

Minutes of the Oil and Gas Advisory Committee
City of Aurora, Colorado
November 17, 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
Josh Reddell, Committee Member, Vice-Chairman, Citizen
Max Blair, Committee Member, Industry
David Carro, Committee Member, Surface Owner
Marc Cooper, Committee Member, Surface Owner – ABSENT
William Gollhofer, Committee Member, Citizen
Philip Holmes, Committee Member, Industry – ABSENT
Larry Quirk, Committee Member, Citizen
Jim Rogers, Committee Member, Industry – ABSENT
James Spehalski, Committee Member, Surface Owner
Tom Tobiassen, Committee Member, Citizen

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 City of Aurora Staff introduce themselves.

3. Approval of July 21, 2021 Minutes: James Spehalski moved to approve the July 2021 minutes. David Carro seconded the motion. The motion passed.

4A. Colin Brown provided the following update of oil and gas applications since the July 21, 2021 Meeting: GMT Exploration has not provided an update on a potential new location for their MCC well pad. The MCC well site application was withdrawn months ago.

Extraction Oil and Gas has officially withdrawn their application for the ACM Highpoint pad and the Hammer pad. These applications were withdrawn so that the application portals could be closed on the City's side. Both applications were not being actively reviewed or actively pursued by Extraction. Both locations are approved through the Operator Agreement though.

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Crestone Peak Resources' Blue 3-65 well site application has been Administratively approved. Crestone has also applied for the Yellow 3-64 well site. It is currently being reviewed by City staff, with an Administrative Decision scheduled for December 8th. The COGCC 2A permit for this location is expiring on December 19th, Crestone is actively trying to receive SWMP Permit approval from the City to start dirt work on this location.

Crestone Peak Resources Midstream have submitted a total of six lateral amendment applications, year to date. Four of those applications have been approved already with two more being approved soon. Crestone Midstream should be submitting two more lateral amendments by the end of the year.

DJ South/ARB Midstream have submitted three lateral amendments, year to date. Two of those applications have been approved, while the third is still in process. They have a Pre-Application meeting scheduled for their fourth amendment for December.

4B. Forrest Thorniley provided the following update of oil and gas inspections since the July 21, 2021 Meeting: Crestone is currently conducting completions operations on the Rush North well pad. They have moved the drilling rig off the Grande well pad and are currently drilling the surface holes on the Crow well pad. They also have a workover rig at the Reserve well pad.

Inspections have been ongoing through the Civitas merger/transition. Forrest has met and been working with the new point of contact at Civitas. He does not anticipate any problems. He will be performing the 4th Quarter optical camera inspections the week after Thanksgiving, which will be the final inspections for the year. There was one reportable spill on October 9th at the Reserve well pad. That spill occurred during completions operations and was a result of a hose malfunction. It released approximately 15 barrels of treated water, which is fresh water with some added biocide. Technically, this spill was not reportable to the COGCC, but Crestone is being proactive by reporting it.

Chairman Pierce asked if the new environmental point of contact at Civitas was new to the Aurora operations. Forrest said the person was not new to Crestone, but had not traditionally worked in the Watkins area and that they have been out to the area a few times.

Forrest also added that there have been a few wells that have been plugged since the last Committee meeting. The wells have been in the area of DIA, but mainly west of Hudson Road. Denver had two wells that were being operated by a company called PetroPro. Both wells have since been plugged and are waiting on the final step of cutting off the well head below grade. Peterson Energy is currently plugging two wells that are near the Denver wells. Two of the wells shared the same lease road. Peterson Energy will work with Denver on the reclamation of that road. Reclamation will be challenging since the soil is very sandy. There are three remaining wells from smaller operators that need to be plugged.

4C. Update on COGCC Financial Assurance Rule Making, Civitas Resources Merger, and 2021 Year End Review: Jeffrey Moore provided an update on the COGCC Financial Assurance rule making. This set of regulations is designed to prevent future wells from having to go into an orphan status because the Operator goes out of business and to make sure the amount of bonding on hand and the requirements for current Operators are properly covered. This is to help incentivize Operators to plug wells and not leave wells for the COGCC to plug. The City commented on the draft rules in June and October. The City also

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had an opportunity to provide verbal comments at a COGCC hearing in November. The COGCC will publish an additional draft in December, with the final hearings taking place in January and February of 2022. A few key topics being considered are the definition of inactive well and what metric will be used to define an inactive well, the types of required bonding and different tiers for wells based on production volumes.

Bill Gollhofer asked if the Committee had received a copy of the Financial Assurance draft rules and if the group had a chance to comment on them. Mr. Moore said he did not believe the Committee received a copy recently, but thought it might have been sent out earlier in the year. Maxwell Blair said he would send out a link to the draft rules on the COGCC's website.

Mr. Moore said the Civitas Resources merger was complete and closed in November. The Oil and Gas Division met with Civitas representatives to discuss the transfer. The Department has a monthly meeting with Civitas to discuss any topics of interest and status updates of various projects. Crestone Peak Resources and Extraction Oil and Gas are going to remain wholly owned subsidiaries of Civitas Resources, so there is no need to transfer or assign either Operator Agreement to a new entity. There has been some change in staff and point of contacts. Chairman Pierce asked Mr. Moore if there would be any value if somebody from the Oil and Gas Advisory Committee could attend the Department's monthly meeting with the Civitas. Mr. Moore thought that having one Committee member attend the monthly Civitas meeting was acceptable, but thought having the entire Committee would be too much. He reiterated the monthly Civitas meeting was focused on operational topics and questions. Mr. Moore said he would send a meeting invite for the next Civitas monthly meeting.

Mr. Moore gave a 2021 Oil and Gas Division Summary presentation to the Committee. The presentation covered staffing in the Division, well count and status updates, Operators, permitting activity, inspection results and associated inspection fees, royalties received on City owned mineral rights, and future initiatives for the Division. The presentation was a year end summary of the activities of the Oil and Gas Division.

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

6. 2022 Calendar and Discussion Topic Ideas: The proposed 2022 calendar was presented. The March Committee meeting may need to be rescheduled since a few Committee members and Staff might be out of town. There were no other comments on the 2022 meeting dates.

Chairman Pierce brought up the field tour with Civitas Resources. Some possible dates for the field tour are December 1st, 2nd or 3rd in the afternoon. Chairman Pierce asked if a particular date was better for the Committee members. December 3rd worked for most people. Chairman Pierce will coordinate transportation to the field tour with Civitas.

Bill Gollhofer said he had changed his voter registration to outside of Colorado. He has moved out of state, but continues to spend a significant amount of time in Colorado. He is concerned that this may require him to resign from the Committee. Ian Best said that nothing in the Committee by-laws would exclude Mr. Gollhofer from serving on the Committee.

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Max Blair stated that he would try to find somebody to speak to the Committee about the process of plugging and abandoning a well for the January 2022 Committee meeting.

7. The general meeting was adjourned at 5:33 p.m.

Minutes Approved



Brad Pierce, Chairman

1/19/2022

Date