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

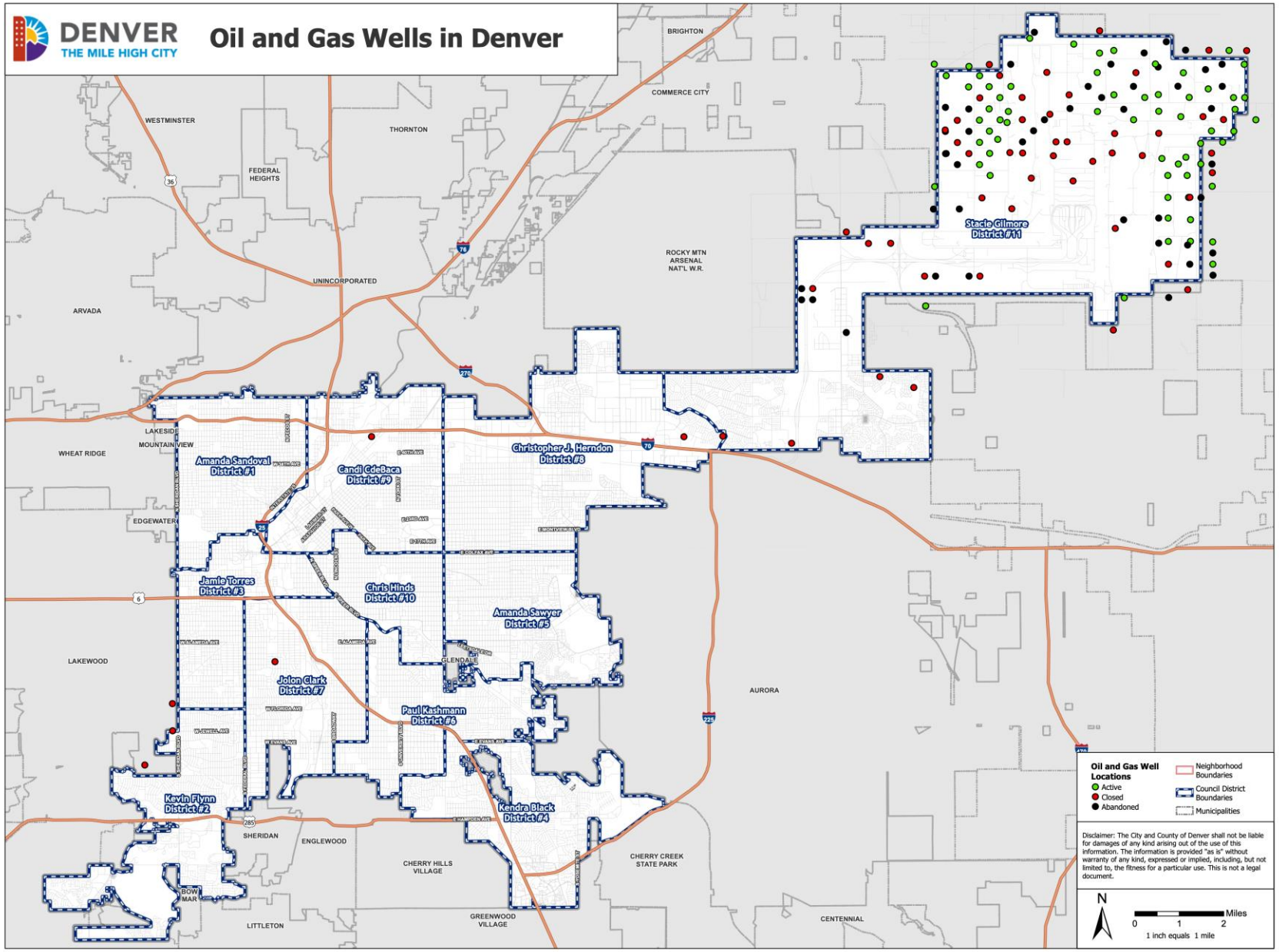
SHUT-IN WELL: A well where oil and gas production has been temporarily halted

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.

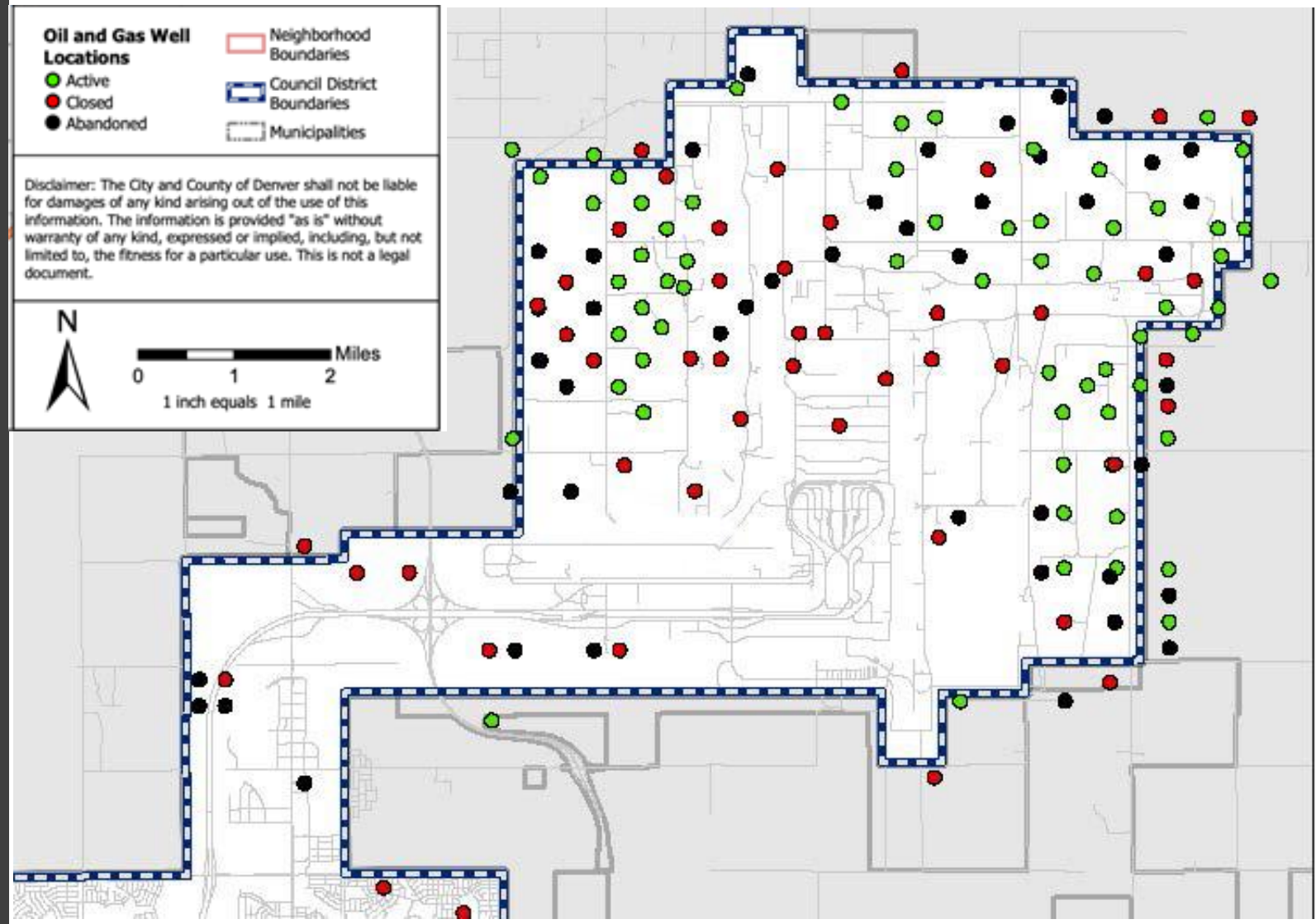
FORCED POOLING: When a non-consenting landowner sits in between any number of voluntary leaseholders who want to pool, the non-consenting landowner is forced into the pool anyway and paid 13% royalties for gas extraction and 16% for oil extraction.

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

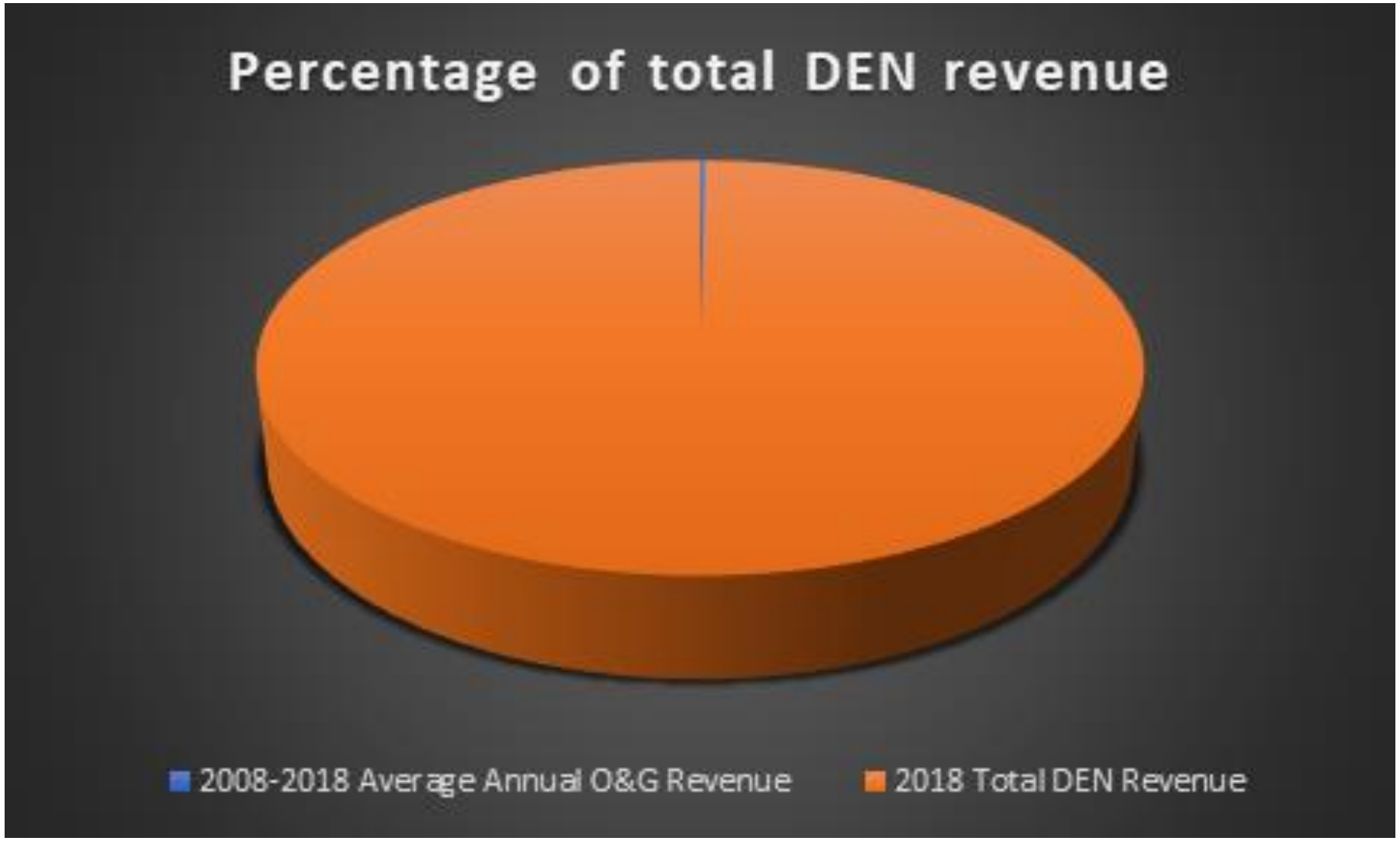
Does not allow an outright ban

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;

<u>The action must be approved by a vote of the people</u>

Questions?