



ADAMS COUNTY

COLORADO
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**STUDY SESSION AGENDA
TUESDAY
August 23, 2022**

ALL TIMES LISTED ON THIS AGENDA ARE SUBJECT TO CHANGE

- | | | |
|-------------------|---------------------|---|
| 10:15 A.M. | ATTENDEE(S): | Noel Bernal |
| | ITEM: | Administrative Item Review / Commissioners
Communication |
| 10:45 A.M. | ATTENDEE(S): | Jenni Hall / Chase Evans / Katie Keefe / Greg Dean /
Christy Fitch |
| | ITEM: | Oil & Gas Update |

(AND SUCH OTHER MATTERS OF PUBLIC BUSINESS WHICH MAY ARISE)

AGENDA IS SUBJECT TO CHANGE



STUDY SESSION ITEM SUMMARY

DATE OF STUDY SESSION: August 23, 2022
SUBJECT: Oil & Gas Update
OFFICE/DEPARTMENT: Community & Economic Development
CONTACT: Jenni Hall, Community & Economic Development Director; Chase Evans, Deputy Director of CED; Katie Keefe, Environmental Program Manager; Greg Dean, Oil & Gas Administrator; Christy Fitch, Assistant County Attorney
FINANCIAL IMPACT: None
SUPPORT/RESOURCES REQUEST: N/A
DIRECTION NEEDED: No Direction, update only
RECOMMENDED ACTION: Staff will provide an update on orphan wells in County, recent filings with the COGCC, drilling and oil production update, and an overview of the PDC acquisition of Great Western.
<u>DISCUSSION POINTS:</u> <ul style="list-style-type: none">• Orphaned Well Review<ul style="list-style-type: none">○ Newly Added orphan wells / stats○ Orphan Wells near CASP• Recent County filings to the COGCC• Oil production and drilling rig activity trends• PDC Energy acquisition of Great Western

Oil & Gas Update

Community & Economic Development Department

August 23, 2022

Presented by: Greg Dean, Oil & Gas Administrator



ADAMS COUNTY
COLORADO

Oil & Gas Update

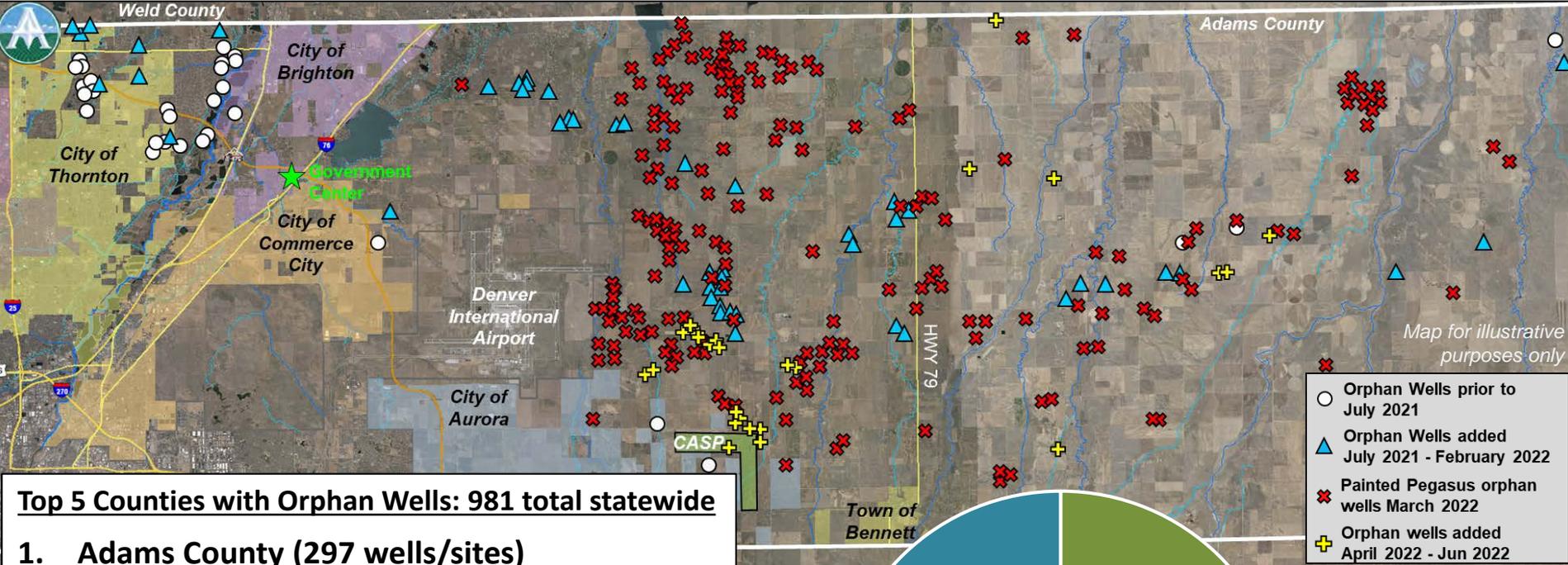
Agenda

- Orphaned Well Update
 - Newly added orphan wells
 - Orphan wells around CASP
- Recent County filings to the COGCC
- Oil production and drilling rig activity trends
- PDC Energy acquisition of Great Western

Oil & Gas Update

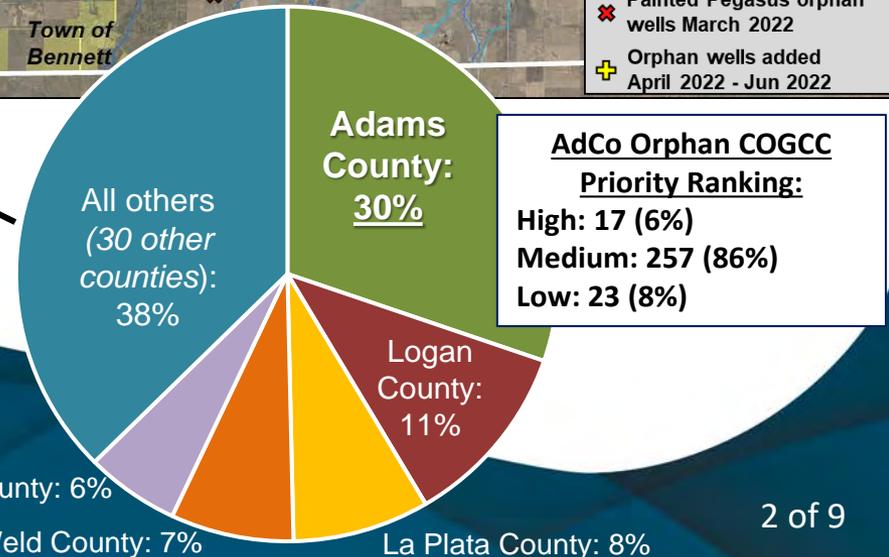
Orphaned Well Update

Orphan Wells – since April 2022: +31 to 297 Orphan Wells/Sites (~1,100% increase since June 2021)



Top 5 Counties with Orphan Wells: 981 total statewide

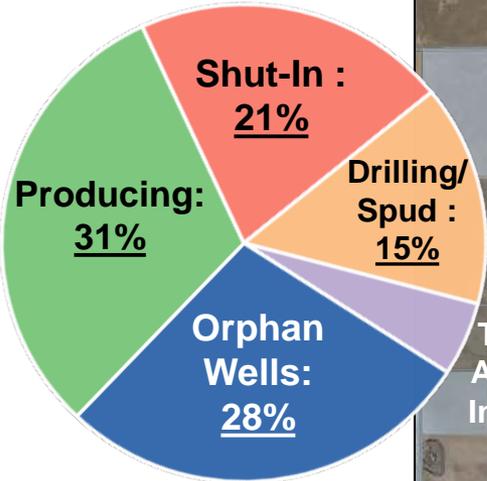
1. **Adams County (297 wells/sites)**
2. Logan County (110 wells/sites)
3. La Plata County (80 wells/sites)
4. Weld County (72 wells/sites)
5. Moffat County (55 wells/sites)



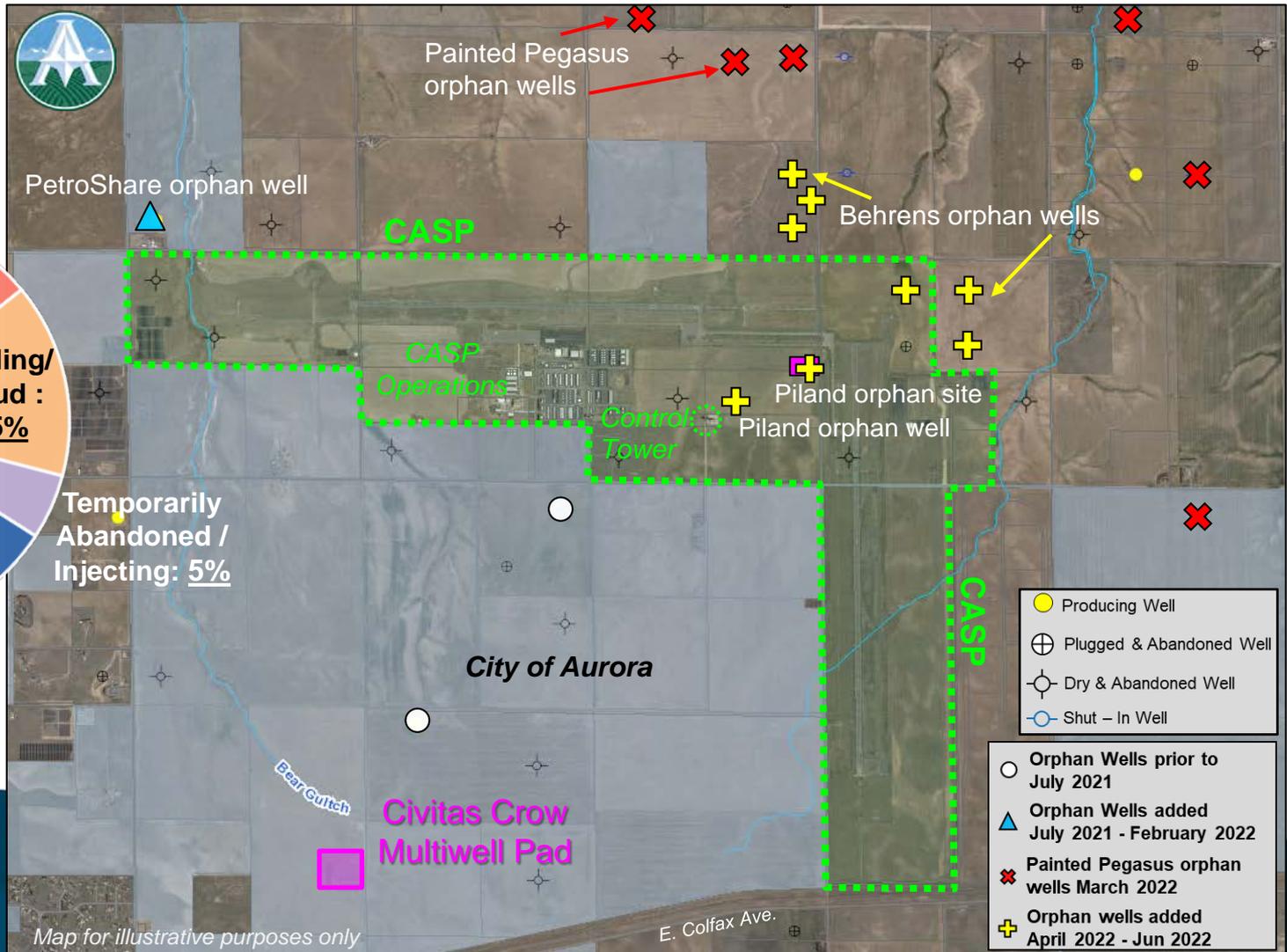
Oil & Gas Update

Orphaned Well Update - CASP

**Unplugged/active
Wells in AdCo by
status (~970 wells):**



+ 3,000 plugged wells



Oil & Gas Update

Recent County filings with the COGCC

Renegade Oil & Gas Variance Request (Hearing August 2022):

- *Renegade is requesting a variance from COGCC to allow them to vent natural gas from numerous wells in AdCo*
- Staff is provisionally supportive of the one-time, 12 month request only if the COGCC requires numerous conditions to protect public health, safety, welfare, and the environment. AdCo requested the Operator:
 - File and secure Single Well Financial Assurance upfront for all wells
 - Bring all sites into full compliance with all other COGCC and County rules first
 - Conduct air quality monitoring at all venting sites

Oil & Gas Update

Recent County filings with the COGCC

KP Kaufmann Enforcement Matter (Heard June 2022):

- *COGCC Staff alleged KPK was not substantially complying with the agreement to immediately remediate sites as part of their enforcement action in late-2021*
- Staff submitted public comment outlining concerns about KPK's perceived remediation progress and continued behavior and requested the Operator be required to:
 - Shut-In all wells statewide until they come into full compliance
 - File and secure Single Well Financial Assurance upfront for all wells
 - Demonstrate their staff and contractors have been appropriately trained on COGCC rules and requirements
- ***COGCC found KPK was partially out of compliance and have given them until January 2023 to demonstrate they are following the rules otherwise they will take enforcement action against the Operator.***

Oil & Gas Update

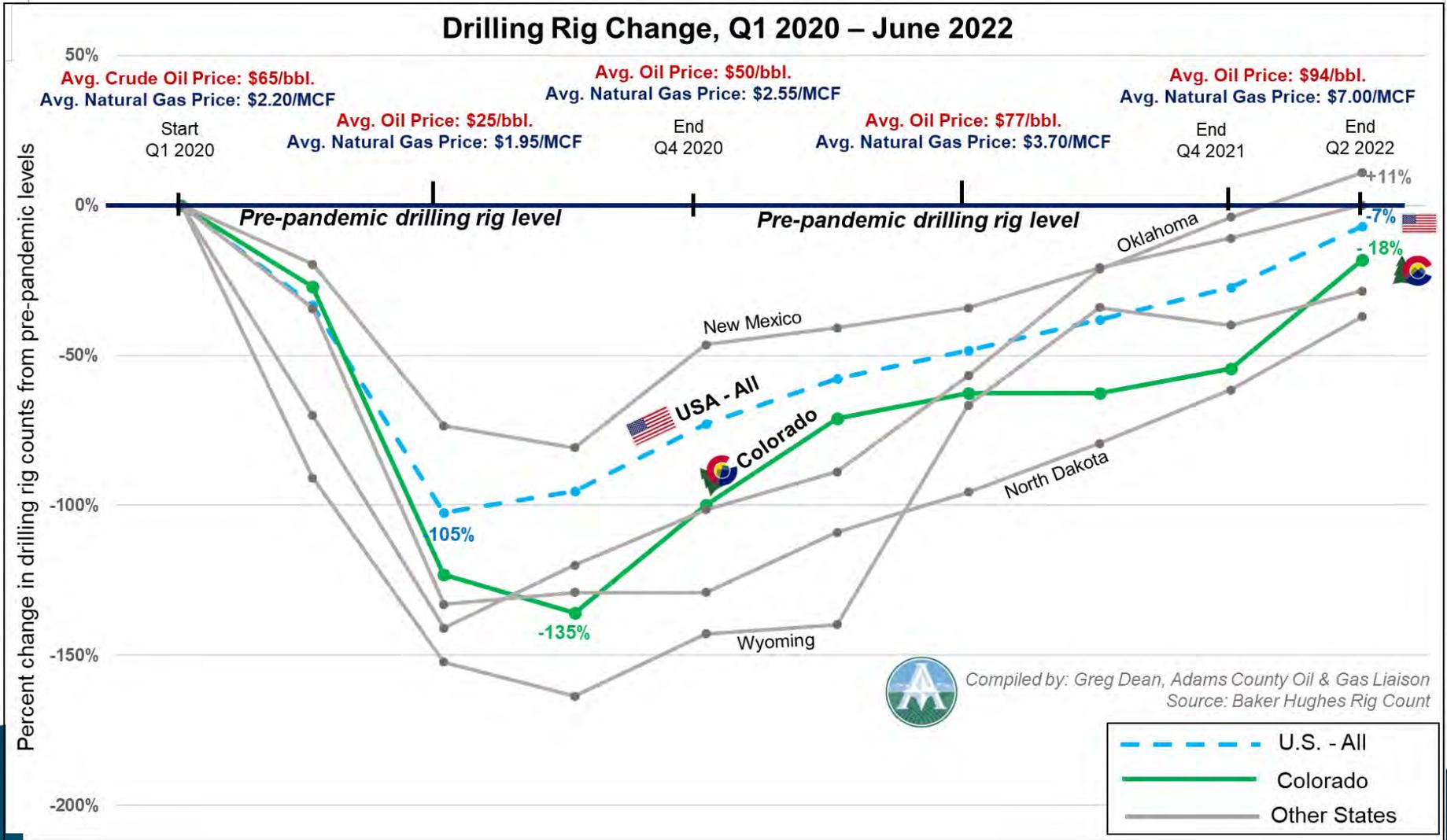
Recent County filings with the COGCC

Orphan Wells Mitigation Fee Enterprise Rulemaking (Heard June 2022):

- *Orphan well mitigation fee rulemaking as required by the adoption of SB22-198. This legislation was supported by the BoCC*
- *Addresses potential TABOR concerns surrounding assessing a per well fee for mitigation of orphan wells and sites by shifting authority to manage the fee amount to an independent Enterprise Board*
- *The authority to designate, order, rank, prioritize, plug, remediate, and reclaim orphaned wells and sites remains with the Commission*
- Staff filed a public comment fully supporting the proposed changes
- Enterprise Board will be appointed by Gov. Polis in September

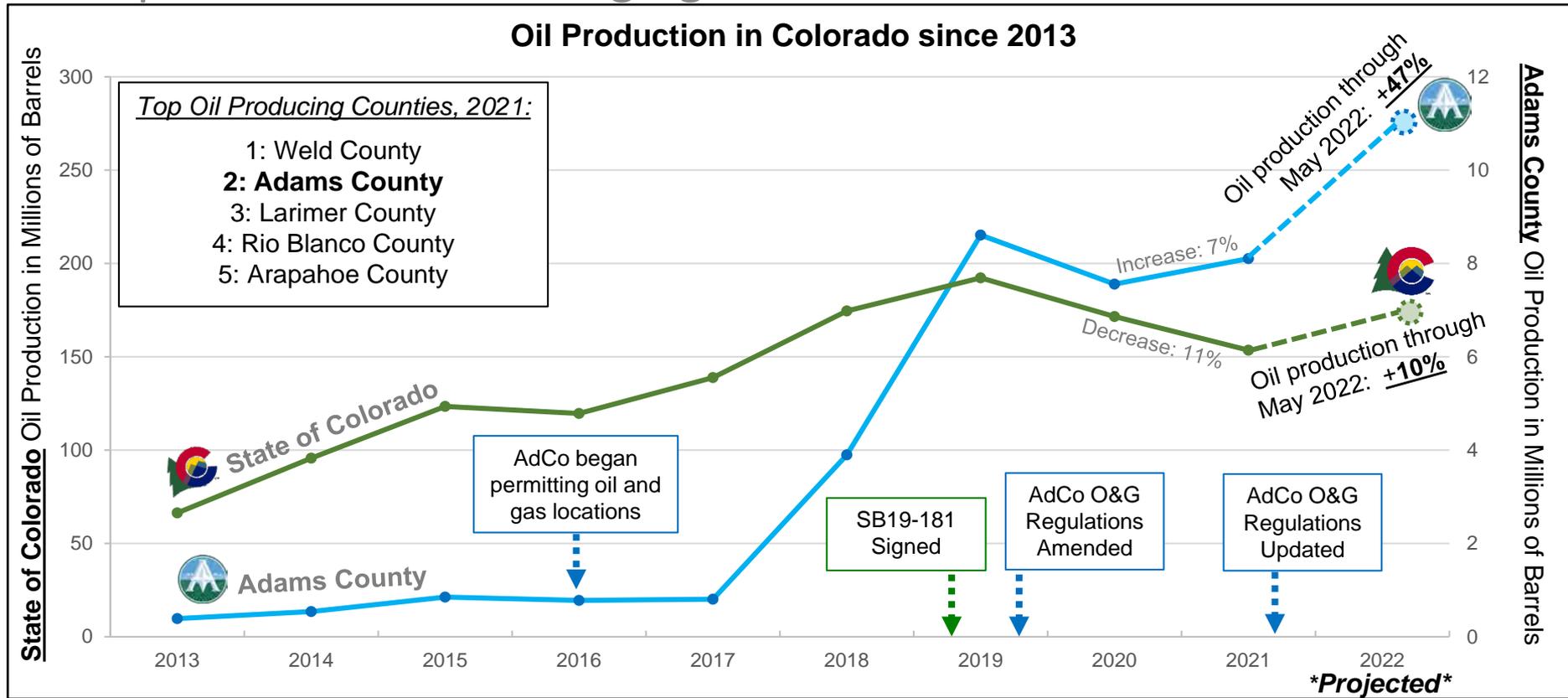
Oil & Gas Update

Oil production and drilling rig trends



Oil & Gas Update

Oil production and drilling rig trends



- AdCo has been the second largest oil producing county in the state since 2019. Oil production here increased in 2021 by 7.2% to 8.1 million+ barrels (5.3% of all oil statewide), while state and Weld County production declined by 10.5% and 12% respectively. December 2021 and January 2022 were the highest oil producing months in AdCo history, with 950,000+ barrels extracted each month.
- **Through May 2022, oil production in AdCo has increased 47.5% YOY, compared to state and Weld County increases of 10.3% and 7.3% respectively. 4 million+ barrels of oil has been produced in AdCo through May 2022, representing nearly 6% of all oil statewide. Updated: August 2022; Source: COGCC Data**

Oil & Gas Update

PDC Energy Acquisition of Great Western

- PDC Energy acquired all of Great Western's assets statewide in May 2022, making them the largest operator in AdCo
- PDC Energy now operates ~350+ wells in AdCo (40% of all active wells Countywide)
- PDC Energy operates 16 built pads in unincorporated AdCo, permitted for up to ~400 horizontal wells (~175+ drilled to date)

2021 Oil Production in Adams County – by Operator
8.1+ million barrels of oil produced

