

Oil & Gas Development
in the
City & County of Denver

Oil & Gas Terminology



FRACKING: An oil and gas well development process that typically involves injecting water, sand, and chemicals under high pressure into a bedrock formation via the well, to allow oil or natural gas to more easily flow into the well



SHUT-IN WELL: A well where oil and gas production has been temporarily halted



PLUGGED/ADANDONED WELL: The process of permanently closing a well so that it can be left indefinitely without maintenance and without threat to the environment

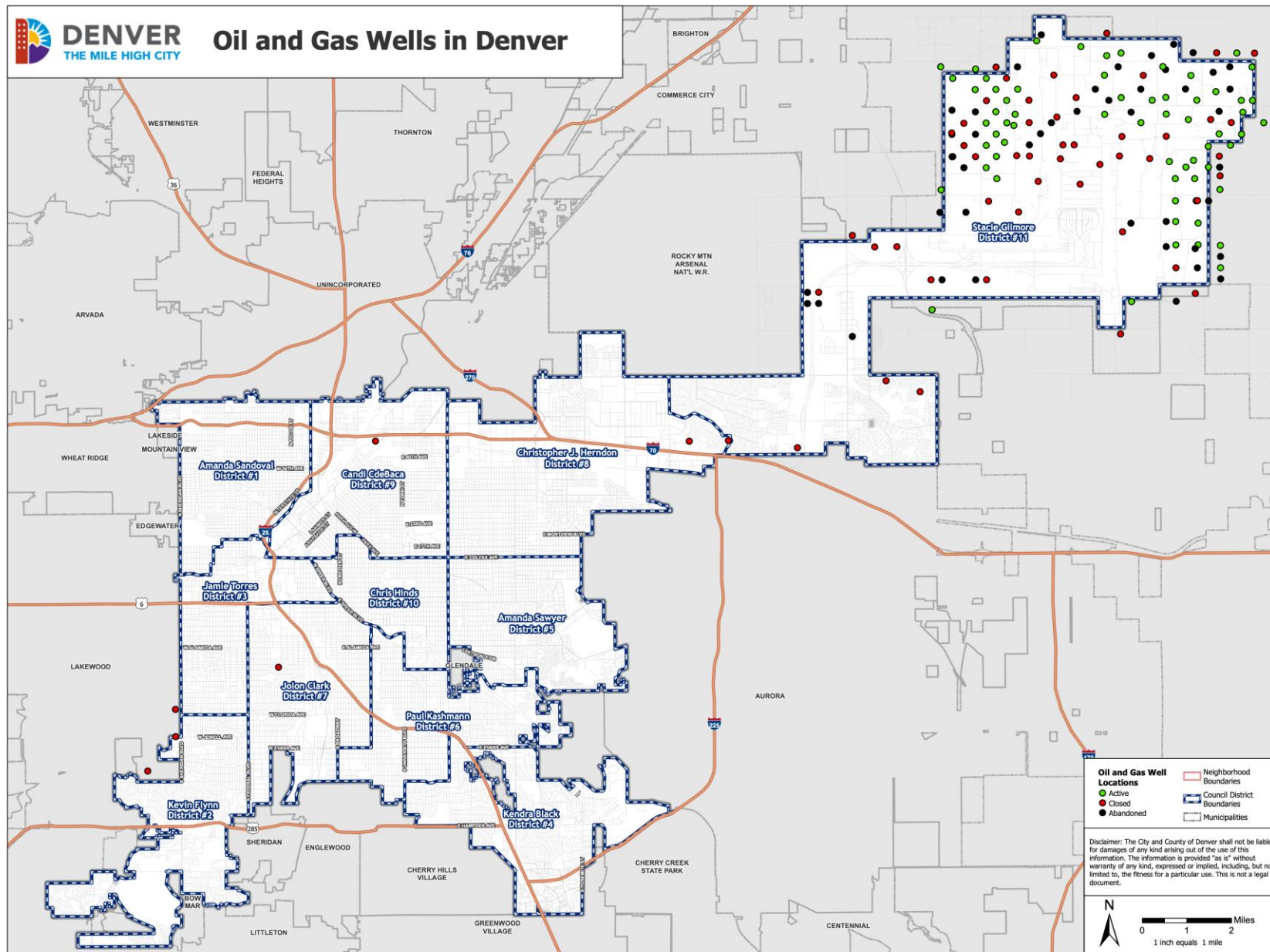


POOLING: When drilling occurs off-property but the minerals are accessed underground via a common well head by drilling horizontally. This is done through a voluntary lease with other property owners and royalties are specified by law.



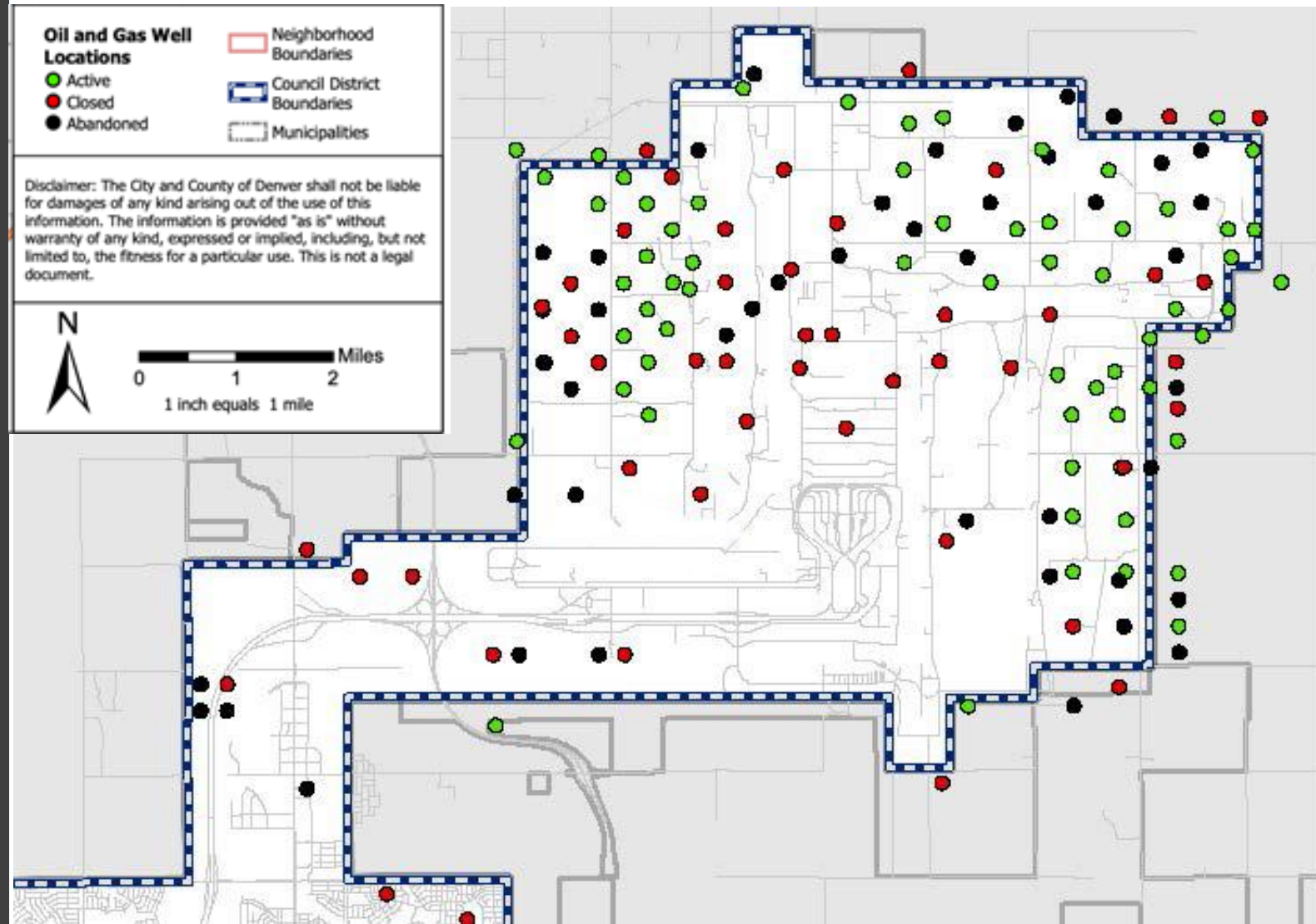
FORCED POOLING: When a non-consenting landowner sits in between any number of voluntary leaseholders who want to pool, the non-consenting landowner is forced into the pool anyway and paid 13% royalties for gas extraction and 16% for oil extraction.

Current
Status



Current Status: **Zero** Active Wells

- 73 wells on DEN property
- 63 shut-in as of 2018
- DEN owns all mineral rights on its 53 square miles
- All shut-in wells are checked daily



City Charter Authority

DEN AIRPORT: Denver Charter 2.11.3 assigns the Dept. of Aviation exclusive authority over the management, control and operation of the airport (including their land)

DDPHE: Denver Charter 2.12.1 assigns the Dept. of Public Health and Environment exclusive authority of environmental health issues (ex: surface effects of drilling)

FEDERAL GOVERNMENT: The FAA requires DEN to ensure that land use on airport property is compatible with airport operations

CITY COUNCIL: Authority to approve leases and contracts over \$500,000; budget approval; power to refer Charter amendments for a vote of the people

SB181 – Not Applicable



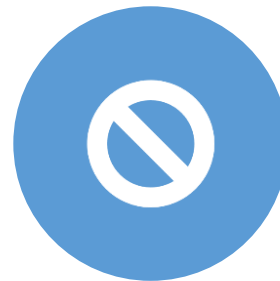
State Bill 181 regulates surface impacts ONLY



Does not apply to DEN because no residential, commercial, or business



If there was residential, DDPHE would have rule-making authority



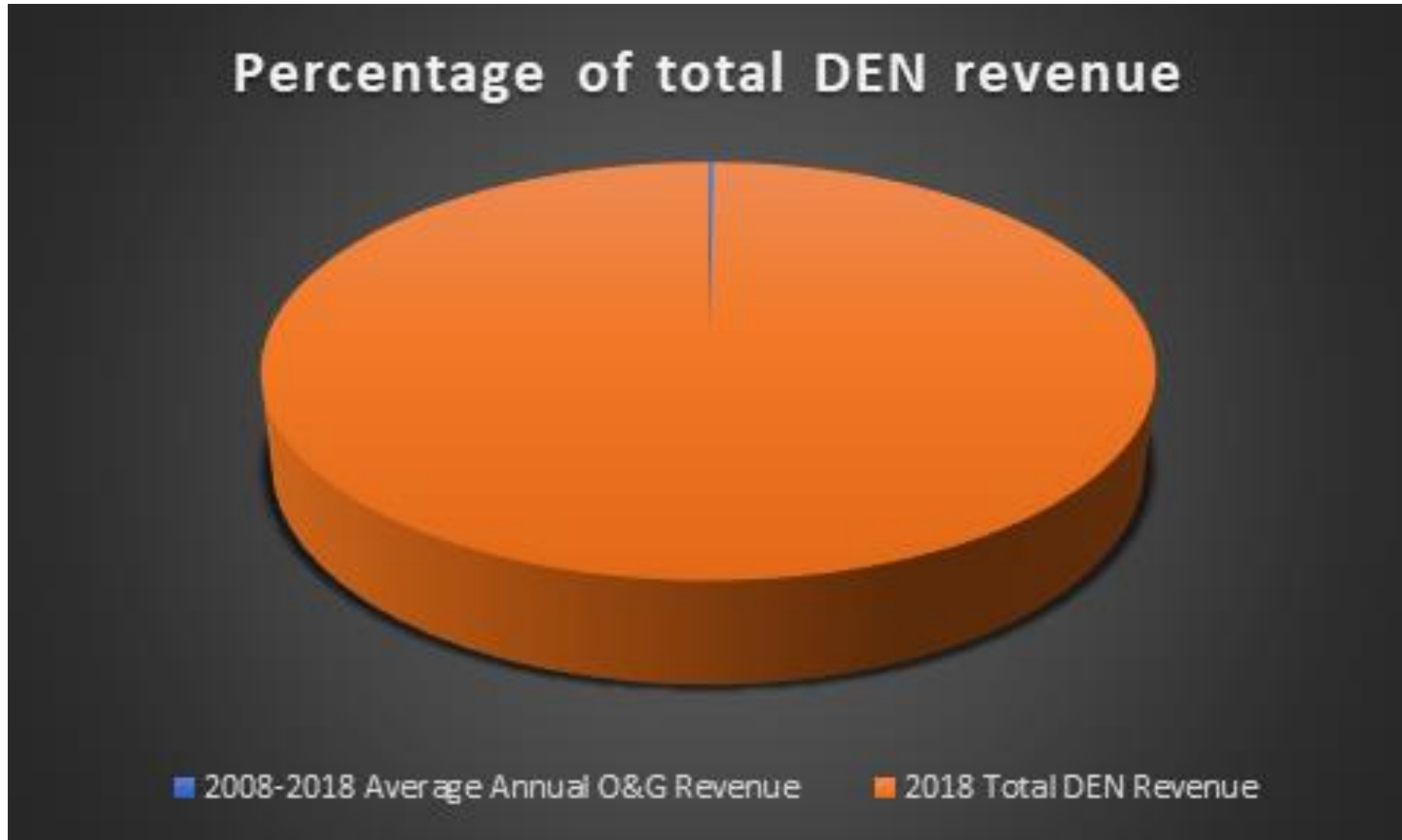
Does not allow an outright ban

Financial Picture:

*DEN is an
Enterprise Fund
so revenue
generated at DEN
does not flow into
the City's
General Fund*

- DEN currently pays approximately \$1 million annually to maintain our shut-in wells
 - Wells that are actively producing incur this cost but also incur additional costs
- To reconnect the shut-in wells and restart production would require an additional capital investment of \$2 million
- To plug and abandon all of the DEN wells would cost \$9 million
- Estimated net revenue per year 2008-2018: ~ \$2,500,000 per year
- Estimated net revenue per year 2019+ from DEN wells: ~(\$1,000,000)

2018 Actual DEN Revenue = \$1,068,934,253



PRO OIL

- Fuels Colorado Economy
 - 2.5% of CO GDP from '14-'16
 - 2.5% of total CO employment from '06-'16
- Majority of State's Oil & Gas Companies are Headquartered in Denver Metro area
- Significant number of Denver residents are employed by Oil & Gas Companies

PRO ENVIRO

- Land Impacts
 - 590 oil spills reported in CO in 2018 (11 per week)
- Air Quality Impacts
 - Increased Asthma
 - Increased hospital visits (increased costs + lower productivity)
- Water Quality Impacts
- Safety Impacts
 - 2017 Firestone Explosion
 - 2 deaths
- Regional leadership in Oil & Gas Policy

Proposal: Refer a Charter Change

**Before DEN wells that are currently shut-in can
be reconnected to a line and reopened;**

and

**Before any new wells are drilled and/or
fracked within the
Denver City & County limits;**

**The action must be
approved by a vote of the people**





Questions?