

March 25, 2013

Julie and Ed,

As a follow-up to my conversation with Julie this morning, I drafted this narrative as an overview of the shale oil status on the west side of the County.

I've shared it with others who wrote me expressing their concerns.

Julie

Narrative:

I think that it is important that I explain what led me to believe the Memorandum of Understanding (MOU) with Swift Energy was the best course of action available to La Plata County.

Swift Energy applied to the Colorado Oil and Gas Commission for two "unit designations," for two exploratory wells.

La Plata County had two choices when Swift filed the applications with the State. We could intervene (in order to advocate for County residents) or not intervene (thereby leaving protection of County residents' interests to the Oil and Gas Commission). We, as County Commissioners, believed that it was advantageous to our County to intervene and negotiate parameters to the exploratory wells.

The MOU holds Swift to new State regulations for drilling that would not otherwise have applied. It requires testing of nearby domestic water wells, establishes rules by which Swift will compensate the County for costs for its use of the county roads, requires demonstration of water source, and, among other things, reiterates that Swift must adhere to the County's regulations related to buffering, lighting, dust, and other land use impacts.

Counties in Colorado are limited to regulating land use impacts. The State regulates water, noise, spacing, hazardous material transport, and technical drilling issues. Depending on the type of facility, the federal EPA or Southern Ute Indian Tribe regulates air quality issues.

While there have been residents of the west side of the County expressing concern about new oil and gas development, there are also residents who have expressed their desire to have energy development in the area. The

County does not have the authority to prohibit energy development. We can only work within our abilities to ensure that the development is done in as safe a manner as possible.

I can understand that west County residents may be frustrated that the County cannot do more.

I think that it is important to keep in mind that the Swift unit applications deal with two exploratory wells. The MOU does not obligate the County to agree to the same conditions for any future wells. It is not known whether Swift will find any oil or gas that is worth producing. It is premature to assume that because one company is seeking exploratory wells, that there will inevitably be an immediate rush for oil and gas production. Signing an MOU with Swift is not opening a flood gate. Every operator will have to apply for a permit and will be subject to State and County regulation. If it becomes clear that existing County regulations are not adequate to address our concerns, the County has the ability to put in place additional rules to minimize negative impacts of development.

I hope that this helps explain how I came to the conclusion that entering into the MOU with Swift Energy was in the best interest of the western County residents and County residents as a whole.

I appreciate your email expressing your concerns.

Julie Westendorff
La Plata County Commissioner
970 382-6217
1060 E. 2nd Ave.
Durango, CO 81301