

Notes from Interview of Christi Zeller and Julie Levy 1/18/13

Attendees:

Christi Zeller, Executive Director, La Plata County Energy Council

Julie Levy, President, La Plata County Energy Council Board of Directors and Director, Government and Public Affairs, BP

LWV Members:

Nadine Ancel

Deanna Collins

Julie Ward

Elaine Slade

Marilyn Holland

Marilyn Brown

La Plata County Energy Council, a non-profit trade association of gas and oil drillers, operators and producers in La Plata County, was founded in about 2000. Christi Zeller, a life-long resident of La Plata County, and a certified landman from 1987-2000, became the first executive director, a part-time position that has grown into a full time position. Most, if not all oil and gas industry organizations operating in La Plata County, including S. Ute-related Red Willow Production Company and Red Cedar Gathering Company, are members of the group. An effort is made to invite into membership all operators of any size, operating in La Plata County. Zeller maintains a phone number the public can call 24/7 as a hotline. Messages are checked at least every 24 hours.

Other areas of CO have trade associations like La Plata County Energy Council, such as Oil and Gas Association and Western Slope Oil and Gas Association in the Grand Junction area.

A wide-ranging frank discussion centered on whether the current COGCC/county process is working in La Plata County for all stakeholders given the mission of COGCC. The general answer from the industry standpoint is that yes, the process is working. The examples discussed where it appeared that the process isn't working can mostly be attributed to inadequate communications.

Zeller believes that every county should have a Local Government Designee (Courtney Roseberry for La Plata County) and cannot understand why all counties don't avail themselves of this option, which improves communication among all the stakeholders. She emphasized that the evolving COGCC structure with environmental specialists, local government liaisons and local government designees is an effective one. Both Zeller and Levy agreed that education of and communication with the public is one of the bigger problems.

COGCC website: Zeller admitted that the COGCC website is very difficult for the general public to use. She finds it easy to get around in and believes that surface owners who have questions about specific wells can find the information they need. She believes the FracFocus.org database mandated by the COGCC in April 2012, although time-consuming for the industry, is useful and being used. She admits that smaller operators

need reminders to use it. There was no discussion of the fact that FracFocus includes only fracking chemicals and not drilling or cleaning chemicals. [Later on the day of the interview Zeller spent an hour or so on the phone walking Deanna Collins through aspects of the COGCC website, looking in particular for records on a spill that the La Plata County Commissioners had testified before the COGCC about that neither Zeller nor Levy had heard about. The Notice of Violation was on the COGCC website but difficult to find. The LPC local government designee was copied on the notice. The LPC code is 067.]

She says industry is fine with COGCC having the last word if a conflict arises between county and COGCC rules because adjacent counties need similar rules. She mentioned one well in La Plata County, which is actually in Archuleta County as well.

There are 3347 producing wells in La Plata County, including those on S. Ute tribal lands. 71 permits were issued in 2012 and only 2 wells drilled. Permits expire after two years plus a one-year extension if requested. Horizontal and vertical fracking as well as conventional with seismic drilling is done in the county. Due to low natural gas prices, we essentially have a moratorium here in La Plata County.

Zeller believes we have over 20 disposal wells. She mentioned a recent example of the length of time it can take to get a injection disposal well permitted: 3 years through EPA, then 3 years for county approval, due to geologic testing required for certification of an appropriate formation for disposal and calculation of the appropriate amount of waste water the site can take. While many of our disposal wells are private, i.e., owned by specific operators, at least one is 'commercial', open to any driller for a fee. Sometimes operators cooperate and accept wastewater from each other into their disposal wells and sometimes wastewater is exchanged between CO and NM.

In 2000 several new rules were put in place, including that quarterly GORT (Gas and Oil Regulatory Team) meetings will take place in Durango, and that water testing would be conducted throughout the 'field'. Consequently, La Plata County has a 15-year history of water testing records that has been voluntarily conducted by industry. What is/was tested for was not discussed – methane? In La Plata County, oil and gas is the only industry that pays road impact fees.

Vandalism around well sites is a continuing problem, despite signage. Sometimes greater security, such as fences, is not possible because the surface owner doesn't want it. BP has conducted education programs in schools to warn of the dangers of riding pump jacks, etc.

BP Wildlife Mitigation Project: several years ago operators began to be required to mitigate for impacts on wildlife around well sites. BP, which controls 62% of the producing wells in La Plata County, decided to take a county-wide approach and worked with The Nature Conservancy and CO DOW to place wildlife sensitive lands in conservation easements with DOW as the monitor. No gas and oil development or development of any kind can take place on these lands.

Zeller also mentioned the 4M Project for the Fruitland Formation: modeling the geology, mapping the outcrop, monitoring and mitigating, presumably for fugitive methane seeping out of the outcrop. In that outcrop, methane seeps are being used to generate electricity. On the Southern Ute tribal lands, methane from seeps is captured in pipes and sold. Because of methane water well contamination in the mid/late-1980s in La Plata County, a Bradenhead testing program and improved cementing of well casings was implemented. [Bradenhead is a casing head in an oil or gas well having a stuffing box packed (as with rubber) to make a gastight connection.] Levy offered to lead LWV members on a tour of this project later in the spring.

Even though spills over 5 barrels are required to be reported, Zeller said that all spills by industry are reported in La Plata County. Well sites have telemetry so when a spill occurs, operators are immediately alerted allowing for immediate containment.

Although the state and county have specific setback rules for well sites from housing, a surface owner may obtain a waiver and build a house closer to a well than regulations specify. This may cause problems with future owners. Levy also pointed out that counties should have regulations preventing new construction within the setback area of a well after the well has been drilled.

Drilling in La Plata County began in the 1940s. Most drilling has also been in coalbed methane which is done differently and has different issues than shale oil and gas drilling. Zeller and Levy emphasized several times that because of the long history of oil and gas development in the county, there is a spirit of cooperation between industry, local government and surface owners. Problems still occur but the atmosphere is not as contentious as in other areas in the state and country. Because of its experience in the county, BP is exporting its knowledge about coalbed methane production to other areas of the world.

[Julie Levy, a former LWV member, paid dues to reinstate her membership, and Christi Zeller, who had been a LWV member while serving on the 9-R School Board, was given a membership form.]