



8 North LLC Drilling & Spacing Order Application

www.cityoflafayette.com/OilAndGas

October 17, 2017

Have there been any drilling applications submitted to the City of Lafayette?

No. Lafayette has not received any requests for drilling permits as of October 17, 2017

Have there been any drilling applications submitted to Boulder County?

No. Boulder County has not received any requests for drilling permits as of October 17, 2017

What has been submitted?

A "drilling and spacing unit order" has been filed by 8 North LLC with the state regulatory commission, the COGCC (Colorado Oil & Gas Conservation Commission). This step identifies a broad section of land that may be later identified as an area that horizontal drilling may pass through or a specific well drilling site.

What happens next?

If the State approves the drilling and spacing order, 8 North LLC would have to apply to the COGCC for an "application for permit to drill" that would include specific plans and proposed well site locations.

Then what?

8 North LLC will then be required to submit an application through the local government's regulatory process before any development could occur. Depending on where the specific sites are identified to be located - and whose land the sites are on - that local government could be Boulder County or Lafayette or Erie, or a combination of all three.

How is Lafayette addressing the spacing application?

The City of Lafayette joined with Boulder County to submit a formal Protest of this spacing unit application, asking the COGCC to deny the application.

What can residents do to help?

As soon as it is available, we will share information explaining how residents can get involved in the in the COGCC's public hearing. Information regarding additional public involvement resources can be found at <https://assets.bouldercounty.org/wp-content/uploads/2017/09/oil-gas-cogcc-public-participation.pdf>

More questions answered from the City's Oil and Gas FAQ webpage

www.cityoflafayette.com/OilAndGasFAQ

Are oil and gas companies allowed to use Lafayette water?

As a matter of policy, the City will not allow oil and gas companies to purchase Lafayette municipal water for their operations.

How does approval for oil and gas activity occur?

In Lafayette, all zone districts require oil and gas drilling extraction to obtain an approved Special Use Review (SUR). Notice of a request for a SUR is mailed to landowners within 750' of the proposed drilling activity. Subject to compliance with the City's rules and regulations pertaining to oil and gas extraction, a SUR may be reviewed at the staff level, or be

forwarded to the Planning Commission. Staff review and approval takes 15 days with a 14 day appeal period and Planning Commission SUR approval can take approximately 30 days.

What is the purpose of a Special Use Review?

The purpose of the Special Use Review is to ensure that oil and gas extraction complies with the City's regulations. It provides nearby landowners a chance to comment on the application, and gives the City the ability to require certain site improvements to mitigate some impacts such as landscaping, berming, dust control, etc.

Lafayette Development Code Section 26-22.1-3(a) states "In accordance with the procedures defined in this Section 26-22-1, within all zone districts, the operator shall apply for and receive special use approval prior to installing or constructing any oil and gas operation, including but not limited to drilling, reactivating a plugged or abandoned well, performing the initial installation of accessory equipment or pumping systems, reentry for purposes of sidetracking, deepening, recompleting or reworking, or performing enhanced recovery operations (e.g., injection wells) or installing, constructing, relocating or altering any access to any oil and gas operation provided that a special use approval for relocating or altering any access is required only if such relocation or alteration involves a change in point or means of access."

Can the City force the co-location of wells?

The City cannot force the co-location of wells nor prohibit the drilling of wells if the applicant meets all setback and separation requirements, and complies with all state and local rules and regulations.

What are the City's setback requirements for new wells?

Lafayette adheres to the State's setback requirement which is 500 feet. Lafayette Development Code Section 26-22.1-4(1)(iii) states "Unless it would violate O.G.C.C. (a.k.a. C.O.G.C.C.) spacing rules, any wellbore, production tanks, on-site production equipment, shall be located not less than three hundred fifty (350) feet from a building, public road, aboveground utility line, railroad, wildlife habitat area, pedestrian, biking or horseback trail, features or sites with official designation as having important historic or archaeological value, building permitted for construction or a platted lot line for a lot which is covered by an approved preliminary plan for a residential or commercial use; or which preliminary plan is for an industrial use which industrial use is characterized by an extraordinary fire hazard concerns."

What is the surface owners' rights related to oil and gas extraction?

In general, unless otherwise agreed upon with the mineral owner, the surface owner's rights are limited. Surface owners cannot encroach on the mineral owner's activities or facilities, and may not interfere with the mineral owner's effort to produce the minerals. However, the mineral owner will typically negotiate a surface use agreement with the surface owner and can only enter the property for the purposes of installing, maintaining, and operating the facilities.

When purchasing property, are the mineral rights included?

Not always. The title commitment, which accompanies a transfer of property, will indicate an exception of mineral rights if they are not included. A mineral certificate can be purchased, which indicates who owns the mineral rights.

Can the City provide input for new wells proposed near the city limits?

The COGCC notifies the City's Local Government Designee (LGD) of any new permits applied for when the city limits are within the Section of a Township and Range of the proposed well. The Oil and Gas Guide for Local Governments, published by the Colorado Department of Local Affairs, outlines the LGD process.

How are well locations determined?

The State of Colorado has defined drilling "windows" for each section of land (typically one square mile). Spacing rules for gas wells in each geologic formation vary. Wells drilled into other formations may be spaced at greater densities. Wells must be drilled within the window unless an exception is granted by the State. Wells may be drilled outside of the window for reasons such as avoiding flood plains, cliffs, or other terrain considerations.