OILFIELD CLOSURE SERVICES

MAY 2022

JIM STARLING, CHIEF INFRASTRUCTURE OFFICER
AMY EDINGER, SVP REAL ESTATE & COMMERCIAL BUSINESS DEVELOPMENT
NEIL MAXFIELD, PROGRAM MANAGER – DEN REAL ESTATE

AGENDA

- Implementing Vision 100
- City Council Request | RR22-0603
- Background
- About Delsco Northwest
- Procurement Overview

IMPLEMENTING VISION 100

VISION 100 DEN

100 MILLION ANNUAL PASSENGERS

• SUSTAINABILITY & RESILIENCY • EQUITY, DIVERSITY & INCLUSION
• CONTINUOUS STAKEHOLDER INPUT/FEEDBACK • ENHANCING THE CUSTOMER EXPERIENCE

PILLAR 1

POWERING OUR PEOPLE

- Develop Workforce Leadership Strategy
- Establish Center of Excellence and Equity in Aviation
- Implement Career Pathways Program

PILLAR 2

GROWING OUR INFRASTRUCTURE

- Complete Major Infrastructure Projects
- Update Airport Master Plan
- Develop Infrastructure Plan for DEN Real Estate

PILLAR 3

MAINTAINING WHAT WE HAVE

- Complete Concourse Renewal Program
- Update Strategic Asset Management Plan
- Develop Science-Based Greenhouse Gas Emissions Target

PILLAR 4

EXPANDING OUR GLOBAL CONNECTIONS

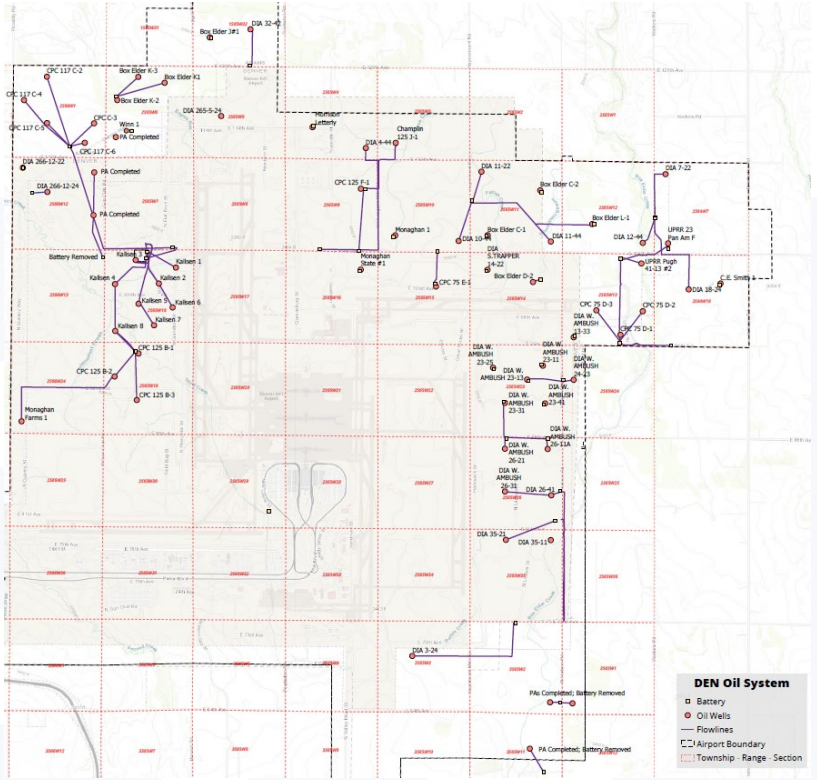
- Identify Air Cargo Opportunities
- Expand to Disconnected Destinations
- Grow Domestic Network

CITY COUNCIL REQUEST

- Approves a contract with Delsco Northwest, Corp. for $9,200,000 through 06-30-2023, with a one-year option to extend to provide on-call oil and gas field closure services at DEN Contract No. 202161284.

BACKGROUND

- As a part of its Vision 100 Plan, DEN is committed to reducing its carbon footprint and improving financial condition.
- While DEN has been slowly closing its oil & gas wells, this contract will permanently plug and close the remaining oil & gas wells at DEN.
  - 64 wells, 38 tank batteries, 131,000 linear feet of underground oil flowlines
  - DEN CIP PRJ-10004097 was approved for $16.0M



BACKGROUND

- The current DEN oil & gas field has been “shut-in” since May 2018 due to the elimination of a third-party gas gathering system.
- DEN expends funds to maintain this shut-in condition and perform the regulatorily required maintenance and testing activities with no corresponding revenue offset.
    - Approximately $750K annually plus additional $2M every five years.
- The wells are under pressure and require constant vigilance to reduce the risk of environmentally hazardous leaks or spills.
- The construction of new gas gathering system for DEN’s oil field is uneconomical over the long term.
    - Several oil & gas wells are more than 30+ years old and are on a declining production curve.

DELSCO NORTHWEST

- Following interviews, an evaluation panel selected Delsco Northwest Corp based in Myton, UT.
- Utah-based oil field services provider since 1977
  - Successfully completed 150 well closure activities for State and Federal agencies in Utah and Colorado over the last 12 months
  - Good working relationship with the Colorado Oil & Gas Conservation Commission
- Services provided by Delsco & Subcontractors:
  - Well plugging & closure, overall project management and supervision | Delsco Northwest
  - Surface equipment demolition and remediation | Back Consulting, Palisade, CO
  - Liquid & solid waste disposal, soil testing | Enviroserve, Commerce City, CO
  - Wireline | The Perforators, Roosevelt, UT
  - Hot oil services | Central Mountain Hot Oil, Roosevelt, UT

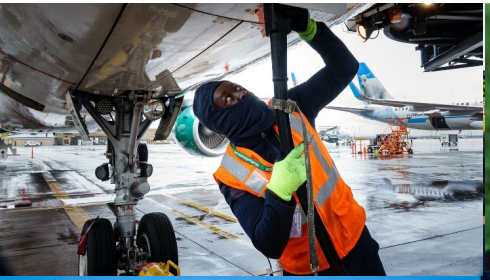
CONTRACT PRICING & PROGRAM TIMELINE

- Based upon the contract pricing, the program is estimated to cost $9.5M
  - $7.24M to plug & close the oil & gas wells
  - $760K to demolish equipment and remediate the surface
  - $1.5M to remove the underground flowlines
- Projected program completion is estimated by June 30, 2023, based upon July 1, 2022 start date.

PROCUREMENT OVERVIEW

- Outreach included:
  - Community outreach event
- Proposals were evaluated on the following:
  - Understanding the project and scope of work
  - Proposed work plan and approach
  - Key personnel and ability to respond
  - Company experience and qualifications
  - Cost effectiveness
  - MWBE utilization plan
  - Interview

PROCUREMENT OVERVIEW

- This opportunity was posted for advertisement on December 13, 2021
- Vendor questions about this solicitation were due on December 29, 2021; all questions were answered and published on BidNet
- Proposals were due by January 21, 2022
- DEN received five proposals
- One proposal was found non-responsive due to an incomplete diversity survey
- Vendor interviews were held on March 3, 2022
- A selection review tollgate was conducted on March 15, 2022

Q&A