



WESTERN RESOURCE
ADVOCATES



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COGCC 2012 Stakeholder Process:
Residential Setbacks



August 23, 2012



Question:

Are Colorado's current setbacks under Rule 603 adequate to protect public health and safety, in light of where and how operations are conducted in 2012?

**WHAT IS
FRACKING?**

Is it Drilling?
Or is it Mining?

What
Chemicals
are used?

Where
does the water
come from?

What
about the
Clean Water
Act?

Will it affect
our property
values?

**Where does
the water go
afterwards?**

What about
the
River?

What is
Endocrine
Disruption?

What is
the Marcellus
Shale?

What
have other
communities
experienced?

What about the
lakes & streams?

Where do
we learn more?

Commitment to a collaborative approach

- Thank you to stakeholders who have presented and listened throughout the process
- The door is open to discuss concerns as we move forward on hammering out a proposed rule

Identifying Common Ground: Principles with Broad Agreement

- We all use energy
- Protecting public health and the environment are paramount concerns
- Striking the right balance involves listening to valid concerns raised by all stakeholders
- Most or all of us support a clean energy future
- We all desire livable communities

What factors led to convening this group?

- Interest in considering changes to residential setbacks were tabled during the 2008 rulemaking
- COGCC recognized the importance of the issue, but ran short of time to craft a new rule
 - Tabled for later action
 - Citizens continue to consider it an urgent and leading concern
 - Top priority for public health from the outset

2012: What Is New or Different than 2008?

- More and more residents and communities are now potentially exposed to drilling and hydraulic fracturing
- Technology, geologic knowledge and operations have evolved since 2008
 - Focus of new drilling activity is shifting from the Piceance Basin in NW CO to the Niobrara on the Front Range
 - Leading operators in Niobrara have the capacity to drill up to 9,000 foot horizontally – unheard of in 2008
 - Piceance operators have drilled 50 or more bores on a single pad

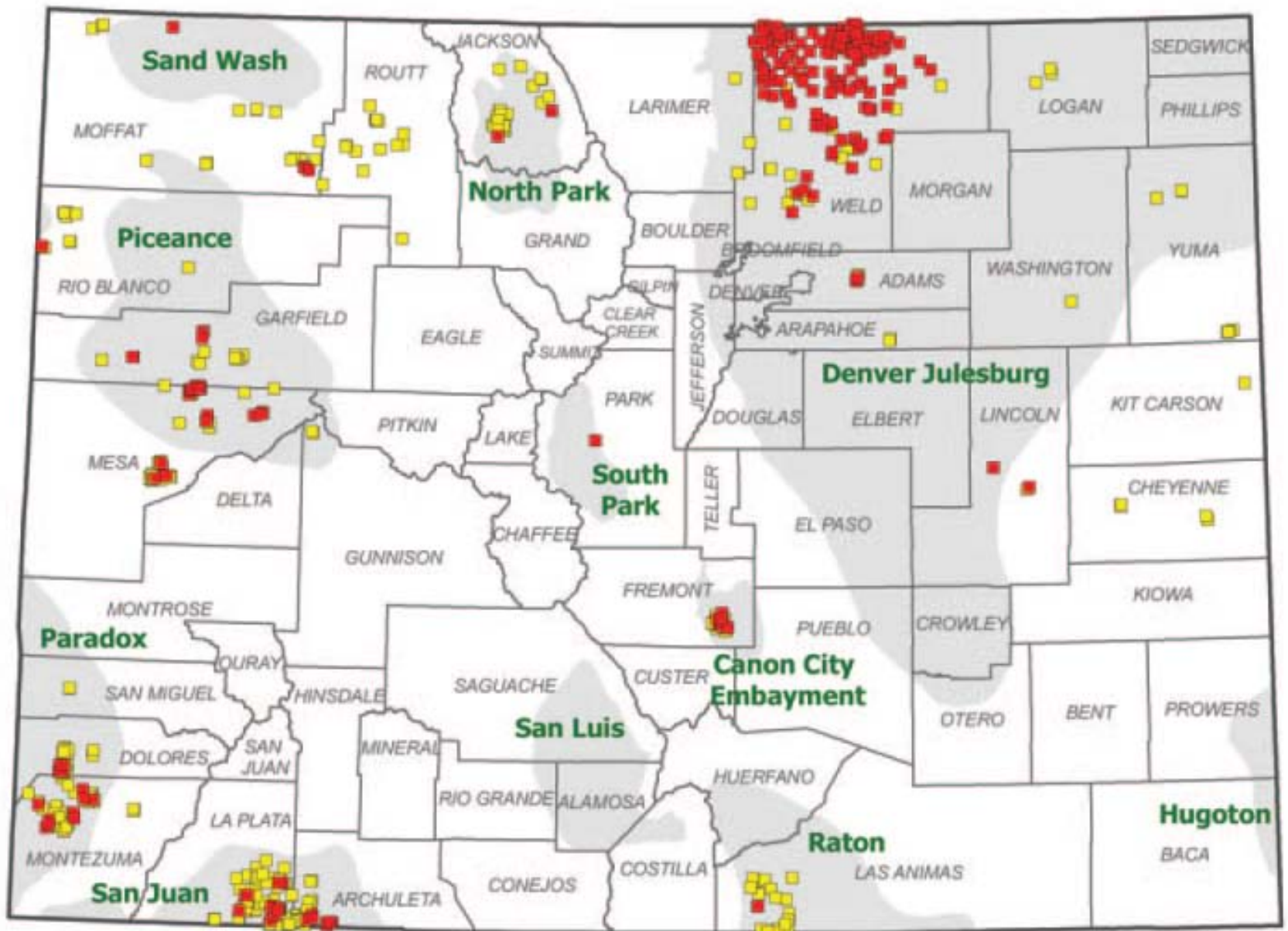
The Niobrara: Concerns and Opportunities

The "game changer" has been the combination of two well-known technologies — horizontal drilling and hydraulic fracturing — said Peter Dea, chief executive of Cirque Energy, a Denver-based independent driller in the Niobrara.

http://www.denverpost.com/business/ci_17807084#ixzz24JV0o92L

CGS, ROCKTALK:

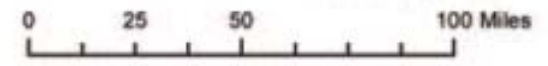
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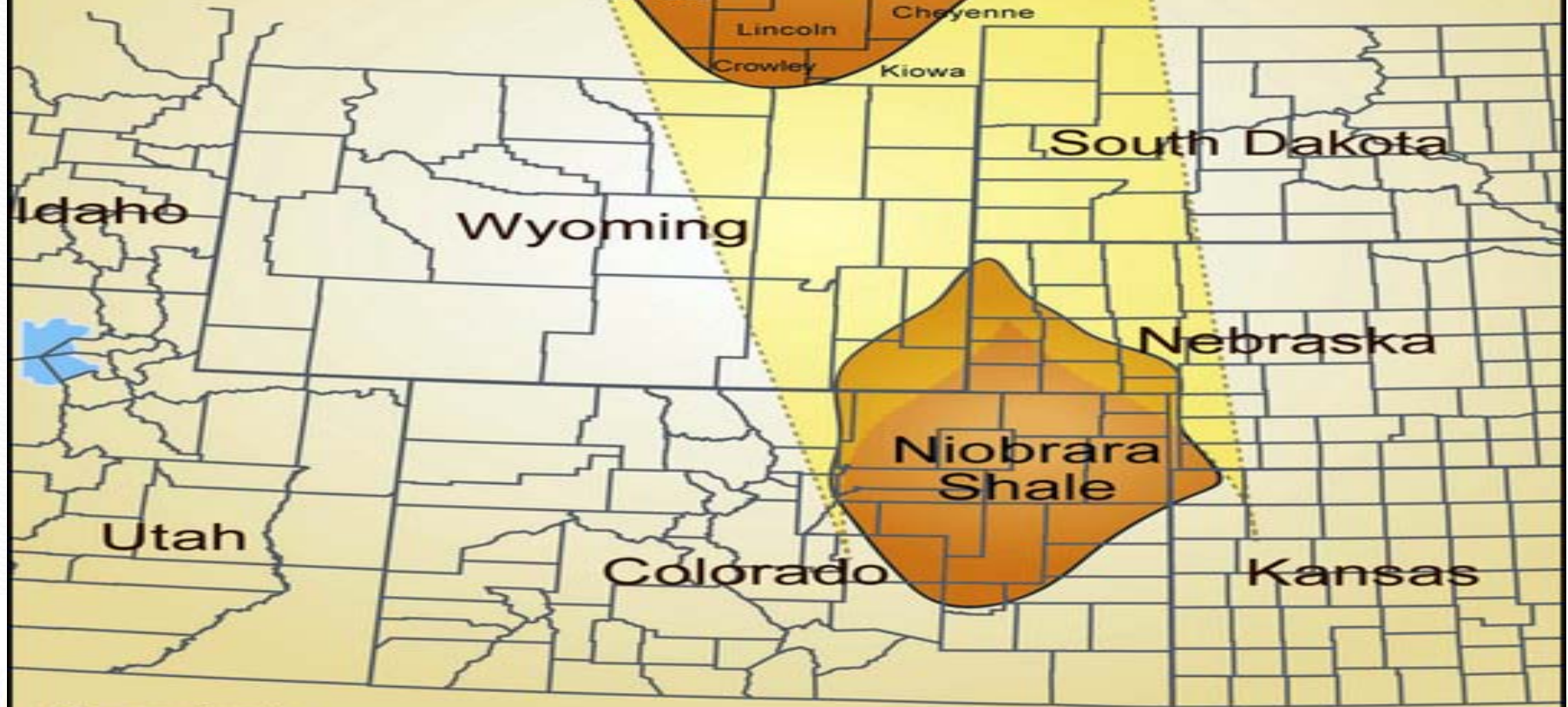
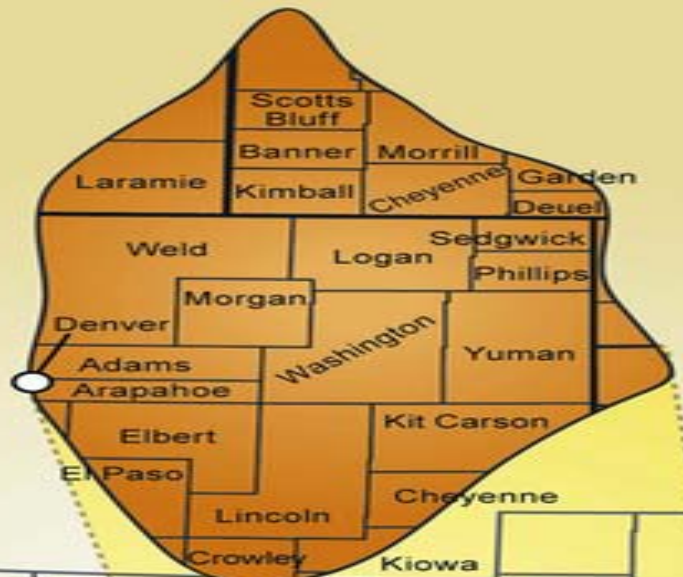


COGCC, 2010

Legend

- Horizontal Well Permits (2010)
- Horizontal Well Permits (1987- 2009)
- Oil and Gas Basins





*Approximate

Two Central Principles

1. Minimize quantities of materials of concern to reduce the risk of exposure
 - The less toxic or harmful chemicals or other products used, stored or transported in conjunction with operations, the better
2. Maximize distances to reduce the risks of exposure
 - The longer the distance between toxic materials and people, the less likely nearby residents will be exposed to unhealthy quantities that could have adverse health impacts
 - Applies both to normal operations and accidents or spills

“Social License to Operate”

- Like any other industry, oil and gas must strives to be a good neighbor and address community concerns
- This concept or phrase is borrowed from the “Golden Rules” World Energy Outlook Report published this year, http://www.worldenergyoutlook.org/media/weowebiste/2012/goldenrules/WEO2012_GoldenRulesReport.pdf.

Longer Setbacks Have Proven Workable

- La Plata County successfully administers a 450 foot setback
 - Technology has improved significantly since first approved
- Longmont's new regs approved a 750 foot setback
 - First drilling plan appears to have found a way to meet or exceed
- Several states longer than Colorado
 - Maryland: 1,000 feet
 - West Virginia: 625 feet
 - Pennsylvania, Louisiana & North Dakota: 500 feet

Proposed Changes to Rule 603

- WRA, SJCA & WCC letter dated July 25, 2012:
 - Increased residential setback of 1,000 feet
 - Only residences, not all structures
 - Tiered rule providing a greater 1,500 setback for public facilities including schools and hospitals
 - Explore the potential for mandatory best practices to reduce quantities of toxic substances
 - Look at the big picture by addressing other concerns regarding today's oil and gas footprint, technologies and risks
 - Water quality, planning and drilling technologies

COGA Conference (August 15, 2012)

Governor Hickenlooper stated that several initiatives warrant attention:

- Setbacks
- Fugitive methane emissions
- Wellbore integrity standards and testing
- Baseline water testing and monitoring going to water quality protection

Residents' Concerns re: Drilling Near Neighborhoods

- Local elected officials have been increasingly hearing from residents
- What can we do at state level to address those concerns?
- Can updating state rules go a long way towards addressing residents' concerns about health and safety, and industry's concerns about the overall regulatory framework?
- Can we avoid more litigation between the State and political subdivisions of the State?

Questions & Concepts I

- How can we work collaboratively to identify solutions that protect public health and address the concerns of other stakeholders?
- What is the proper scope of a rulemaking?
 - Just Rule 603, or broader? Scope of 603 topics?
- What about planning?
 - Are there existing rules that have been under-utilized?
 - CDPs under Rule 216 or a Gap UNDER 503?

Questions and Concepts II

- Are legislative approaches better suited to address certain issues?
- What issues may depend largely on inspection, enforcement, response, and education?
- Can COGCC develop a fact sheet on target mineral formations including a summary of features and proven/potential drilling technologies?

Closing Questions

- Is it time to get started on formulating a draft rule?
- What needs to be done to integrate natural gas into the Clean Energy Vision that outlines a climate-friendly future for Colorado and the region?
 - <http://www.westernresourceadvocates.org/energy/cev.php>

What's at stake?

- Healthy environment and communities
- A livable climate
- Jobs and prosperity
- Energy

