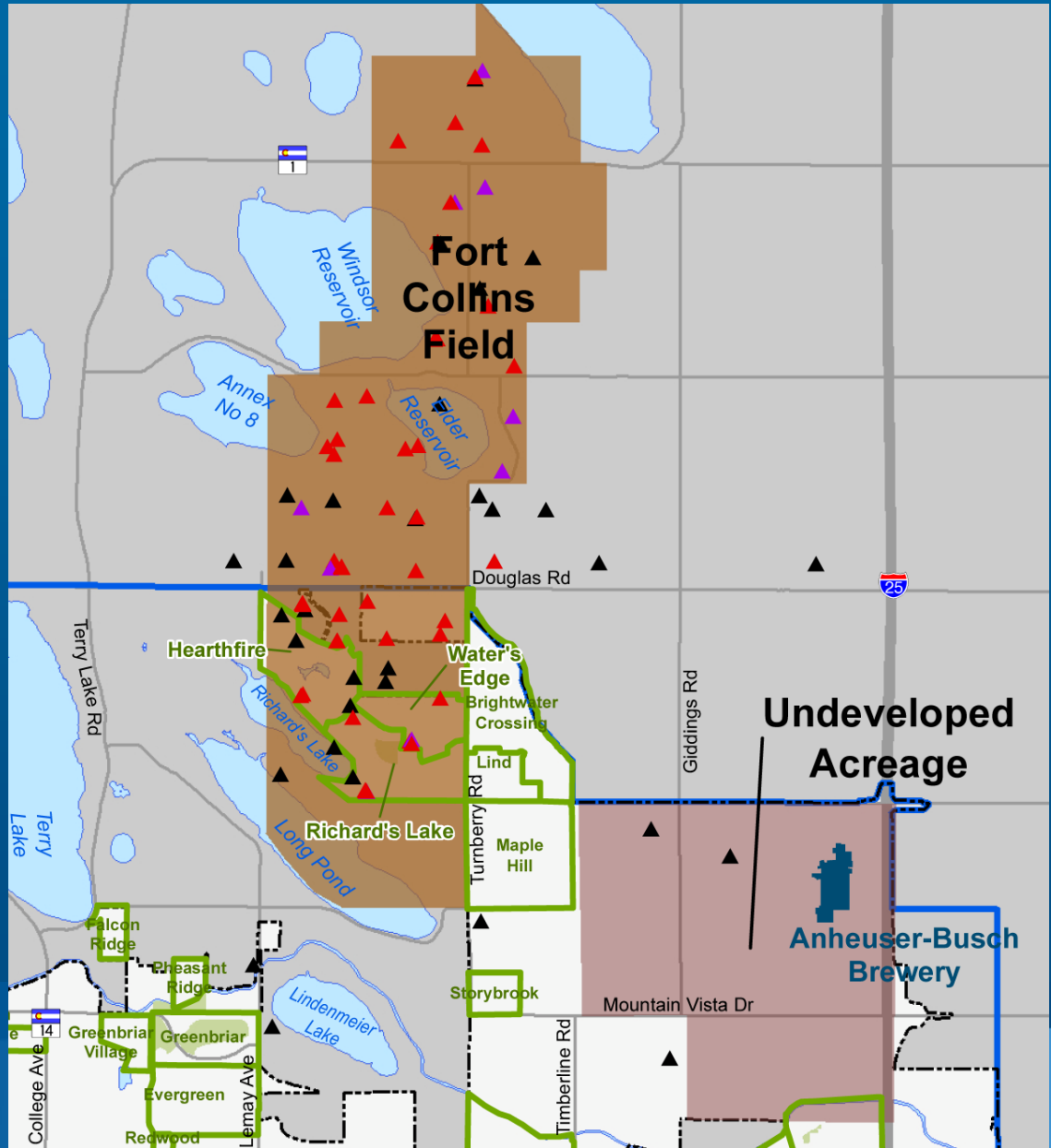
- Operator of the Fort Collins Field located in the northeast part of the City
 - Field in production since 1924
 - Oil production
 - 7 producing oil wells in City limits
- Leaseholder for mineral interests within the City described as the Undeveloped Area (UDA)
- Intention to continue operating and expand production of existing leases

Vicinity Map

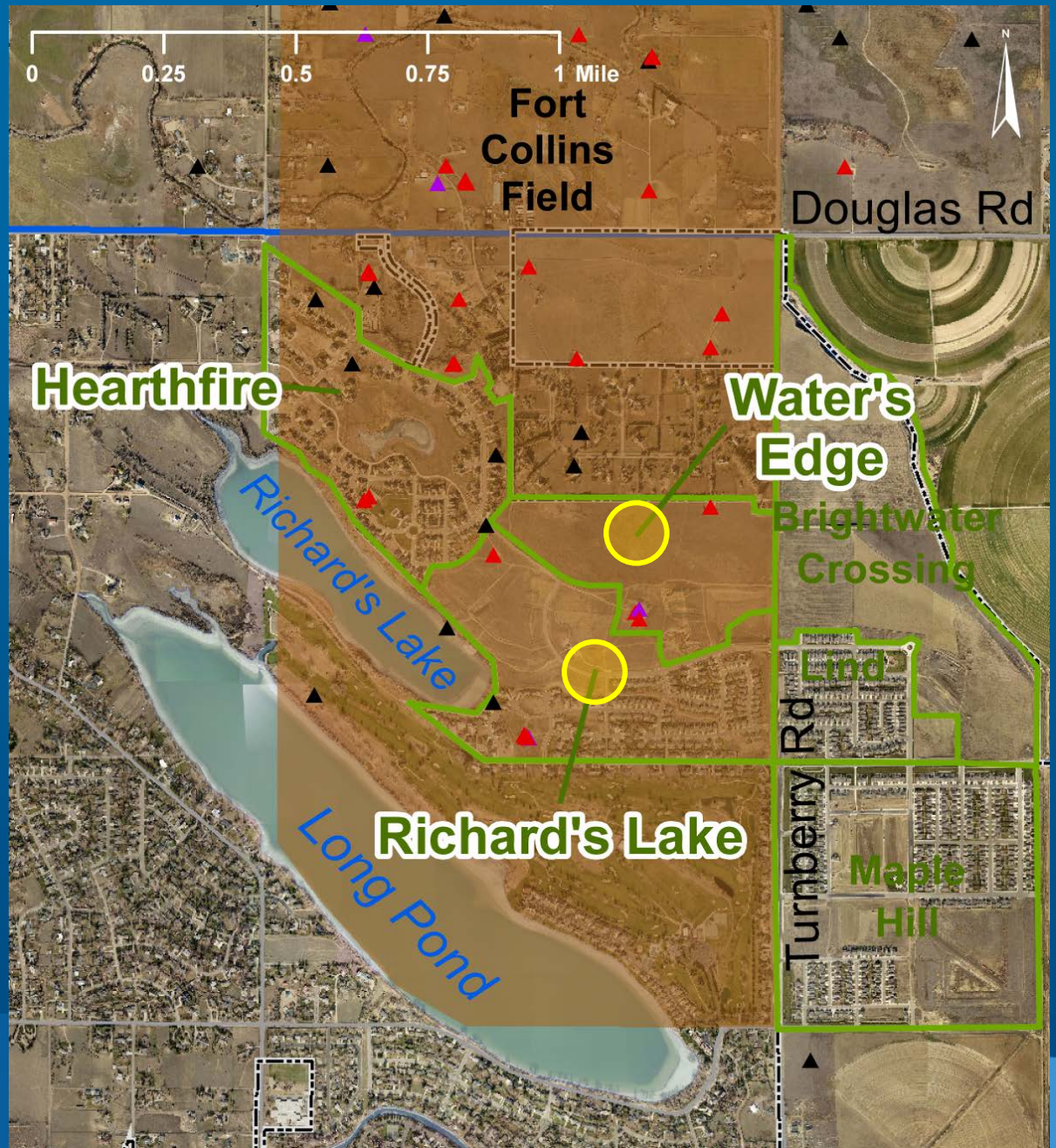
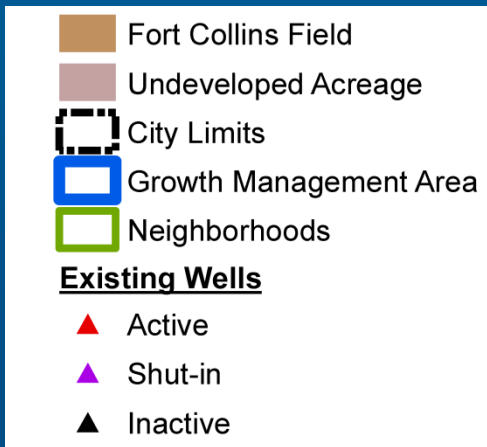


Fort Collins Field & Neighborhoods

	Fort Collins Field
	Undeveloped Acreage
	City Limits
	Growth Management Area
	Neighborhoods
Existing Wells	
	Active
	Shut-in
	Inactive

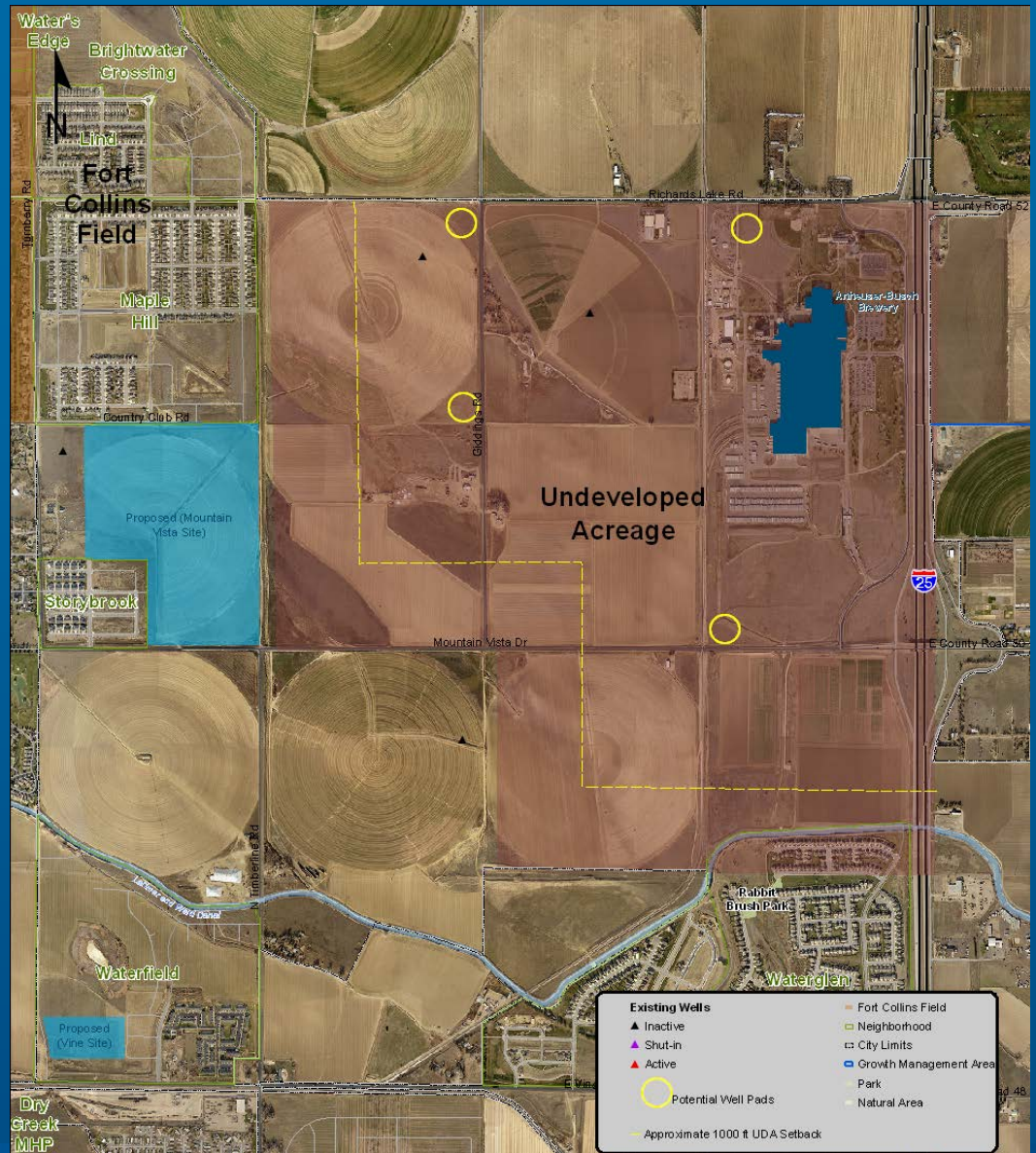


Fort Collins Field Potential Areas for Additional Wells



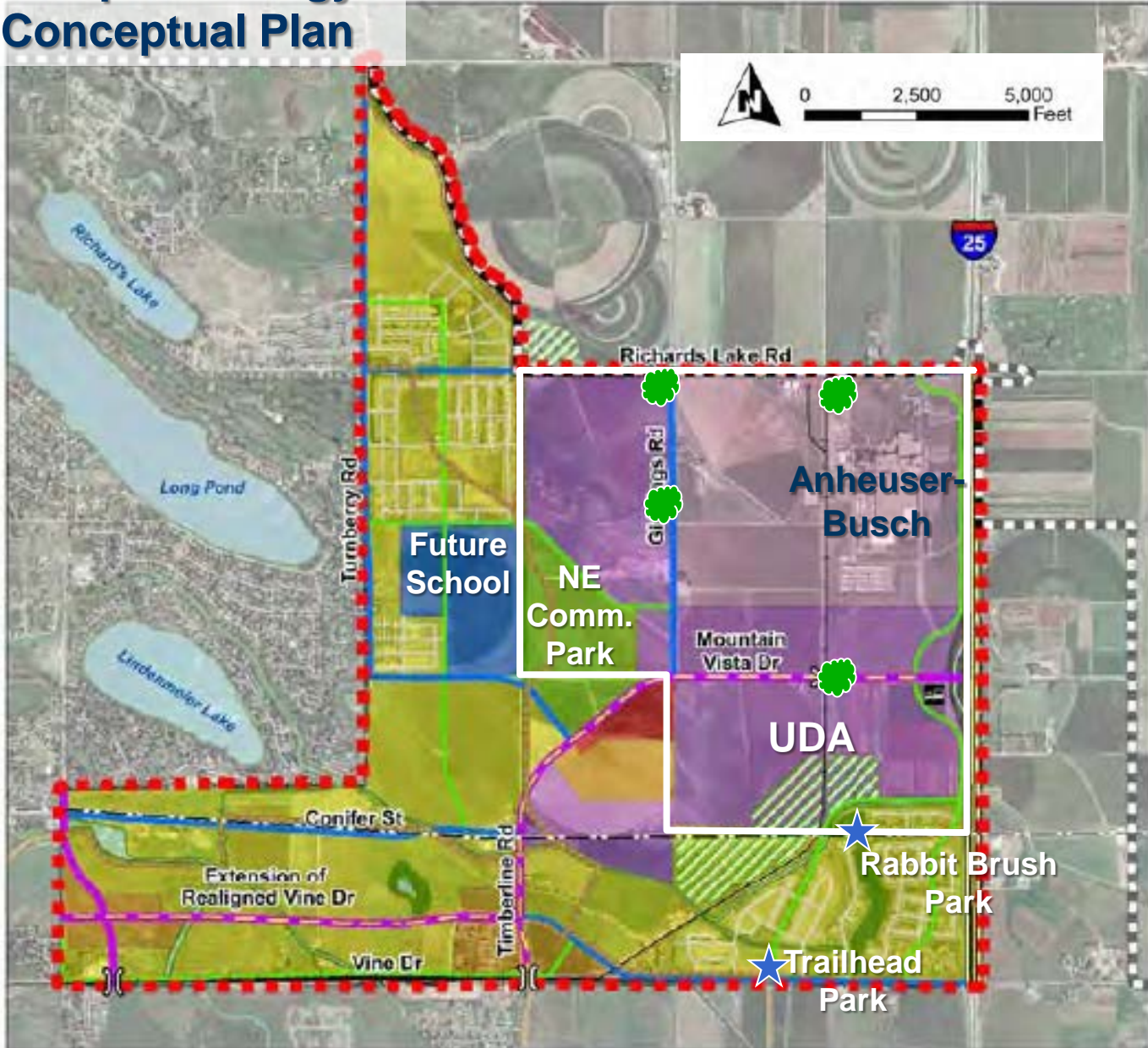
UDA Neighborhood & Zoning Map

Potential for four
well pad sites



Prospect Energy Conceptual Plan

 = Potential Well Pad



Why are people concerned?

- Air Quality
 - Pollutants, carcinogens, dust, aerosols, odors
 - Haze and acid rain
- Water Quality
 - Methane gas, spills and shallow water contamination, illicit dumping
- Waste and Wastewater
 - Capture, storage and disposal challenges

Air Quality Controls for Methane Release/Air Emissions

Prospect Energy captures air emissions from tanks and production equipment and routes them to a thermal oxidizer for destruction:

- 98+% of captured emissions destroyed
- COGCC and CDPHE require 90% and 95% depending on equipment
- The % of emissions from current PE operations is low compared to typical shale gas operations
- Control of emissions will also be required in the UDA

Controls for Air Emissions Continued:

- Closed-loop drilling
- No uncontrolled venting
- Minimal flaring during drilling and completions
(24 hour monitoring and 98% control of VOCs)
- Leak Detection and Repair (LDAR)
 - Use a FLIR (Forward-Looking Infrared)
 - Notify the City for observation of testing
- Air monitoring (baseline, completions, response)
- AQ Action Days response plan
- Green Completions on gas wells

Water & Wastewater Protections:

- Water Quality
 - COGCC Rule 609
 - Testing Pre & Post Drilling
 - Added tests for dissolved metals and soil gas
 - Added testing intervals
 - Analytical tests shared with City
 - Must comply with City stormwater requirements
- Wastewater and Waste Management
 - Closed Loop and pitless systems
 - No discharge of fluids or wastes
 - No long-term storage

Added Public Health, Safety, & Welfare Protections:

- Setbacks
- Conceptual Review
- Community Notice
- Closed Loop Pitless Systems
- Chemical disclosure and storage
- Electric Equipment
- Emergency Preparedness Plan
- Air Quality Mitigation Plan

Criteria for Exemption from Ordinance No. 032 Hydraulic Fracturing Ban

- Council approved Operator Agreement
- Strict controls on methane release
- Adequately protects public health, safety and welfare

Comparison: Operator Agreement vs. Federal and State Guidelines

- Council asked Staff to evaluate areas in the agreement that are equal to or exceed State and Federal guidelines:
 - Air and Water Quality meet or exceed regulations
 - Notice requirements exceed regulations
 - Set-backs and chemical disclosure exceed
 - Emergency Management and training exceed

Status: Operator Agreement

- First meeting to negotiate March 1, 2013
- Draft submitted March 6, 2013
 - Included the UDA
 - Contained LUC Option B elements
- Operator Agreement adopted March 19, 2013
 - Not in effect without removing moratorium and ban
- Second Reading April 16, 2013
 - Continued to May 21, 2013

Other conditions in Agreement

- All BMPs apply to New Wells; in City limits
- No further development review process
- If area in GMA annexed, agreement applies
- Most stringent requirements apply
- 5 year term with renewals
- Non-performance clause

Council Meeting May 21, 2013

- Council Chamber, 300 LaPorte Avenue – 6 p.m.
- Consider adoption of Second Reading exempting Prospect Energy from the Moratorium and the Ban.
- Includes Fort Collins Field and UDA
- Suggested amendments
 - 1000' set backs from residential along south and west portions of UDA
 - No permitted new drilling in plugged and abandoned wells in Fort Collins Field
- **Public Comment will be taken at this meeting**

Online Information

- Oil and Gas Webpage:
<http://www.fcgov.com/oilandgas/>
 - Questions and Answers to citizen questions
- Council Agenda Information:
<http://www.fcgov.com/cityclerk/agendas.php>
 - Tracking all documents since May 2012