

Minutes of the Oil and Gas Advisory Committee
City of Aurora, Colorado
July 21, 2021

Virtual Meeting

Meeting was called to order at 4:03 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
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
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 4:03 p.m. There was a quorum of 8.
2. Chairman Pierce introduced himself and proceeded to call role. He asked that each Committee Member introduce themselves.
3. Presentation of Proposed Ordinance by Council Member Allison Coombs: Council Member Coombs presented her proposed ordinance that will create a Climate Action Advisory Committee in the City, while abolishing the Oil and Gas Advisory Committee. Council Member Coombs adopted this proposed ordinance from Council Member Johnston, prior to Council Member Johnston leaving City Council. Council Member Johnston had been working on this ordinance but was unable to get the ordinance in front of City Council for consideration due to various time constraints and deadlines. Council Member Coombs will be bringing the ordinance before the PR+ Commission on Friday July 30th for discussion. She invited all members of the Committee to join the meeting if possible. The idea behind the ordinance is that the City has adopted and created oil and gas regulations that were not in place when the Oil and Gas Advisory Committee was created, and the City has a strategic goal to establish and implement a comprehensive environmental stewardship plan. In order to do that, the City needs a mechanism for community engagement and feedback related to the environmental stewardship plan. The intent is to create a Commission that can support City Council and staff in establishing and implementing that plan. Council Member Coombs encourage any of the Committee members to be involved with the Climate

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Action Committee. Based on Council Member Johnston's conversations with staff, she felt the role of the Oil and Gas Advisory Committee was being fulfilled by City staff.

The Climate Action Advisory Committee will be made up of five citizen members, at least one member from an advocacy group, at least one member who is employed by state entities working on climate related issues, at least one member employed with a regional or front range entity working on climate related issues, at least one member employed in the utilities, construction, energy efficiency, renewable energy, oil and gas, or related field, and at least one member who is an Aurora business owner. For all of the categories, except the resident category, the Committee can have one, but no more than two members from that specific category. The Climate Action Advisory Committee will be made of up of at least ten members, but not more than 15 members.

Polly Page asked a question about the language in Section 106-162 A. The section states that the Committee shall review any ordinance, resolution, rule, regulation, or charter amendment as directed by City Council. She thought it should be limited to the topic of the committee. Council Member Coombs said the second sentence in that section more clearly defines the role of the Committee to reviewing sustainability and climate actions. She thought the language could be updated so that it is less confusing and clarified more.

Polly asked why Council Member Coombs thought it was necessary to dissolve the Oil and Gas Advisory Committee, while creating the Climate Action Advisory Committee. Polly thought that the two Committees would be complimentary to each other since they would serve two different purposes. Council Member Coombs said that in conversations with staff, there was a concern that the City had so many already at the City and it is a lot of work for the Clerk's Office to handle. This is one concern that she is trying to consider when creating a new committee and potentially consolidating committees. Jeffrey Moore also stated that he was asked by Council Member Johnston to review what the purpose and role of the Oil and Gas Advisory Committee was fulfilling and to what extent the Oil and Gas Division is performing those functions. In his opinion, the Division is primarily taking care of many of the roles and responsibilities the Committee was originally established to fulfill. Council Member Johnston also asked Jeffrey to review public attendance to Oil and Gas Advisory Committee meetings, beginning in 2019. Based on his review, the average number of public attendees was 1.4 and the average number of industry member attendees was 2.1. The type of meeting, whether in person or remote meeting, did not make a significant impact on attendance. There was a large spike in attendance in early 2019 due to City Council discussing the Operator Agreements. In general, public and industry member attendance has been low.

Tom Tobiassen thought that the range of topics that the Climate Action Advisory Committee would cover was very broad and thought that oil and gas was a small piece of the climate action. Council Member Coombs stated that oil and gas would not be the only topic covered by the Climate Action Committee. Council Member Coombs thought that the intent of the City's Comprehensive Environmental Stewardship Plan, once drafted, will be to look at more than oil and gas and will look at water conservation, transportation, and other issues that are not just oil and gas related. Tom thought that it would be a good idea to keep Committees that have a specific, narrow topic that they cover, like the Oil and Gas Advisory Committee, since they are generally more knowledgeable about the specific topic they cover and can act as subject matter experts. Council Member Coombs said the City's approach when considering adding or creating any new committee or board, is to consult with the City Staff that

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are working in those relevant areas to determine if existing committees can cover the work of the new, proposed committee so that it is no redundant. In this case, there was sense that having both the Climate Action Advisory Committee and the Oil and Gas Advisory Committee would create some redundancy.

William Gollhofer asked if the City only reviewed and identified an overlap between the Oil and Gas Advisory Committee and the proposed Climate Action Advisory Committee, and no other overlap of other existing committees. Council Member Coombs said that it wasn't the only overlap, but that City staff was concerned that the overlap was great enough and that having both committees was potentially redundant. The same staff may also be staffing both committees and continuing to have staff work on both committees may be redundant. William asked if the Oil and Gas Division staff would be supporting and working on the Climate Action Advisory Committee. Council Member Coombs said she was unsure of that and thought Jeffrey may be able to answer better. Jeffrey said Council Member Johnston had envisioned that the Oil and Gas Division staff would be supporting the Climate Action Committee but would not be alone in that support and that other departments would be involved as well. The Climate Action Committee would cover a broad range of topics, so other departments would need to be involved, like Aurora Water.

Chairman Pierce and the Oil and Gas advisory Committee recommendation would be that the proposed ordinance be split up into two different ordinances. One ordinance would create and establish the Climate Action Advisory Committee and the second ordinance would abolish the Oil and Gas Advisory Committee. Council Member Coombs stated that she was open to talking to Staff about separating the proposed ordinance into two separate ordinances.

Polly Page thought that the idea at the City was to have more citizens involved with City commissions and to be more involved with City government, and felt that by abolishing the Oil and Gas advisory Committee, that was in conflict with the idea of more citizens being involved with the City. Council Member Coombs said she agreed with Polly and wants more citizens to be involved at the City.

Chairman Pierce asked if it would be possible to look at the attendance at earlier meetings, prior to 2019. He remembered that more people attended some of the meetings prior to 2019 and thought it would be interesting to see those attendance figures as well.

4. Committee Discussion of Citizen Vacancy Candidate Interviews: Chairman Pierce opened the discussion regarding the three candidates for the Citizen vacancy. The candidates were Larry Quirk, Judith Simenson, and Tanya Ilela. In addition to the interview questions and applicant answers that were included in the May 19th minutes, a link to the video recording of May 19th meeting was sent out to the Committee members for their review.

David Carro recommends Larry Quirk for the position. He thought Larry presented himself very well and was knowledgeable. He would also support Tanya Ilela for the position as well.

Max Blair was unable to attend the previous meeting, but he feels that Larry has expressed a lot of interest in the Committee over the years. Larry has attended more meetings as a member of the public than any other person Max has observed over the last six years. The fact that Larry has continued to express interest and participate recommends him well for joining the Committee as a member. He does live in the appropriate area for the Citizen vacancy, he lives in the Adonea subdivision. He also has an

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excellent background with his education. Max supports Larry for the position based on all of those items.

William Gollhofer also agrees that Larry is the most knowledgeable candidate and present himself very well. He is torn about maybe having Tanya on the Committee to add some diversity to the group. Based on the presentation from Council Member Coombs on the Climate Action Committee, he feels she might be a better fit on that Committee than the Oil and Gas Advisory Committee. William also supports Larry for the position.

Chairman Pierce thinks that Tanya would provide another point of view. There is a lot of technical expertise on the Committee right now, whether it's industry members, citizen members or large landowner members. Tanya admitted she doesn't have a lot of technical expertise, but she would provide a citizen point of view. She said several times throughout her interview that she wants to look at or discuss the effects of oil and gas development, both good and bad. She might provide a different perspective to the Committee. Chairman Pierce ranks Tanya first and Larry second.

Philip Holmes agrees with Chairman Pierce. Philip thought Larry had a fantastic interview, was very articulate, and obviously knew what he was talking about. He thought Tanya might bring some diversity and a balanced opinion to the group.

Polly Page asked if Chairman Pierce checked the Committee by-laws about two citizen members and the requirements of those positions. Chairman Pierce believed the by-laws said something about making best efforts about appointing two members in an oil and gas affected area. Polly believes that it is a requirement of a citizen member to live in an area impacted by oil and gas. Philip Holmes asked if Polly was saying that the by-law requirement would disqualify Tanya. Polly responded yes, because we only have William who is a citizen impacted by oil and gas. William Gollhofer looked up the by-laws and read the specific portion verbatim. Max Blair asked if the Committee had the location of where Judith and Tanya live, since Larry said he lives in the Adonea subdivision. Chairman Pierce looked up the information for Judith and Tanya, neither live in an area that is impacted by oil and gas, which would disqualify them for the Citizen position.

Chairman Pierce asked a Committee member to make a motion to recommend the appoint of one of the candidates. He thought the Committee should start with Larry and see what the votes are. Jeffrey Moore clarified that none of the ordinances discussed earlier at this meeting are in effect yet. He would encourage the Committee to make decisions that you feel are best for the Committee and choose the best person that you feel are qualified.

Max Blair motioned that the Committee recommend Larry Quirk and recommend his appointment to the Citizen vacancy to City Council. James Spehalski seconded the motion. Chairman Pierce asked that all those in favor of Larry raise their hand. There was some discussion about whether Polly Page could vote since her term has expired. Chairman Pierce said he received some communication from the City Clerk's office that said there was a directive out of the City Attorney's office that said once a Committee Member's term is up, they are no longer a Member. Chairman Pierce said this was news to him. Historically, a Committee Member has been allowed to continue serving on a Committee until their replacement was appointed. Ian Best replied that he was not aware of that specific direction out of the City Attorney's office. Ian suggested that the Committee tally the votes as they are and determine if

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Larry has enough votes to move forward. If it is a close vote, then the Committee should see what the impact of Polly's vote would be. The Committee agreed with Ian's suggestion.

James Spehalski, Max Blair, David Carro, Bill Gollhofer, Tom Tobiassen, and Marc Cooper all voted for Larry Quirk's appointment. Chairman Pierce said that with or without Polly's vote, the Committee still has a majority of Members voting for Larry. Chairman Pierce said that with six votes for Larry Quirk, the motion carries and Larry will be the recommended appointment to City Council. Chairman Pierce will prepare a memo for the City Clerk's office, who will put the item on the next Study Session agenda. The memo will include all three applications and the corresponding interview questions and responses.

5. Approval of May 19, 2021 Minutes: David Carro moved for the minutes to be approved. William Gollhofer seconded the motion. The motion passed.

6A. Colin Brown provided the following update of oil and gas applications since the May 19, 2021 Meeting: Crestone Peak Resources received the Notice to Proceed (NTP) for the Grande North and Grande South well sites. They can begin the installation of permanent equipment and drilling operations. Crestone Peak Resources submitted their well site application for the Blue 3-65 33-32-31 well location. This location at Monaghan Road and 26th Avenue.

Crestone Peak received approval from the CDPHE to use reclaimed water (Reg. 84) for completions activity on the Rush South. This is the first location in the state to receive approval to use reclaimed water for completions at an oil and gas location. Aurora Water worked very hard with CDPHE to get approval for Crestone and to get the regulations updated at the state level to allow reclaimed water to be used in completions activity. This is a great use of water and helps to mitigate any citizen concerns about the volume of water used and fresh water sources.

Max Blair asked if there had been any expansion to the existing infrastructure to help facilitate the use and storage of the reclaimed water. Jeffrey Moore said it was in the works and that there were plans to construct a valve apparatus at the Murphy Creek Golf Course, near one of the ponds. Crestone is intending to use temporary lay flat lines to transport water to the well sites for use.

Chairman Pierce asked if the reclaimed water was being sourced from the Prairie Waters pipeline project. Max Blair, who previously worked on reclaimed water projects with Conoco, said the water quality is similar to the water in the Prairie Waters system. Prairie Waters pulls from shallow wells in the Platte River basin. The reuse water comes directly from the Sand Creek treatment plant and wastewater system.

Crestone Peak Midstream is in the process of submitting two more lateral amendments to their As-Built Bronco Pipeline System. DJ South Infield Gathering/ARB Midstream has submitted three amendments to their crude oil gathering system application as well.

Max Blair asked if the City was aware of Civitas Resources acquiring Crestone Peak, and if that would change Crestone's interaction with the City and how it impacts their Operator Agreement. Jeffrey said that based on his discussions with Crestone, Crestone and Axis are going to remain separate operators and act as subsidiaries to Civitas. Once the City receives copies of the Civitas transaction documents,

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City Attorneys will review those documents and determine if any changes need to be made to the Operator Agreements. At this point, Jeffrey does not anticipate the need to make any changes to the Operator Agreements since Crestone and Axis will maintain separate operatorship and legal entities. Jeffrey's expectation is that if a well was planned by Axis or Crestone, and was covered in each respective Operator Agreement, that each Agreement would dictate the BMP requirements for the location. Jeffrey would be in favor of any new well application by Crestone or Axis that is not covered by the existing Operator Agreements to be governed by the Oil and Gas Manual. He would not be in favor of either Operator going before City Council to amend the existing Operator Agreement to include a new well site.

6B. Forrest Thorniley provided the following update of oil and gas inspections since the May 19, 2021 Meeting: Forrest has been using an Optical Gas Imaging (OGI) infrared camera to perform leak detection inspections at well sites in the City on a quarterly basis. The camera, a FLIR GF320, is being rented through the Regional Air Quality Council. Renting the camera is a substantial savings to the City since the Oil and Gas Division does not need to purchase one. Forrest has been out to any Crestone well site when a change of operations has occurred (i.e. moving from drilling phase to completions phase) or when a well is being plugged and abandoned and performed an inspection. Forrest has moved to a tablet-based inspection system, instead of using paper forms or a spreadsheet form. Eventually the Division wants to be able to publish the inspection forms on a public facing online map. This would allow the public to pull up inspection data on a specific facility.

Forrest gave a PowerPoint presentation on the FLIR camera inspections, the visual output of the camera, and a summary of the inspection results to date. The FLIR camera is designed to find gas leaks (methane and VOCs) from production and storage equipment. The leaks are not visible to the human eye and may normally go undetected without a leak inspection program and FLIR camera. Crestone has an active leak inspection program to comply with CDPHE Regulation 7 requirements.

During the April leak inspection, Forrest was able to inspect 23 out of 25 Crestone production facilities and 40 out of 41 above ground pipeline facilities. One of the production facilities that was not inspected had an active drilling rig on location at the time (Schuh facility) and the other production facility (Left Hand facility) has been built but is not an active production facility. During the inspections, a total of 19 leaks were found, two of which were on pipeline facilities. All 19 leaks were repaired. Most of the leaks were repaired onsite and during the time of the inspection. Most of the leaks detected were small in nature. One leak was repaired within 48 hours, one leak was on leased equipment and required a work order and contractor to fix, and two leaks needed separate pipeline staff to make the repairs. Forrest verified that all leaks were repaired using the FLIR camera.

In the presentation, Forrest included a video of somebody using a FLIR camera while somebody was filling up their car with gas. The video was in black and white and show a dark vapor cloud being emitted from the opening of the gas tank and gas cap. The dark vapor cloud is made up of VOCs that are emitted from the fuel. The video was published by FLIR on their website. Forrest wants to perform an audit and film himself fueling up his fleet vehicle the next time he has the camera so he can make sure that is truly what it looks like when you fuel up a vehicle.

Forrest also included some videos of the inspection results. One video was taken at the King 3-65 well site, which had the largest leak Forrest found during his inspections. The leak was located on wellhead

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pipng and was due to some loose flange bolts on a gas line going to the wellheads from the compressor. Tightening the flange bolts was all that was needed to stop the leak. Another video showed a typical leak. It was at the Rush South 4-65 well site. The leak was on the oil separator piping and was caused by a loose railroad union (threaded connection) on the gas supply line. The leak was repaired by tightening the connection/union. Another video was taken at the Blue 3-65 well site. This was a location that required pipeline staff to come out the next day to perform the repair.

Philip Holmes asked if Crestone was performing these types of inspections on their own and if Forrest had any idea of when the last time this site was inspected. Philip stated he was trying to get an understanding of how frequently these types of leaks are occurring. Forest stated that Crestone has provided the inspections dates for each site. Most of the sites are inspected quarterly, based on COGCC requirements. COGCC inspection requirements are based on production volumes. As sites being to produce, they are inspected more frequently. As production decreases, they are inspected less frequently.

Forrest provided a brief background of his field experience and qualifications to perform these inspections. He has 7 years' experience of air quality testing and reporting, 8 years in the oil and gas industry performing inspections and environmental program management and has worked for the City of Aurora for 4 years. He has performed over 1,000 hours of operating a OGI/FLIR camera, over 1,000 hours of oil and gas facility environmental inspections, has taken a 40 hour HAZWOPER safety course, and an OGI Camera operator certification. He also has a bachelor's degree in Environmental Studies from the University of Denver.

Based on the inspections, Forrest feels Crestone's leak detection repair program is working. Relatively few leaks were found, and those that were found were mostly minor. All leaks were repaired as soon as possible. Quarterly camera inspections by the City will continue. The goal is to eventually purchase an OGI camera for the City. He will be tracking the frequency of these types of leaks over time and hopes to identify any trends as he continues the inspection program. Jeffrey Moore agreed with Forrest on his thoughts toward Crestone's inspection program and the leaks that were found, and repairs made.

6C. Update on Oil and Gas Manual, COGCC Financial Assurance Rule Making, and Oil and Gas Website: Jeffrey informed the Advisory Committee that the Oil and Gas Manual was approved by City Council during the second reading of the ordinance in June. The Manual is in effect as of 7/17/2021.

The COGCC is in a new rule making process related to Financial Assurance. The COGCC made this a standalone topic. The COGCC staff has released a draft of new rules related to financial assurance. They have extended the length of the rule making process through January of 2022, with the final rule making meetings being held in February 2022. The rules would go into effect April 1st, 2022. The City has reviewed the draft rules and will be providing comments to the COGCC. Jeffrey feels the new rules will go a long way in addressing issues with orphaned wells, the potential for new orphaned wells, and addressing new rules for bonding. There will be an update on the new rules from the COGCC in August. The formal hearing for the new financial assurance rules will be in October. Jeffrey hopes that the bonding for all wells will occur at the COGCC since the City has limited authority for bonding at the local level.

The next big project for the Division is updating the Oil and Gas website. We are currently gathering information from other jurisdictions related to their maps, what we like about their maps, don't like

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about their maps, and what works well for them. The goal is to have a mapped based interface where users can zoom in, click on a location and access all the documents for that location (permit documents and approvals, inspection reports, COGCC data, etc.). The Division has some work to do to get the structure set up for it and to work with IT to get it created. Colin will be helping to spearhead this project.

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

8. 2021 Calendar and Discussion Topic Ideas (3rd Wednesday of September and November): Chairman Pierce has been in contact with Crestone and has been talking to them about having a field tour for the Committee. He will reach out to them to see if having one in September is possible. Crestone is very busy working on the merger with Civitas Resources, so organizing a field tour may be difficult. Chairman Pierce is going to send the WebEx link to the Committee for the PR+ Committee meeting on 7/30, where Council Member Coombs is going to propose her ordinance to create the Climate Action Committee and abolish the Oil and Gas Advisory Committee.

Chairman Pierce also thanked Polly Page for her service and work on the Oil and Gas Advisory Committee. This is Polly's last meeting as a Committee member. Other Committee Members also thanked Polly.

8. The general meeting was adjourned at 5:34 p.m.

Minutes Approved



Brad Pierce, Chairman

11/17/2021

Date