

**BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO**

IN THE MATTER OF AN AMENDED)
APPLICATION BY 8 NORTH LLC FOR)
AN ORDER ESTABLISHING A 2,720-ACRE)
DRILLING AND SPACING UNIT FOR) CAUSE NO. 407
SECTIONS 13, 14, 23, AND 24, TOWNSHIP 2)
NORTH, RANGE 69 WEST, 6TH P.M. AND)
SECTION 18, TOWNSHIP 2 NORTH, RANGE) DOCKET NO. 171000695
68 WEST, 6TH P.M, FOR HORIZONTAL)
WELL DEVELOPMENT OF THE)
CODELL AND NIOBRARA FORMATIONS,) TYPE: SPACING
WATTENBERG FIELD, BOULDER AND)
WELD COUNTIES, COLORADO)

IN THE MATTER OF AN APPLICATION)
BY 8 NORTH LLC FOR AN ORDER)
AUTHORIZING AN ADDITIONAL)
THIRTY-ONE (31) HORIZONTAL WELLS,)
FOR A TOTAL OF THIRTY-TWO (32))
HORIZONTAL WELLS, FOR PRODUCTION) CAUSE NO. 407
FROM THE CODELL AND NIOBRARA)
FORMATIONS IN AN APPROXIMATE)
2,720-ACRE DRILLING AND SPACING) DOCKET NO. 171200774
UNIT PROPOSED FOR SECTIONS 13, 14, 23,)
AND 24, TOWNSHIP 2 NORTH, RANGE 69)
WEST, 6TH P.M. AND SECTION 18,) TYPE: ADDITIONAL DENSITY
TOWNSHIP 2 NORTH, RANGE 68 WEST,)
6TH P.M., WATTENBERG FIELD, BOULDER)
AND WELD COUNTIES, COLORADO)

BOULDER COUNTY’S PRE-HEARING STATEMENT

Pursuant to the Hearing Officer’s Amended Case Management Order, Boulder County submits this Pre-Hearing Statement in the combined above-captioned matters.

1. BOULDER COUNTY’S CLAIMS AND DEFENSES.

- a. The County is an Owner, as that term is defined by statute, of interests on, within and under the Application Lands. The County is also the Local Government with land use jurisdiction for the Application Lands and has elected to intervene as a matter of right on behalf of its citizens. In its capacity as regulator of land use, the County states: (i) that the public issues raised by the Application reasonably

relate to significant adverse impacts to the public health, safety and welfare of citizens, including environment and wildlife resources that are within the Commission's jurisdiction to remedy; (ii) that potential impacts are not adequately addressed by the Application; and (iii) that the potential impacts are not adequately addressed by the Rules and Regulations of the Commission. These impacts may adversely affect public health, safety and welfare, damage private and public mineral and surface rights, allow the drilling of unnecessary and uneconomic wells, damage important environmental and agricultural resources, create waste and damage correlative rights.

- b. The Application Lands include numerous, critical agricultural and ecological resources, including the following. Further information on these resources will be provided at the hearing.
 - i. Dry Creek runs through the Application Lands, which include areas of significant concern: floodplain and floodway risks, riparian and wildlife habitat.
 - ii. Wetlands in the Application Lands provide wildlife habitat and important water filtering and preserving functions.
 - iii. The Application Lands contain some of the County's most productive, arable, irrigated agricultural lands. These lands are under active production and entail the use of five existing center-pivot irrigation systems that cannot be disturbed.
 - iv. Numerous residences are located throughout the Application Lands.
 - v. Sunflower Farm, a public gathering place and early childhood educational center, is located in the Application Lands.
 - vi. The Application Lands contain geological features that affect the stability of the surface.
 - vii. County roads in the Application Lands will be impacted by oil and gas development.
- c. Four leases in the Application Lands to which the County is successor lessor, Boulder County Clerk and Recorder Reception Nos. 323938, 387761, 387762, 387763, can only be combined into units "not exceeding the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such . . . unitization." The only relevant spacing order for Section 24, T2N, R69W in effect at this time is Commission Order 407-87, which establishes 80-acre units per well. Therefore, no unit can be established including these lands that is larger than 80 acres.
 - i. The County contacted 8 North to confirm that it is the successor lessee to these leases and to obtain its legal position on the meaning of the language therein.

- ii. In response, after more than a month, 8 North did not confirm whether it has assumed these leases. It stated only that it disagrees with the County’s reading of the leases and generally that the County’s concerns were “without merit.” However, 8 North did not provide any substantive explanation of its position. Thus, the parties have a lease dispute that they are unable to resolve cooperatively.
 - iii. While the Commission does not interpret the meaning or effect of oil and gas leases, it may choose to table this matter while a foundational lease issue is resolved. This is the prudent course because, as a result of 8 North’s failure to enter a meaningful dialog, the County may need to resolve the issue of the propriety of the leases in court.
- d. On July 1, 2018, S.B. 18-230 is slated to go into effect, amending Section 34-60-116, C.R.S. with regard to spacing orders. Under the amendments, a spacing order will be allowed to authorize more than one well, which affects the legal arguments raised in the County’s petition for intervention and protest. Nonetheless, 8 North’s applications remain legally flawed.
- i. S.B. 18-230 did not amend subsection (2) of the statute, which describes how a unit is to be determined. On evidence at a hearing, the Commission must determine “the existence of a pool and the appropriate acreage to be embraced within a drilling unit.” § 34-60-116(2), C.R.S. However, the Commission cannot comply with § 34-60-116(2) by determining the existence of a pool because the hydrocarbons are tightly bound in the rock, as demonstrated by the prevalence of hydraulic fracturing to develop the subject formations; moreover, after the enactment of S.B. 18-230, the Commission cannot determine the appropriateness of a unit based on the area that can be drained by a single well. In light of the S.B. 18-230 amendment to subsection (3) authorizing an initial spacing order to allow for more than one well, and in light of the tightly bound nature of the hydrocarbons, the statute no longer provides any rational basis on which the Commission can determine the existence of a pool or the appropriate acreage to be embraced within a drilling unit. 8 North cannot present evidence to demonstrate why its proposed unit in Docket No. 171000694 is an appropriate drilling and spacing unit when there is no identifiable reservoir of hydrocarbons with defined limits. Instead, the proposed unit becomes an arbitrary designation that gives 8 North the extraordinary right to statutorily pool nonconsenting mineral owners in the area. The Commission cannot comply with the statute under the circumstances and should not approve the proposed unit without a rational basis in fact.

- ii. 8 North's application in 171200774 still requests additional wells in the Application Lands, which is governed by the unamended Section 34-60-116(4), C.R.S. That section limits the authorization for additional wells in established units to the prevention of waste and unnecessary wells or to protect correlative rights. None of those matters can properly be determined for a given unit without evidence based on existing production on the newly-established unit.
- e. In making its determination on the subject applications, the Commission must apply the standards set forth in *Martinez et al. v. Colorado Oil and Gas Conservation Commission*, 2017 COA 37 (March 23, 2017), *cert. pending*. In particular, the Commission must determine that, allowing for the establishment of a spacing unit of the proposed size in the proposed location will not be detrimental to public health and safety or the environment and wildlife.

2. WITNESS LIST.

Boulder County may call the following witnesses.

- a. Kimberly Sanchez, Senior Chief Planner and Local Government Designee, Boulder County Land Use Department. Ms. Sanchez will testify to the potential adverse impacts of intensive oil and gas development in the Application Lands. Anticipated time of direct testimony: 20 minutes.
- b. Janis Whisman, Real Estate Division Manager, Boulder County Parks and Open Space Department. Ms. Whisman will testify to the County's surface and mineral ownership and the public funds program with which it was purchased. Anticipated time of direct testimony: 15 minutes.
- c. Patrick Murphy, Oil and Gas Specialist, Boulder County Public Health. Mr. Murphy will testify to the air quality impacts of oil and gas facilities in Boulder and Weld counties. Anticipated time of direct testimony: 10 minutes.
- d. Dave Hoerath, Wildlife Biologist, Boulder County Parks and Open Space Department. Mr. Hoerath will testify to the wildlife resources in the Application Lands. Anticipated time of direct testimony: 5 minutes.
- e. Nathan Teich, Plant Ecologist, Boulder County Parks and Open Space Department. Mr. Teich will testify to the vegetation resources in the Application Lands. Anticipated time of direct testimony: 5 minutes.
- f. Rob Alexander, Senior Resource Specialist, Boulder County Parks and Open Space Department. Mr. Alexander will testify to the agricultural resources in the Application Lands. Anticipated time of direct testimony: 5 minutes.
- g. All other witnesses required for rebuttal.

3. EXHIBIT LIST.

The following exhibits, together with all other exhibits required for rebuttal are filed concurrently with this Pre-Hearing Statement. The County proposes to project some or all of these exhibits electronically at the hearing.

- A. Map—Overview of Eastern Boulder County
- B. Map—County Surface Ownership in the Application Lands
- C. Map—County Mineral Ownership in the Application Lands
- D. Map—Agricultural Resources in the Application Lands
- E. Map—Water resources in the Application Lands
- F. Map—Habitations in the Application Lands
- G. Map—Floodplain and floodway features in the Application Lands
- H. Map—Geological Features in the Application Lands
- I. Boulder County Resolution 2016-77
- J. Boulder County Voluntary Inspection Program Results Excerpts
- K. Oil and Gas Leases
- L. § 34-60-116, C.R.S.
- M. S.B. 18-230
- N. Photo—center pivot irrigation on Pace Open Space
- O. Chart Defining Agricultural Lands of Importance

4. OPEN LEGAL ISSUES.

Other than those issues listed in Section 1 above to be determined at the hearing, the County is not aware of other open legal issues.

5. RELIEF REQUESTED.

Boulder County requests the following relief:

- 1. The spacing application in Docket No. 171000695 should be denied because:
 - a. Insufficient evidence exists to demonstrate the existence of a pool and the necessity of a 2,720-acre unit for development;

- b. The surface resources in the Application Lands are subject to adverse impact to public health and safety and to the environment and wildlife resources that are not addressed by the application.
2. The additional wells application in Docket No. 171200774 should be denied because:
 - a. There is no evidence of production in the proposed unit on which the commission can determine the need for 31 additional (or 32 total) wells;
 - b. The intensity of development entailed in the application poses potential severe adverse impacts to public health and safety and to the environment and wildlife resources that are not addressed by the application.
3. In the alternative, the spacing application, Docket No. 171000695, should be tabled until the parties can resolve the lease dispute regarding unitization limits and the associated additional wells application should be tabled pending establishment of a unit.
4. Also in the alternative, if the Commission finds that the proposed drilling and spacing unit and additional wells are appropriate on the basis of evidence presented, it should limit surface drilling locations to 8 North's proposed site in the S1/2 SW1/4 of Section 18, Township 2N, Range 68W, as a condition of approval.

6. ESTIMATED TIME REQUIRED.

Boulder County estimates that it needs 90 minutes for opening and closing statements and presentation of direct and rebuttal evidence.

Dated this 21st day of June 2018.

Respectfully submitted,

**BOULDER COUNTY ATTORNEY'S
OFFICE**

By: 

Katherine A. Burke, #35716
Senior Assistant County Attorney
David Hughes, #24425
Deputy County Attorney
P.O. Box 471
Boulder, CO 80306
kaburke@bouldercounty.org
dhughes@bouldercounty.org

**ATTORNEYS FOR INTERVENOR
BOULDER COUNTY**

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of June 2018, a true and correct copy of **BOULDER COUNTY'S PRE-HEARING STATEMENT** has been filed with the COGCC and served electronically to the following entities that require notice of such filing:

James P. Rouse
Hearing Officer
Oil and Gas Conservation Commission
1120 Lincoln Street, Ste. 801
Denver, CO 80203
james.rouse@state.co.us

Jillian Fulcher
Jobediah J. Rittenhouse
James Parrot
Beatty & Wozniak, P.C.
jfulcher@bwenergylaw.com
jrittenhouse@bwenergylaw.com
jparrot@bwenergylaw.com

Jamie Jost
Kelsey Wasylenky
Jost Energy Law, P.C.
jjost@jostenergylaw.com
kwasylenky@jostenergylaw.com

Dan Kramer
Assistant City Attorney
City of Longmont
dan.kramer@longmontcolorado.gov



Cathy Peterson
Legal Assistant




Docket Nos. 171000695 and 171200774

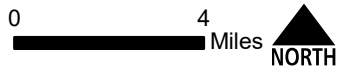
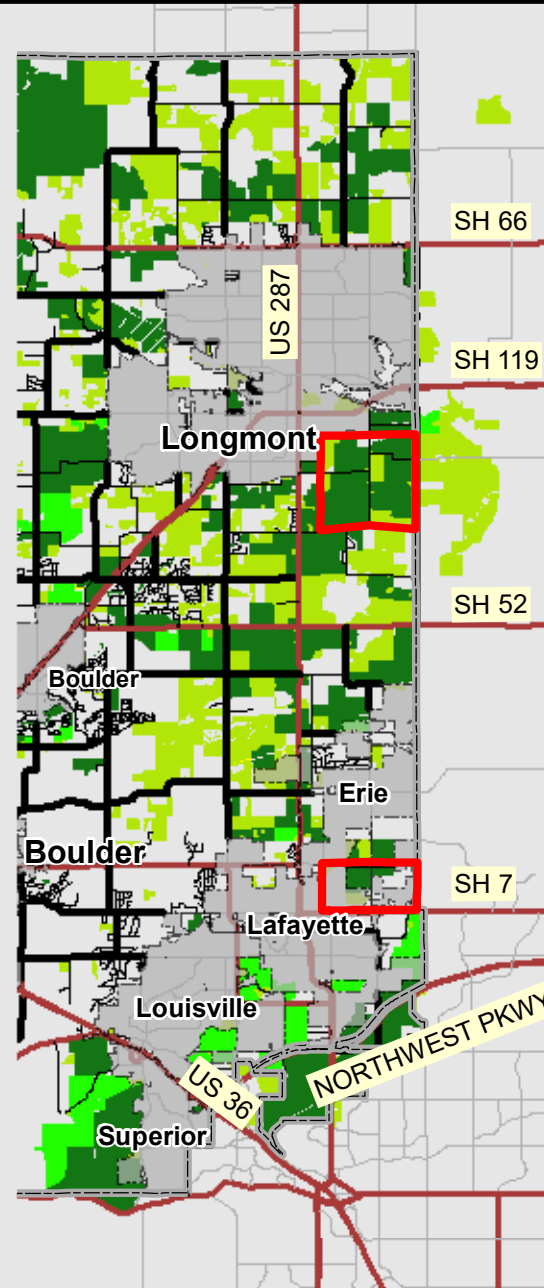
EXHIBIT A

Overview

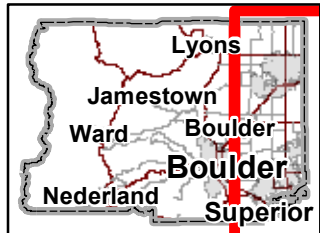
8 North LLC Drilling Spacing Units

Legend

 Drilling Spacing



Area of Detail Date: 6/21/2018







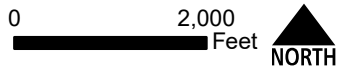
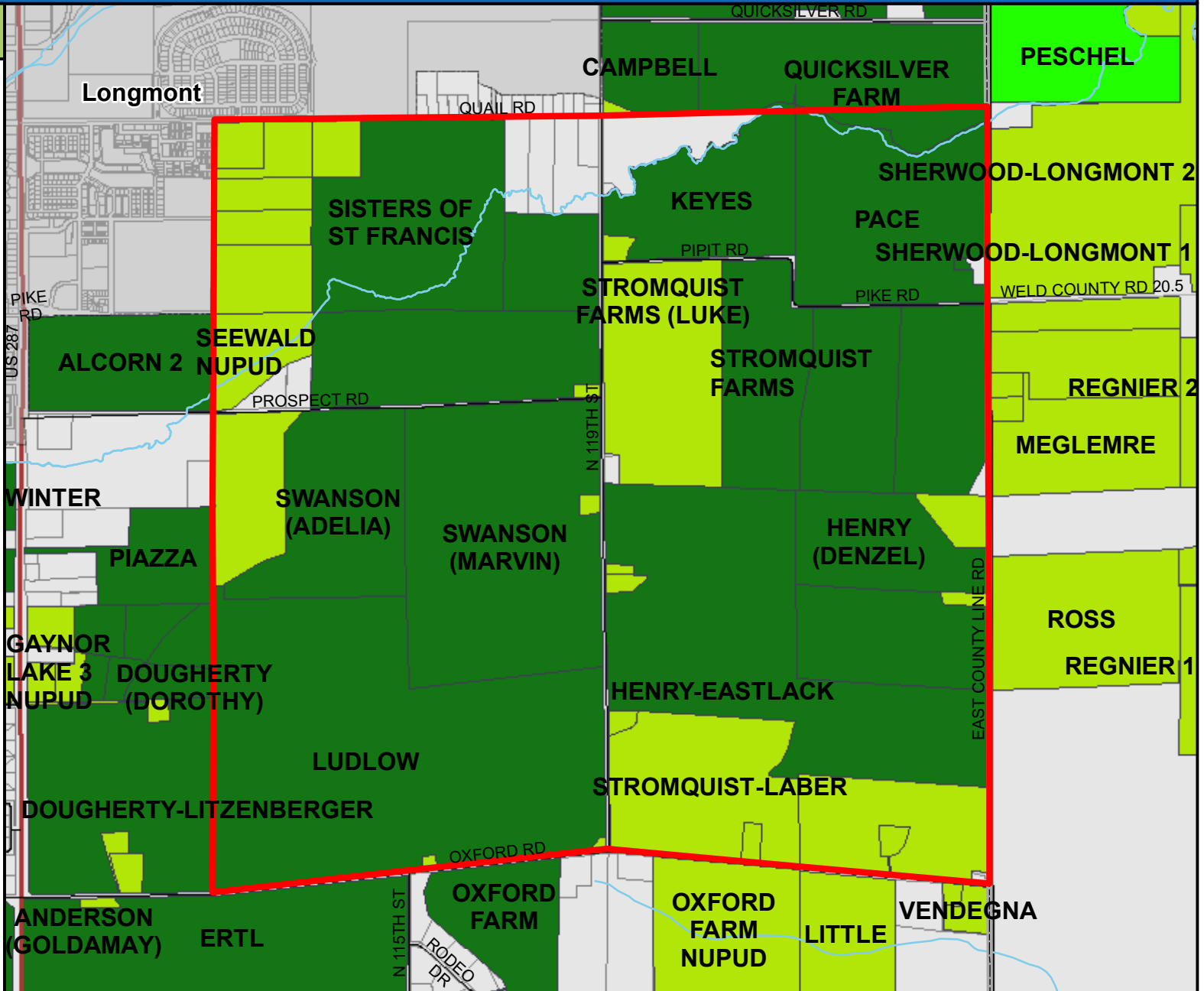
Docket Nos. 171000695 and 171200774

EXHIBIT B

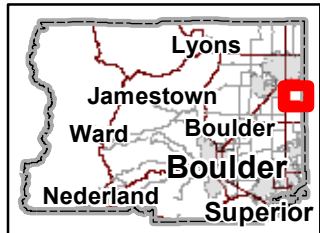
Boulder County Open Space Surface Ownership

Legend

-  Drilling Spacing Unit
-  County Open Space
-  Joint County and Municipal Open Space
-  County Conservation Easement



Area of Detail Date: 6/21/2018





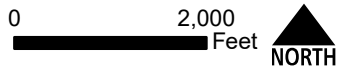
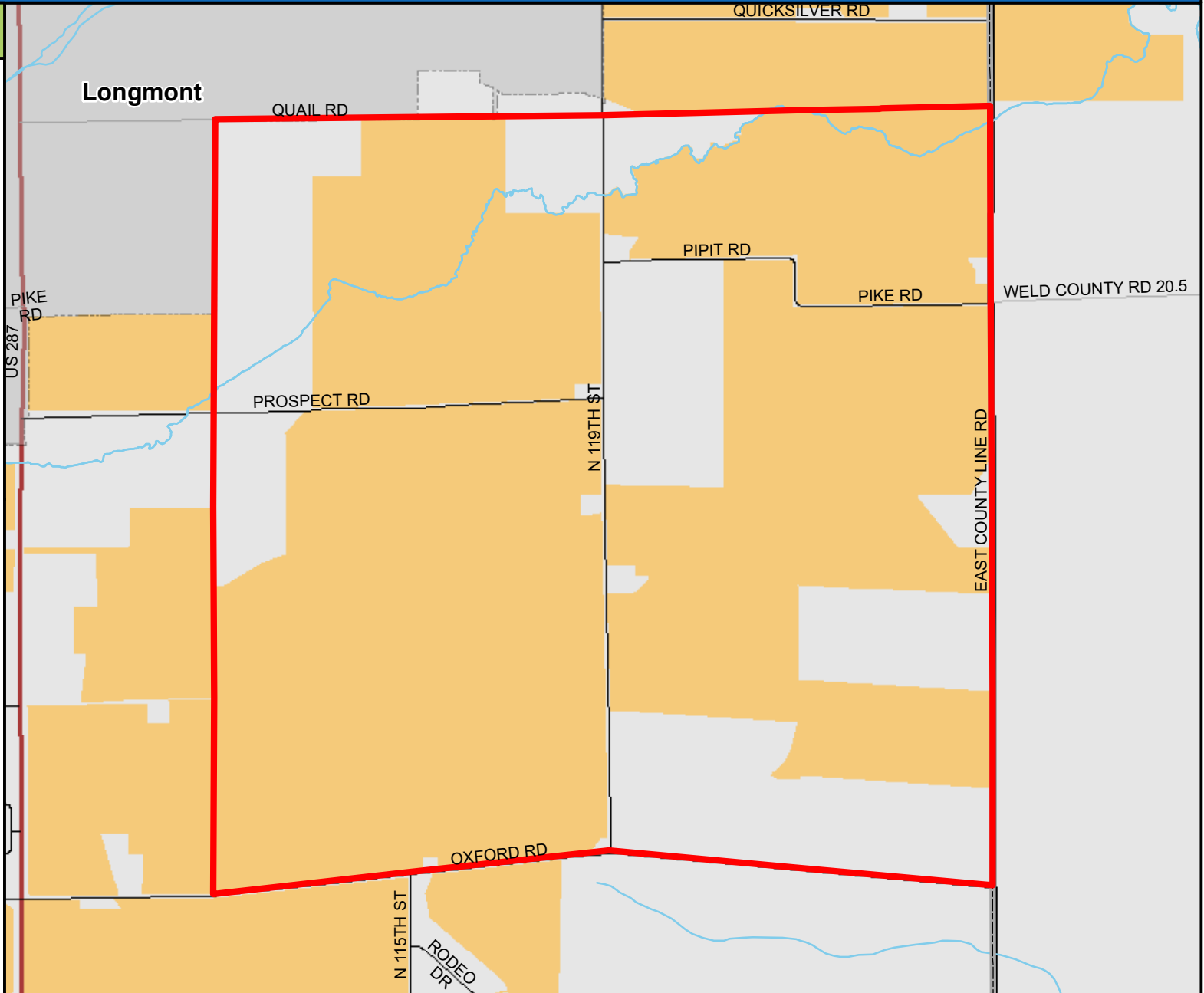
Docket Nos. 171000695 and 171200774

EXHIBIT C

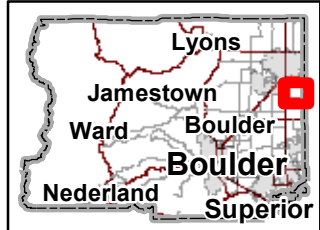
Boulder County Open Space Mineral Ownership

Legend

- Drilling Spacing Unit
- County Open Space Where County Owns Minerals



Area of Detail Date: 6/21/2018

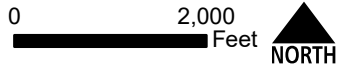
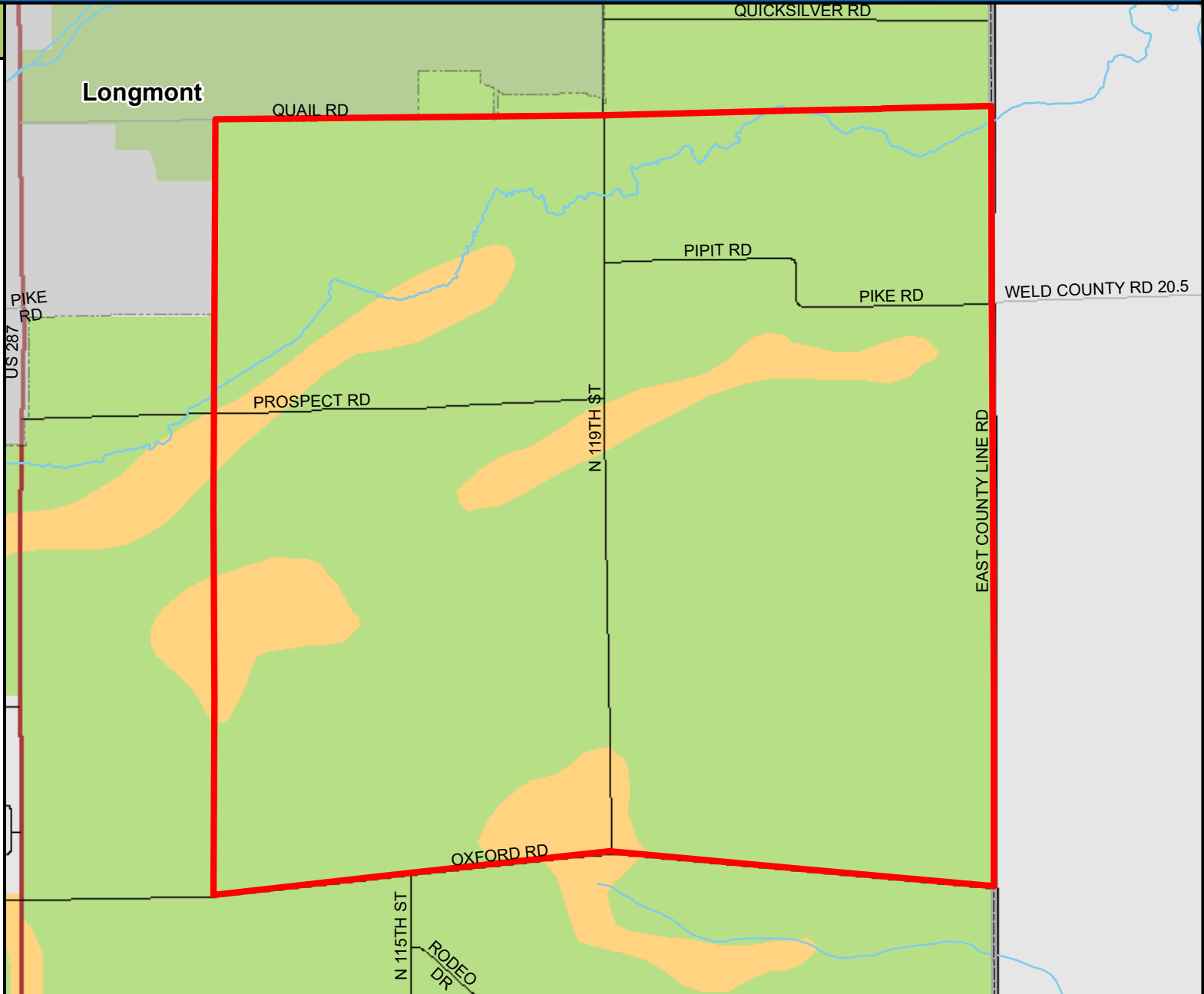




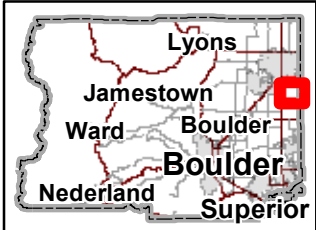
Docket Nos. 171000695 and 171200774 **Boulder County Comprehensive Plan**
EXHIBIT D **Significant Agricultural Land**

Legend

-  Drilling Spacing Unit
-  Agricultural Land of National Importance
-  Agricultural Land of Statewide Importance



Area of Detail Date: 6/21/2018



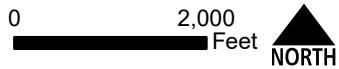


Docket Nos. 171000695 and 171200774

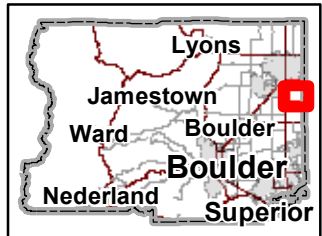
Boulder County EXHIBIT E Water Resources, Wetlands and Riparian Areas

Legend

-  Drilling Spacing Unit
-  BCCP Riparian Areas
-  BCCP Wetlands
-  Perennial Stream
-  Intermittent Stream
-  Slough
-  Main Ditch
-  Lateral Ditch
-  Field Lateral
-  Aqueduct - Underground
-  Tailwater Ditch
-  Drain Tile



Area of Detail Date: 6/21/2018





Docket Nos. 171000695 and 171200774

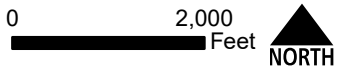
EXHIBIT F

Boulder County Habitations

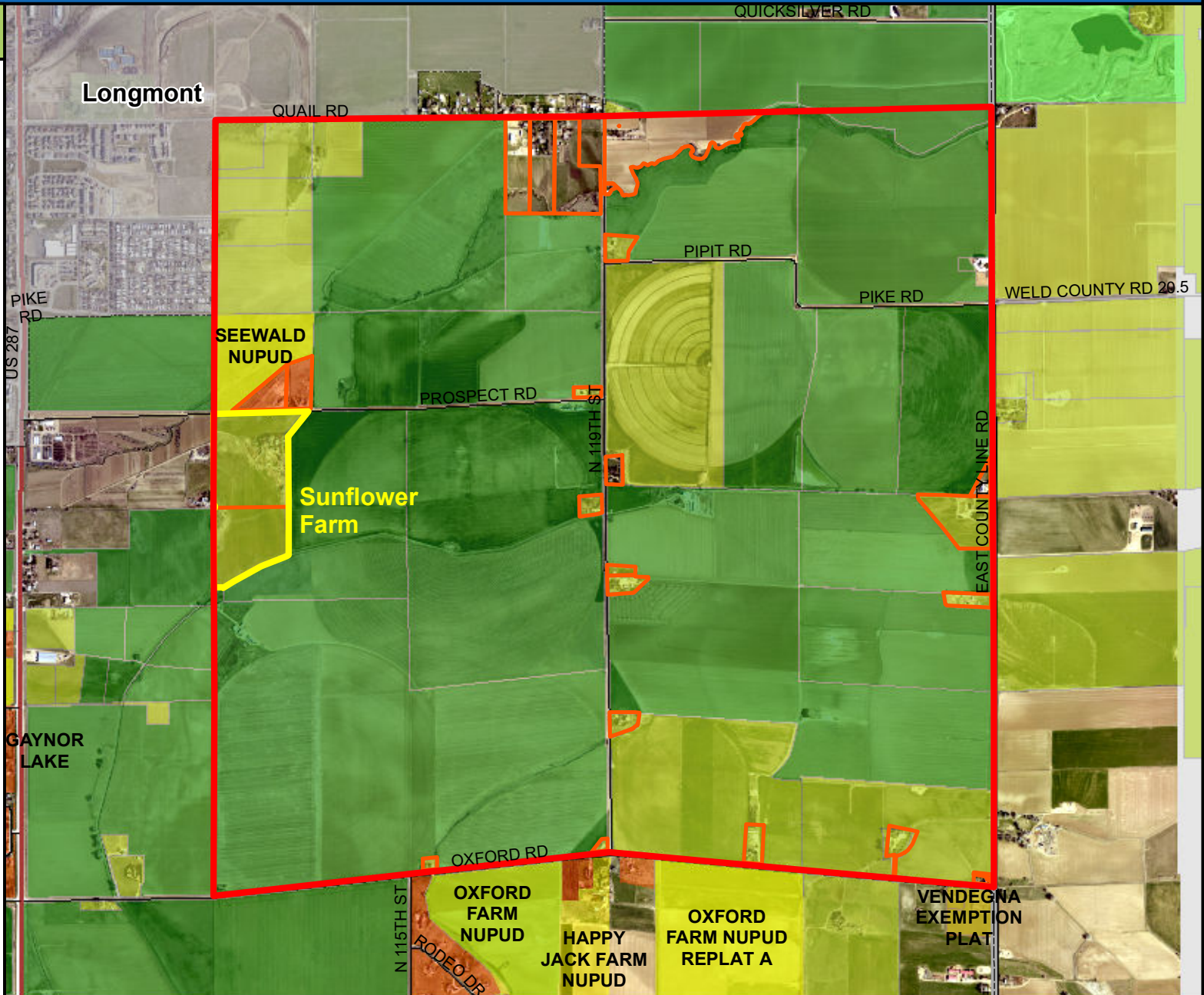
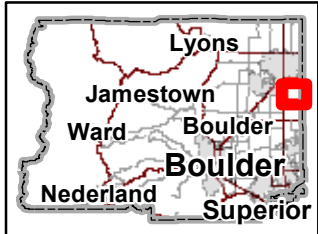
Legend

- Drilling Spacing Unit
- Residential Parcels
- Sunflower Farm (Public Farm, Preschool, Farm Program and Camps)
- Subdivision
- Subdivision Outlot

Housing Units	25	
Population Estimate	60	
Unincorporated	2,498 ac.	100.0%
County Owned		
Open Space	1,799 ac.	72.3%
County Conservation		
Easement	487 ac.	19.6%
Private Land	202 ac.	8.1%



Area of Detail Date: 6/21/2018










Docket Nos. 171000695 and 171200774

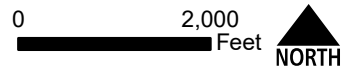
Boulder County

EXHIBIT G

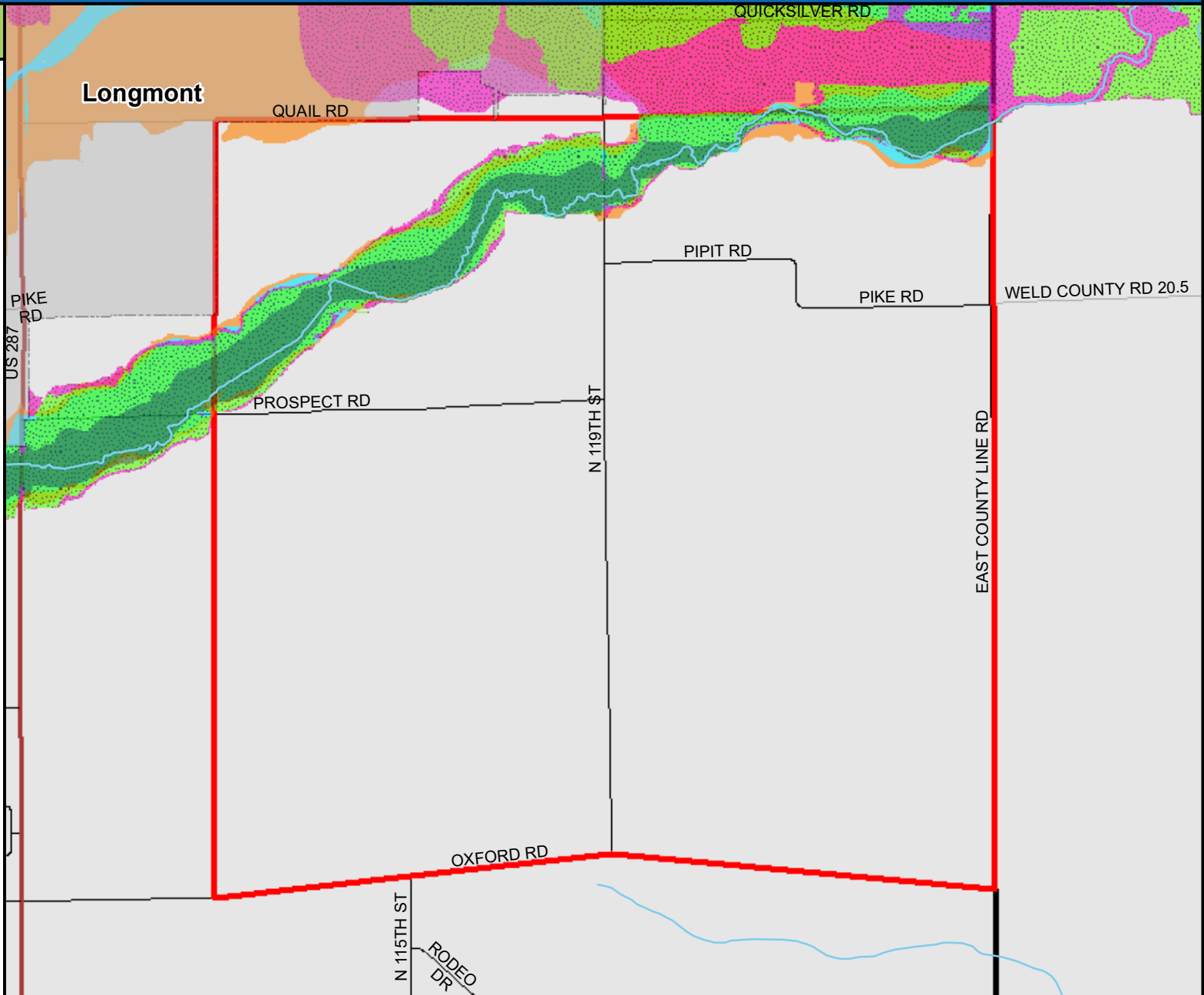
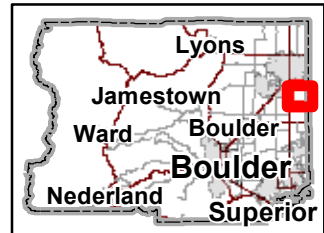
Floodplain and Floodway - Dry Creek #2

Legend

-  Drilling Spacing Unit
-  Floodway (Boulder County)
-  100-Year Floodplain - Zones AE, A, AO, and AH (Boulder County)
-  500-Year Floodplain - Zone X500 (Boulder County)
-  100-Year Floodplain - Zones AE, A, AO and AH (FEMA)
-  500-Year Floodplain - Zone X500 (FEMA)



Area of Detail Date: 6/21/2018

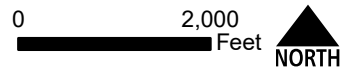




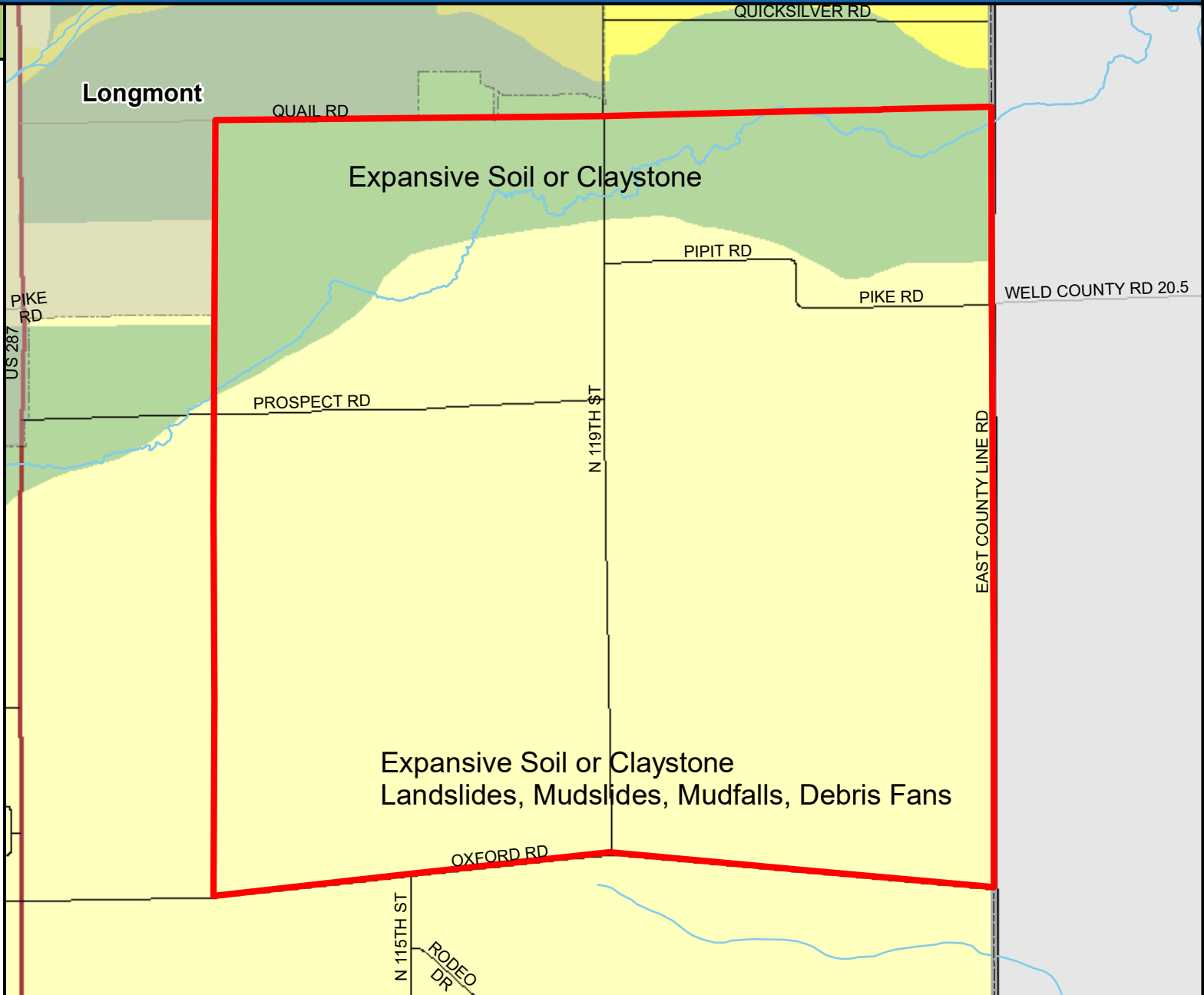
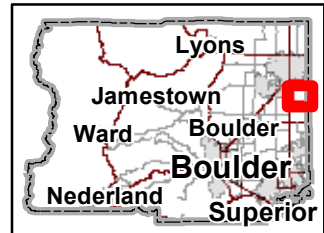
Docket Nos. 171000695 and 171200774 **Boulder County Comprehensive Plan**
EXHIBIT H **Geological Features**

Legend

- Drilling Spacing Unit
- Moderate Geologic Hazard Area
Significant Problems
Provisional Risk
- Moderate Geologic Constraint Area
Significant Problems
Provisional Risk
- Minor Geologic Constraint Area
Nominal Risk



Area of Detail Date: 6/21/2018



RESOLUTION 2016-77

A Resolution of the Board of County Commissioners of Boulder County describing a proposal to extend one-half (0.125%) of the existing 0.25% countywide open space sales and use tax for the purpose of continuing to fund the open space program; for the issuance of open space capital improvement trust fund bonds through a multiple-fiscal year commitment of revenues from such tax and from other open space sales and use tax revenues, general fund moneys and other legally available funds; a voter-approved revenue change; and providing other matters relating thereto.

Recitals:

A. Article 2, Title 29, Colorado Revised Statutes, as amended (hereinafter the “Article”), provides for the imposition of a countywide sales and use tax upon approval of a majority of the registered electors of Boulder County, Colorado (the “County”) voting on such question.

B. There is a continuing need in the County for preservation of open space land, including acquisition of key remaining properties and conservation easements and the continued management and maintenance of existing open space areas.

C. Due to the accomplishments of the open space program in the years since its inception, the Board of County Commissioners (the “Board”) finds that the County’s remaining open space acquisition and conservation goals and the ongoing management and maintenance of open space lands may be achieved through continued funding from the extension of one-half (0.125%) of the existing 0.25% countywide open space sales and use tax.

D. On November 2, 1993, the voters of the County approved a 0.25% countywide sales and use tax and issuance of revenue bonds for the acquisition, improvement, management and maintenance of open space lands and other open space property interests, as described in Resolution 93-174.

E. On November 2, 1999, the voters of the County approved a proposal for the extension of the 0.25% countywide open space sales and use tax for an additional period of ten (10) years to and including December 31, 2019, and issuance of additional open space sales and use tax revenue bonds, as described in Resolution 99-111.

F. The Board now desires to refer the extension of one-half of the 0.25% countywide sales and use tax at a rate of 0.125% for an additional period of fifteen (15) years to be effective through December 31, 2034, and authorization for issuance of bonds payable from the revenues thereof, to the registered electors of the County, to be determined by a majority voting thereon.

G. The goals of the County open space program, as originally stated in Resolution 93-174, and as modified over time, have not as yet been fully realized, in that there are lands and areas for which property interests should be acquired in order to create trails and open space buffers for communities, protect wildlife habitat and preserve important agricultural lands; and these lands need to be managed and in some cases, restored.

H. As such, there remains a critical need for the preservation and stewardship of open space lands in the County, preserved open space being a fundamental shared value of the citizens of the County, which open space lands can be used for purposes including but not limited to buffers to preserve community identity, natural areas, wildlife habitat and wetlands, allow continuation of existing visual corridors and offer passive recreational use through the development of a recreational trail system, and therefore there is critical need for countywide sales and use taxes to finance the acquisition and limited improvement of said lands.

I. It is more cost-effective to purchase lands and complete improvements now rather than wait until additional revenues are realized from currently approved sources, since the price inflation of land costs is several times greater than the financing costs through tax-exempt bonds.

J. Proposing to extend the 0.25% countywide sales and use tax at a rate of 0.125% for a period of fifteen (15) additional years from its current expiration to be effective through December 31, 2034, with future revenues to be expended for open space acquisition and improvement, for repayment of capital improvement trust fund bonds, and for maintenance and management of open space lands, in accordance with the purposes set forth herein, is a cost-effective method of obtaining additional revenues without an increase in the total cumulative countywide sales and use tax rate.

K. If such extension is approved by the voters, revenues collected from the imposition of the existing 0.25% countywide sales and use tax up to and including December 31, 2019 would continue to be expended for the purposes and in accordance with the limitations of Resolution No. 99-111, and Resolution 99-111 would be superseded by this Resolution effective for revenues collected from the imposition of the extended 0.125% countywide sales and use tax on and after January 1, 2020.

L. Due to the immediacy of the need, open space capital improvement trust fund bonds as authorized by law in a maximum principal amount of \$30,000,000, net of any premium, should be issued in order to allow such acquisitions and improvements to take place as soon as possible, said revenue bonds to be repaid through a multiple-fiscal year commitment of revenues received from such extension of 0.125% countywide sales and use tax, and, to the extent moneys from such tax are insufficient or unavailable, moneys transferred to the Boulder County Open Space Capital Improvement Trust Fund from other open space sales and use tax moneys, the County's general fund and conservation trust fund, and other legally available funds.

M. The Board finds that the extension of one-half (0.125%) of the 0.25% countywide sales and use tax for a period of fifteen (15) additional years to be effective through December 31, 2034, with revenues to be expended for the open space program in accordance with the purposes set forth herein, and the issuance of \$30,000,000 in open space capital improvement trust fund bonds repaid through a multiple-fiscal year commitment of revenues received from such 0.125% countywide sales and use tax, and, to the extent moneys from such tax are insufficient or unavailable, moneys transferred to the Boulder County Open Space Capital Improvement Trust Fund from other open space sales and use tax moneys, the County's general fund and conservation trust fund, and other legally available funds, and the exemption of such tax revenues, bond proceeds and the interest thereon from the fiscal year spending limitations of article X, section 20 of the Colorado Constitution ("TABOR"), would permit additional revenues to be utilized to further accomplish the County's open space goals.

N. The County, with voter approval, is statutorily authorized to issue bonds to finance open space acquisitions and improvements, and to repay those bonds from any revenue source available to the County.

O. The Board desires to refer to the registered electors of the County to be determined by a majority voting thereon, the question of whether such tax extension, bonds and voter-approved revenue change shall be approved or disapproved.

P. The Article provides for the submission of such a sales and use tax proposal and multiple-fiscal year obligation authorization to the registered electors of the County at a general election scheduled within 120 days after adoption of such resolution.

Q. The Article provides that the County Clerk and Recorder shall publish the text of such tax proposal four separate times, a week apart, in the official newspaper of the County and of each city and incorporated town within the County.

R. Colo. Const., Art. X, Section 20(3)(b), requires certain election notices to be mailed to all registered voters of the County.

S. The Article provides that the proposal shall contain certain provisions concerning the amount, levying and scope of said tax.

T. It is the intent of the Board that, should the proposal to extend the existing countywide sales and use tax at a rate of 0.125% and obtain a voter-approved revenue change for such tax not be approved by the electorate in November, the existing tax, multiple fiscal year revenue commitment authorization, and existing voter-approved revenue change, shall not in any way be affected by such failed amendment and shall continue in force and effect as if this Resolution had not been adopted.

Therefore, the Board resolves:

There shall be referred to the registered electors of the County at the general election to be held on Tuesday, November 8, 2016, the following proposal:

1. (a) The imposition, by the extension of one-half of a countywide 0.25% (25 hundredths of one percent) sales and use tax, of a countywide 0.125% (12.5 hundredths of one percent) sales and use tax, in accordance with the provisions of the Article upon the sale at retail of tangible personal property and the furnishing of certain services in the County as provided in paragraph (d) of Subsection (1) of Section 29-2-105, Colorado Revised Statutes ("C.R.S."), as amended, and as is more fully hereinafter set forth.

(b) The amount subject to tax shall not include the amount of any sales or use tax imposed by Article 26 of Title 39, C.R.S., as amended.

(c) The gross receipts from sales shall include delivery charges when such charges are subject to the State Sales and Use Tax imposed by Article 26 of Title 39, C.R.S., as amended, regardless of the place to which delivery is made.

(d) The countywide sales tax proposed to be extended hereby shall not apply to the sale of construction and building materials, as the term is used in Section 29-2-109, C.R.S., as amended, if such materials are picked up by the purchaser and if the purchaser of such materials presents to the retailer a building permit or other documentation acceptable to the County evidencing that a local use tax has been paid or is required to be paid.

(e) The countywide sales and use tax extension proposed hereby shall not apply to the sale of food purchased with food stamps. For the purposes of this paragraph, "food" shall have the meaning as provided in 7 U.S.C., Section 2012(g), as amended.

(f) The countywide sales and use tax extension proposed hereby shall not apply to the sale of food purchased with funds provided by the special supplemental food program for women, infants, and children, 42 U.S.C., Section 1786. For the purposes of this paragraph, "food" shall have the meaning as provided in 42 U.S.C., Section 1786, as amended.

(g) The countywide sales tax extension proposed hereby shall not apply to the sale of tangible personal property at retail or the furnishing of services if the transaction was previously subjected to a sales or use tax lawfully imposed on the purchaser or user by another statutory or home rule county equal to or in excess of that sought to be imposed by the County. A credit shall be granted against the sales tax imposed by the County with respect to such transaction equal in amount to the lawfully imposed local sales or use tax previously paid by the purchaser or user to the previous statutory or home rule county. The amount of the credit shall not exceed the sales tax imposed by the County.

(h) Notwithstanding any other provision contained herein, the value of construction and building materials on which a use tax has previously been collected by an incorporated town, city, or county shall be exempt from the town, city or county sales tax if the materials are delivered by the retailer or his agent to a site within the limits of such town, city or county.

(i) The sale of tangible personal property and services taxable pursuant this proposal shall be the same as the sale of tangible personal property and services taxable pursuant to Section 39-26-104, C.R.S., except as otherwise provided herein. There shall be exempt from taxation under the provisions of this proposed countywide sales and use tax extension, the tangible personal property and services which are exempt under the provisions specified in Part 7 of Article 26 of Title 39, C.R.S., as amended, except that only those local exemptions identified in Section 29-2-105(d)(I), C.R.S., listed below in (1) through (4), and when legally recognized, the local exemptions listed below in (5) through (7) shall apply to this County sales and use tax. The following exemptions are consistent with exemptions contained in various existing Boulder County sales and use tax resolutions:

- (1) For sales of machinery or machine tools specified in Section 39-26-709(1), C.R.S.
- (2) For sales of food, as defined in Section 39-26-102(4.5), C.R.S., specified in Section 39-26-707(1)(e), C.R.S.
- (3) For sales of components used in the production of energy, including but not limited to alternating current electricity, from a renewable energy source, specified in Section 39-26-724, C.R.S.;
- (4) For sales of electricity, coal, wood, gas, fuel oil, or coke specified in Section 39-26-715(1)(a)(II), C.R.S.
- (5) For sales of wood from salvaged trees killed or infested in Colorado by mountain pine beetles or spruce beetles as specified in Section 39-26-723, C.R.S.
- (6) For sales that benefit a Colorado school specified in Section 39-26-725, C.R.S.
- (7) For sales by an association or organization of parents and teachers of public school students that is a charitable organization as specified in Section 39-26-718(1)(c), C.R.S.

(j) All sales of tangible personal property on which a specific ownership tax has been paid or is payable shall be exempt from this sales tax extension when such sales meet both of the following conditions:

(i) The purchaser is a non-resident of or has his principal place of business outside of the County; and

(ii) Such tangible personal property is registered or required to be registered outside the limits of the County under the laws of the State of Colorado.

(k) For the purposes of this sales tax extension proposal, all retail sales are consummated at the place of business of the retailer, unless the tangible personal property sold is delivered by the retailer or his agent to a destination outside the limits of the County or to a common carrier for delivery to a destination outside the limits of the County.

(l) In the event a retailer has no permanent place of business in the County or has more than one place of business, the place or places at which the retail sales are consummated for the purpose of a sales tax imposed by this proposal shall be determined by the provisions of article 26 of title 39, C.R.S., as amended, and by rules and regulations promulgated by the Colorado Department of Revenue.

(m) The countywide sales tax extension proposed hereby shall be collected, administered and enforced by the Executive Director of the Colorado Department of Revenue in the same manner as the collection, administration, and enforcement of the Colorado State Sales Tax, as provided by articles 26 and 21 of title 39 and article 2 of title 29, C.R.S., as amended; provided that the County shall be authorized to enter into an intergovernmental agreement with said Executive Director pursuant to Section 39-26-122.5, C.R.S., as amended, to enhance systemic efficiencies in the collection of such taxes.

2. The imposition, by the extension of one-half of a countywide 0.25% (25 hundredths of one percent) sales and use tax, of a countywide 0.125% (12.5 hundredths of one percent) sales and use tax is hereby extended and imposed in accordance with the provisions of the Article for the privilege of using or consuming in the County any construction and building materials, purchased at retail, and for storing, using, or consuming in the County any motor and other vehicles on which registration is required, purchased at retail. Subject to the provisions of Section 39-26-212, C.R.S., as amended, the use tax shall not extend or apply:

(a) To the storage, use, or consumption of any tangible personal property, the sale of which is subject to a retail sales tax imposed by the County;

(b) To the storage, use, or consumption of any tangible personal property purchased for resale in the County either in its original form or as an

ingredient of a manufactured or compounded product, in the regular course of a business;

(c) To the storage, use, or consumption of tangible personal property brought into the County by a non-resident thereof for his own storage, use, or consumption while temporarily within the County; however, this exemption does not apply to the storage, use, or consumption of tangible personal property brought into this State by a non-resident to be used in the conduct of a business in this State;

(d) To the storage, use, or consumption of tangible personal property by the United States government or the State of Colorado, or its institutions, or its political subdivisions in their governmental capacities only, or by religious or charitable corporations in the conduct of their regular religious or charitable functions;

(e) To the storage, use, or consumption of tangible personal property by a person engaged in the business of manufacturing or compounding for sale, profit, or use any article, substance or commodity, which tangible personal property enters into the processing of or becomes an ingredient or component part of the product or service which is manufactured, compounded or furnished and the container, label, or the furnished shipping case thereof;

(f) To the storage, use, or consumption of any article of tangible personal property the sale or use of which has already been subjected to a legally imposed sales or use tax of another statutory or home rule county equal to or in excess of that imposed by the County. A credit shall be granted against the use tax imposed by the County with respect to a person's storage, use, or consumption in the County of tangible personal property purchased in another statutory or home rule county. The amount of the credit shall be equal to the tax paid by the person by reason of the imposition of a sales or use tax of the other statutory or home rule county on the purchase or use of the property. The amount of the credit shall not exceed the tax imposed by this resolution;

(g) To the storage, use, or consumption of tangible personal property and household effects acquired outside of the County and brought into it by a nonresident acquiring residency;

(h) To the storage or use of a motor vehicle of the owner is or was, at the time of purchase, a nonresident of the County and purchased the vehicle outside of the County for use outside of the County and actually so used it for a substantial and primary purpose for which it was acquired and registered, titled, and licensed said motor vehicle outside of the County;

(i) To the storage, use or consumption of any construction and building materials and motor and other vehicles on which registration is required

if a written contract for the purchase thereof was entered into prior to January 1, 2020;

(j) To the storage, use or consumption of any construction and building materials required or made necessary in the performance of any construction contract bid, let, or entered into any time prior to January 1, 2020.

3. The 0.125% use tax provided for herein shall be applicable to every motor vehicle for which registration is required by the laws of the State of Colorado, and no registration shall be made for any motor vehicle by the Department of Revenue or its authorized agents until any tax due upon the use, storage, or consumption thereof pursuant to this resolution has been paid.

4. The definition of words herein contained shall be as said words are defined in Section 39-26-102, C.R.S., as amended, and said definitions are incorporated herein.

5. Except as provided by Section 39-26-208, C.R.S., as amended, any use tax imposed shall be collected, enforced and administered by the County. The use tax on construction and building materials will be collected by the County building inspector or as may be otherwise provided by intergovernmental agreement, based upon an estimate of building and construction materials costs submitted by the owner or contractor at the time a building permit application is made.

6. If the majority of the registered electors voting thereon vote for approval of this countywide sales and use tax extension, such 0.125% countywide sales and use tax will continue to be in effect throughout the incorporated and unincorporated portions of the County up to and including December 31, 2034.

7. If such extension is approved by the voters, revenues collected from the imposition of the existing 0.25% countywide sales and use tax up to and including December 31, 2019 would continue to be expended for the purposes and in accordance with the limitations of Resolution No. 99-111, and Resolution 99-111 would be superseded by this Resolution effective for revenues collected from the imposition of the extended 0.125% countywide sales and use tax on and after January 1, 2020.

8. If the majority of the registered electors voting thereon vote for approval of this proposal, the Board may issue up to \$30,000,000 maximum principal amount, net of any premium, of open space capital improvement trust fund bonds payable from moneys transferred to the Boulder County Open Space Capital Improvement Trust Fund from moneys from the countywide 0.125% sales and use tax extension authorized herein, and to the extent moneys from such tax are insufficient or unavailable for the repayment of such bonds, from the County's other open space sales and use tax moneys, the County's conservation trust fund, the County's general fund, and other legally available funds, in such amount as is necessary to pay the debt service on the bonds and to otherwise comply with the covenants of the resolution or resolutions to be adopted by the

Board authorizing the bonds and setting the terms thereof, such bonds to be issued in accordance with part 5 of article 26 of title 30, C.R.S., as amended.

9. The cost of the election shall be paid from the general fund of the County.

10. The County Clerk and Recorder shall publish the text of this sales and use tax extension proposal four separate times, a week apart, in the official newspaper of the County and each city and incorporated town within this County.

11. The conduct of the election shall conform so far as is practicable to the general election laws of the State of Colorado.

12. Beginning January 1, 2020, the net proceeds from the extension of the 0.125% countywide sales and use tax received by the County from collections during the period authorized hereby shall be expended by the County for the following purposes related to acquisition, improvement, management and maintenance of open space lands:

(a) To acquire fee title interest in real property through all means available and by various types of instruments and transactions, in the County for open space when determined by the Board, acting pursuant to authority as set forth in title 30, C.R.S., and in article 7 of title 29, C.R.S., to be necessary to preserve such areas;

(b) To acquire an interest in real property by other devices, including but not limited to, lease, development rights, mineral and other subsurface rights, and conservation easements, in order to effect the preservation of open space lands, as hereinafter defined, in the County;

(c) To acquire water rights and water storage rights for use in connection with real property acquired for open space;

(d) To acquire rights-of-way and easements for access to open space lands and for trails in the County and to build and improve such access ways and trails;

(e) To acquire options related to these acquisitions;

(f) To pay for all related costs of acquisition and construction as set forth in subparagraphs (a) through (e) above;

(g) To improve all County open space property and trails in accordance with Parks and Open Space policies adopted by the Board; improvements shall be related to resource management, including but not limited to water improvements (irrigation, domestic use and recreational uses), preservation enhancements (fences, wetlands and wildlife habitat improvements),

and passive recreational uses, such as trails, trailhead parking and other access improvements, picnic facilities and restrooms;

(h) To manage, patrol and maintain all County open space property and trails in accordance with Parks and Open Space policies adopted by the Board;

(i) To permit the use of these funds for the joint acquisition of open space property with municipalities located within the County in accordance with an intergovernmental agreement for open space or with other governmental entities or land trusts;

In connection with these purposes, these funds shall be used for:

- major remaining open lands, including an emphasis on areas surrounding or within existing mountain open space parks;
- highly visible buffer lands surrounding cities and towns outside their urban growth areas;
- wildlife habitat lands and remaining parcels along stream corridors;
- lands that include trail corridors connecting communities to open space properties;
- agricultural lands and improvements that enhance local food production;
- efficient use of water resources for open space lands; and
- improvements to such lands.

13. Open space land, for the purpose of this resolution, is generally described as: those lands in which it has been determined by the Board that it is, or may in the future be, within the public interest to acquire an interest in order to assure their protection and to fulfill one or more of the functions described below. Interests acquired may include fee simple, lease, easements, development rights, and conservation easements.

14. Open space shall serve one or more of the following functions:

(a) urban shaping between or around municipalities or community service areas and buffer zones between residential and non-residential development;

(b) preservation of critical ecosystems, natural areas, scenic vistas and areas, fish and wildlife habitat, natural resources and landmarks, and cultural, historical and archeological areas;

(c) linkages and trails, access to public lakes, streams and other usable open space lands, stream corridors and scenic corridors along existing highways;

(d) areas of environmental preservation, designated as areas of concern, generally in multiple ownership, where several different preservation methods (including other governmental bodies' participation or private ownership) may need to be utilized;

(e) conservation of natural resources, including but not limited to forest lands, range lands, agricultural land, aquifer recharge areas, and surface water;

(f) preservation of land for outdoor recreation areas limited to passive recreational use, including but not limited to hiking, photography or nature studies, and, if specifically designated, bicycling, horseback riding, or fishing.

15. Once acquired, open space may be used only for passive recreational purposes, for agricultural purposes, or for environmental preservation purposes, all as set forth above.

16. The Board will annually consult the City Councils and Town Boards of the municipalities within the County to assure that open space preservation and trail projects identified by municipalities are considered in setting county open space acquisition and trail development priorities for the following calendar year.

17. No open space land acquired through the revenues provided by this sales and use tax may be sold, leased, traded, or otherwise conveyed, nor may any exclusive license or permit on such open space land be given, until approval of such disposal by the Board. Prior to such disposal, the Parks and Open Space Advisory Committee shall review the proposed disposition, and a recommendation shall be forwarded to the Board. Approval of the disposal may be given only by a majority vote of the members of the Board after a public hearing held with notice published at least ten (10) days in advance in the official newspaper of the County and of each city and incorporated town within the County, giving the location of the land in question and the intended disposal thereof. No such open space land shall be disposed of until sixty (60) days following the date of Board's approval of such disposal. If, within such sixty (60) day period, a petition meeting the requirements of § 29-2-104, C.R.S., as amended, or its successor statute, is filed with the County Clerk, requesting that such disposal be submitted to a vote of the electors, such disposal shall not become effective until a referendum held in accordance with said statute has been held. The provisions of this paragraph shall not apply to agricultural leases for crop or grazing purposes for a term of ten (10) years or less.

18. If the real property or any interest therein acquired by use of proceeds of said sales and use tax pursuant to paragraph 14 of this resolution be ever sold, exchanged, transferred or otherwise disposed of, the consideration for such sale, exchange, transfer or disposition shall be subject to the same expenditure and use restrictions as those set forth herein for the original proceeds of said sales and use tax, including restrictions set forth in

this paragraph; and if such consideration is by its nature incapable of being subject to the restrictions set forth herein, then the proposed sale, exchange, transfer or disposition shall be unlawful and shall not be made.

19. The County will not use any of the revenues received from the sales and use tax proposed hereby to acquire an interest, other than an option, in open space land within the community service or influence area of a municipality as designated and recognized by action of the Board in accordance with the Boulder County Comprehensive Plan or as provided in an intergovernmental agreement with such municipality, without the concurrence of the municipality involved.

20. Revenue generated from activities on open space lands may be used to acquire, manage, patrol, improve and maintain open space properties.

21. Interest generated from the revenues of the sales and use tax extension shall be used for the purposes set forth in this resolution.

22. For purposes of Colo. Const., Art. X, Section 20, ("TABOR"), the receipt and expenditure of revenues of the extended 0.125% countywide sales and use tax proposed hereby together with earnings on the investment of the proceeds of such tax shall constitute a voter-approved revenue change.

23. The sales and use tax shall expire at 12:00 a.m. on January 1, 2035, and any monies remaining after January 1, 2035 may continue to be expended solely for the purposes set forth herein until completely exhausted.

24. The proposal as described in this Resolution shall take effect immediately upon the approval of the electorate.

25. A notice of the approval of this countywide sales and use tax proposal by a majority of the registered electors voting thereon shall forthwith be submitted by the County Clerk and Recorder to the Executive Director of the Department of Revenue, together with a certified copy of this Resolution, no later than November 17, 2016.

26. The election shall be conducted on November 8, 2016 as a coordinated election in accordance with articles 1 to 13 of title 1, C.R.S. (the "Uniform Election Code").

27. The Board shall take further action by resolution to set a ballot title for the proposal described herein. For purposes of Section 1-11-203.5, C.R.S., as amended, such resolution shall serve to set the ballot title for such proposal.

28. No later than September 9, 2016, the Designated Election Official shall certify the order of the ballot and ballot content to the Clerk and Recorder of the County (the "County Clerk"). The "Designated Election Official" shall be Michelle Krezek, Intergovernmental Relations Director and Administrative Deputy to the Board.

29. The order of the ballot shall be determined by the County Clerk as provided in Section 1-5-407(5), C.R.S., and the rules of the Secretary of State. In accordance therewith, if the County refers more than one ballot issue, the order of the ballot shall, in accordance therewith, be as follows: first, measures to increase taxes; second, measures to retain revenues in excess of its fiscal year spending limit; third, measures to increase debt; fourth, citizen petitions; and fifth, other referred measures. If the County refers more than one ballot issue within any such type of ballot issue, the order within such type of ballot issue shall, unless otherwise determined by the Board, be the same as the order of the ballot issues in the resolution of the Board that orders that such ballot issues be so referred (with questions set forth in separate resolutions listed in the order in which such resolutions were adopted).

30. The Designated Election Official is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and comply with the Uniform Election Code, TABOR, and other applicable laws; provided that all acts required or permitted by the Uniform Election Code relevant to voting by early voters' ballots, absentee ballots, and emergency absentee ballots which are to be performed by the Designated Election Official shall be performed by the County Clerk. The election shall be conducted in accordance with the Uniform Election Code, TABOR, and all other applicable laws.

31. No later than September 27, 2016, the Designated Election Official shall submit to the County Clerk, in the form, if any, specified by the County Clerk, the notice of election required by Subsection (3)(b) of TABOR.

32. The Designated Election Official, the County Clerk and other County officials and employees are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution.

33. All actions not inconsistent with the provisions of this Resolution heretofore taken by the members of the Board and the officers and employees of the County and directed toward holding the election for the purposes stated herein are hereby ratified, approved, and confirmed.

34. All prior acts, orders or resolutions, or parts thereof, by the County in conflict with this Resolution are hereby repealed, except that this repealer shall not be construed to revive any act, order or resolution, or part thereof, heretofore repealed.

35. If any provision of this resolution or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are declared to be severable.

A motion to approve this Resolution 2016-77 was made by Commissioner Jones, seconded by Commissioner Domenico, and passed by a 3-0 vote.


ADOPTED this 28th Day of July, 2016.


ATTEST:




Clerk to the Board

**BOARD OF COUNTY COMMISSIONERS
OF BOULDER COUNTY**


Elise Jones, Chair


Cindy Domenico, Vice Chair


Deb Gardner, Commissioner



**Leak Inspection and Repair at Oil and Gas Well Sites
Boulder County Voluntary Inspection Program Results 2014–2016**

EXCERPTS

full text at: <https://assets.bouldercounty.org/wp-content/uploads/2017/09/boulder-county-voluntary-oil-and-gas-inspection-program-results-20170831.pdf>

Katherine J. Armstrong^{*†}

^{*} Boulder County Public Health—Environmental Health Division

[†] University of Colorado at Boulder—Department of Civil, Architectural, and Environmental Engineering

August 31, 2017

Abstract

Public concern has grown in Boulder County regarding the health and safety implications of emissions from oil and gas activity. Boulder County has implemented a voluntary oil and gas inspection program in order to respond to this concern. The program resulted in nearly 500 inspections at 145 production sites across the county from 2014 to 2016. Gas leaks were detected at 65% of inspected sites, and 31% of the sites with leaks experienced them in multiple calendar years. Most leaks were detected at storage tanks, separators, and wellheads. Across equipment categories, many leaks involved malfunctioning pneumatic controllers. Once reported to operators by the Boulder County oil and gas inspector, 99% of the leaks were resolved, and half of the leaks were resolved within five days. Given that almost all of the observed and resolved leaks were detected with the aid of an infrared (IR) camera, increasing the frequency of required IR inspections is necessary to improve leak detection and repair and to reduce emissions from oil and gas production sites on the Front Range.

... [content omitted – full text at: <https://assets.bouldercounty.org/wp-content/uploads/2017/09/boulder-county-voluntary-oil-and-gas-inspection-program-results-20170831.pdf>]

The goal of the first year of the inspection program (2014) was to access and inventory as many sites as possible while conducting AVO and IR camera inspections. In 2015 and 2016, the focus of the program was to conduct more detailed leak detection and repair (LDAR) inspections and to ascertain – through follow-up inspections and correspondence with the operators – if, how, and when gas leaks were resolved.

... [content omitted – full text at: <https://assets.bouldercounty.org/wp-content/uploads/2017/09/boulder-county-voluntary-oil-and-gas-inspection-program-results-20170831.pdf>]

In February 2014, the inspector became certified to use an optical gas imaging camera (FLIR GF-320 thermal infrared camera) owned by the Regional Air Quality Council (RAQC) to detect gaseous leaks. This IR camera can detect emissions of methane, ethane, and VOCs from equipment at oil and gas sites.

... [content omitted – full text at: <https://assets.bouldercounty.org/wp-content/uploads/2017/09/boulder-county-voluntary-oil-and-gas-inspection-program-results-20170831.pdf>]

After each visit, the inspector notifies the operator via email of general inspection findings and of the location of any observed leaks, including from equipment that the operator has already tagged as needing repairs. The inspector then tracks the date of the operator’s response and the date of leak resolution reported by the operator. When possible, the inspector will return to the site with the IR camera to confirm that leaks have been resolved as described by the operator.

In analyzing the inspection data, the following state definition of a leak was used: “For infra-red camera and AVO monitoring...a leak is any detectable emissions not associated with normal equipment operation.”¹⁷ Therefore, the inspector’s descriptions of leaks and correspondence between the county and the operator were manually reviewed to determine if detected emissions were associated with normal equipment operation. If so, the emissions were not considered a leak and were excluded from this analysis. From 2014 to 2016, the inspector notified operators of only 6 possible leaks that were later determined to be associated with normal equipment operation.

For the analysis, each leak was defined as either single or recurrent. If a leak was observed from the same equipment component unchanged across consecutive inspections without documentation of repair between inspections, it was defined as a single leak. If documentation showed that a repair had been made or the leak had ceased between consecutive inspections, then the leak was defined as recurrent and counted as a new leak in the analysis.

... [content omitted – full text at: <https://assets.bouldercounty.org/wp-content/uploads/2017/09/boulder-county-voluntary-oil-and-gas-inspection-program-results-20170831.pdf>]

Results

Numbers of Visits and Leaks

From 2014 to 2016, Boulder County Public Health conducted 489 visits to 145 different oil and gas sites (about 3.4 visits per site) (Table 1); 67% of the visits involved an IR camera inspection, while 33% involved an AVO inspection only, and 118 sites (81%) were inspected in multiple calendar years.

Table 1. Numbers of visits and leaks by inspection type and by year of Boulder County’s voluntary inspection program

	2014	2015	2016	Total
Visits	243	94	152	489
IR visits	142	74	111	327
AVO visits	101	20	41	162
Leaks	84	55	80	219
IR leaks	83	55	77	215
AVO leaks	1	0	3	4

A total of 219 leaks were detected, and 94 sites (65%) in Boulder County experienced at least 1 leak during the 3-year period (Table 2; Figure 2). Furthermore, 29 of these 94 sites (31%) experienced leaks in multiple calendar years. For the sites at which at least 1 leak occurred, a single leak occurred at 45% of sites, while 24% of sites experienced 4 or more leaks – or more than 1 leak per year of the inspection program, from 2014 to 2016 (Figure 3).

Table 2. Number of sites and percentage of sites experiencing leaks by year of Boulder County’s voluntary inspection program

	2014	2015	2016	Overall
Sites visited	131	80	111	145
Sites with leak(s)	52	30	44	94
Sites with leak(s) as a percentage of sites visited	40%	38%	40%	65%

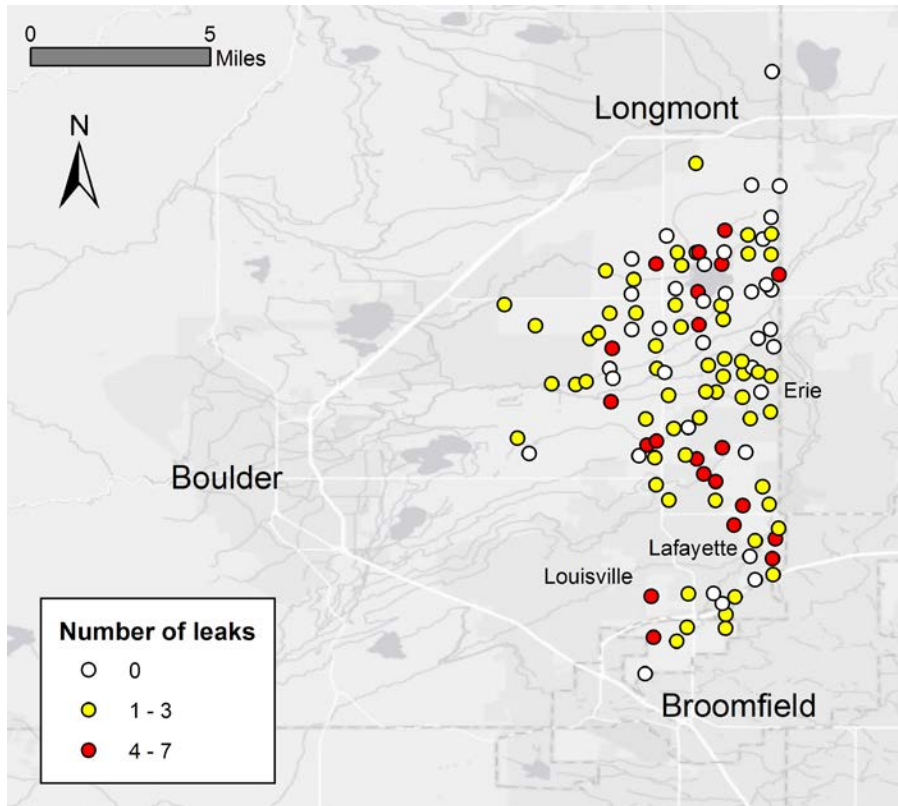


Figure 1. Locations of oil and gas production sites and numbers of leaks

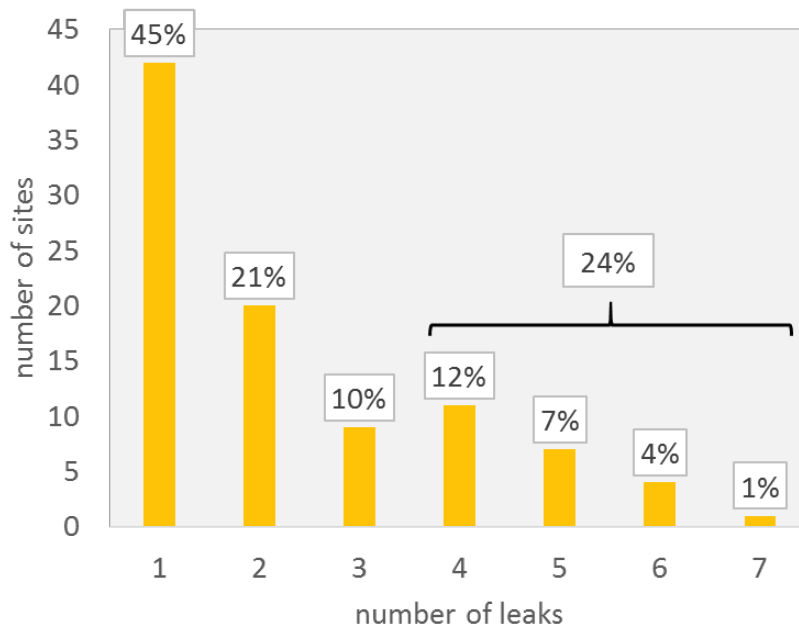


Figure 2. The numbers of sites in Boulder County that experienced one or more leaks from 2014 to 2016

Return Visits and Recurrent Leaks

The inspector returned to oil and gas sites 190 times to conduct IR camera inspections, often to confirm that an earlier leak had been resolved. During 82 of these return visits (43%), the inspector detected 1 or more new leaks at the site. During three return visits (2%), the inspector observed a new leak that was recurrent from a previous visit.

... [content omitted – full text at: <https://assets.bouldercounty.org/wp-content/uploads/2017/09/boulder-county-voluntary-oil-and-gas-inspection-program-results-20170831.pdf>]

In its two-year pilot project involving IR camera inspections across the state of Colorado, APCD observed a marked decrease in the percentage of oil and gas well production facilities that experienced leaks. Leaks or venting were found at 42% of facilities at the beginning of the project in the third quarter of 2013, while only 9% of facilities experienced leaks or venting at the end of the project in the second quarter of 2015.¹² By contrast, Boulder County’s analysis indicates that the percentage of sites experiencing leaks in the county remained stable (approximately 40% of sites per year of the voluntary inspection program). At the time of this analysis, the available data were insufficient to discern the reason for the divergence between the results. The divergence may be due to differences between oil and gas sites in Boulder County and those elsewhere in Colorado (e.g., production volumes per site or ages of equipment at each site).

Conclusions

Leaks are common among oil and gas sites in Boulder County, and these sites often experienced multiple leaks during the three-year inspection period. Therefore, the one-time AIMM inspection requirement is inadequate to identify and initiate the repair of leaks from malfunctioning equipment. By increasing the frequency of required inspections, leaks would be discovered sooner, which would aid in curtailing regional emissions of methane and VOCs from oil and gas operations.

Inspections and maintenance should target separators, storage tanks, wellheads, and pneumatic controllers across equipment categories in order to reduce the number of leaks at oil and gas facilities. Furthermore, inspections should be conducted with IR cameras whenever possible. In this analysis, IR camera inspections were much more likely to detect leaks than AVO inspections. Since leak detection is a prerequisite for leak

resolution, and because an inspection program is limited by the time required for an inspector to visit individual well sites and conduct inspections, IR camera inspections may be the most efficient strategy for reducing leaks from oil and gas facilities.

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⁶ Regional Air Quality Council. 2017. “Optical Gas Imaging Camera Loan Program.” Accessed July 21. http://raqc.org/our_programs/infrared/.

⁷ Gilman, J. B., B. M. Lerner, W. C. Kuster, and J. A. de Gouw. 2013. “Source Signature of Volatile Organic Compounds from Oil and Natural Gas Operations in Northeastern Colorado.” *Environmental Science & Technology* 47 (3): 1297–1305. doi:10.1021/es304119a.

⁸ Environmental Protection Agency. 2017. “Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2015.” EPA 430-P-17-001. ES-6-7. https://www.epa.gov/sites/production/files/2017-02/documents/2017_complete_report.pdf.

⁹ Colorado Oil and Gas Conservation Commission. 2017. COGCC Reports Portal: Monthly Production Reports. <http://cogcc.state.co.us/data4.html#/production>.

¹⁰ Pétron, Gabrielle, Gregory Frost, Benjamin R. Miller, Adam I. Hirsch, Stephen A. Montzka, Anna Karion, Michael Trainer, et al. 2012. “Hydrocarbon Emissions Characterization in the Colorado Front Range: A Pilot Study.” *Journal of Geophysical Research: Atmospheres* 117 (D4): n/a-n/a. doi:10.1029/2011JD016360.

¹¹ Halliday, Hannah S., Anne M. Thompson, Armin Wisthaler, Donald R. Blake, Rebecca S. Hornbrook, Tomas Mikoviny, Markus Müller, Philipp Eichler, Eric C. Apel, and Alan J. Hills. 2016. “Atmospheric Benzene Observations from Oil and Gas Production in the Denver-Julesburg Basin in July and August 2014.” *Journal of Geophysical Research: Atmospheres* 121 (18): 11,055–11,074. doi:10.1002/2016JD025327.

¹² Taylor, Tim. 2016. “Colorado Optical Gas Imaging Infrared Camera Pilot Project: Final Assessment.” Colorado Department of Public Health and Environment Air Pollution Control Division. https://www.colorado.gov/pacific/sites/default/files/APCD_IRCameraProject_FinalAssessment.pdf.

¹³ Eastern Research Group, Inc., and Sage Environmental Consulting, LP. 2011. “City of Fort Worth Natural Gas Air Quality Study.”

¹⁴ Allen, David T., Adam P. Pacsi, David W. Sullivan, Daniel Zavala-Araiza, Matthew Harrison, Kindal Keen, Matthew P. Fraser, A. Daniel Hill, Robert F. Sawyer, and John H. Seinfeld. 2015. “Methane Emissions from Process Equipment at Natural Gas Production Sites in the United States: Pneumatic Controllers.” *Environmental Science & Technology* 49 (1): 633–40. doi:10.1021/es5040156.

¹⁵ Colorado Oil and Gas Conservation Commission. 2014. "Risk-Based Inspections: Strategies to Address Environmental Risk Associated with Oil and Gas Operations." OGCC-2014-PROJECT #7948.

<https://cogcc.state.co.us/Announcements/RiskBasedInspection/RiskBasedInspectionStrategy.pdf>.

¹⁶ Colorado Oil and Gas Conservation Commission. 2016. 605.d. Mechanical Conditions. 600-Series Rules. <http://cogcc.state.co.us/documents/reg/rules/latest/600series.pdf>.

¹⁷ Colorado Department of Public Health and Environment Air Quality Control Commission. *Regulation 7: Control of Ozone via Ozone Precursors and Control of Hydrocarbons via Oil and Gas Emissions*. 5 CCR 1001-9.

¹⁸ Warneke, C., F. Geiger, P. M. Edwards, W. Dube, G. Pétron, J. Kofler, A. Zahn, et al. 2014. "Volatile Organic Compound Emissions from the Oil and Natural Gas Industry in the Uintah Basin, Utah: Oil and Gas Well Pad Emissions Compared to Ambient Air Composition." *Atmospheric Chemistry and Physics* 14 (20): 10977–88. doi:10.5194/acp-14-10977-2014.

... [content omitted – full text at: <https://assets.bouldercounty.org/wp-content/uploads/2017/09/boulder-county-voluntary-oil-and-gas-inspection-program-results-20170831.pdf>]

THIS AGREEMENT, Entered into this the 4th day of March, 19 80
between Jane Eastlack and Leon Eastlack, wife and husband
2514 North Boyer
Colorado Springs, CO 80907
and Buddy Baker, 1429 Larimer, Denver, CO 80202
hereinafter called lessor,
hereinafter called lessee, does witness:

Docket Nos.
171000695 &
171200774
Boulder
County
EXHIBIT K

1. That lessor, for and in consideration of the sum of Ten and no/100--- Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline and all other gases and their respective constituent vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Boulder

State of Colorado, and described as follows:

TOWNSHIP 2North-RANGE 69West
Section 24: S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$

Recorded... 10:53 A.M. On MAR 17 1980
387763

Reception No. Charlotte Houston, Boulder County Recorder and containing 80.00 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of THREE (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land (or from lands with which said land is consolidated) or the premises are being developed or operated.

3. In consideration of the premises the said lessee covenants and agrees:
To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal ~~one-third (1/3)~~ ^{15%} part of all oil produced and saved from the leased premises.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, ~~one-third (1/3)~~ ^{15%} of the proceeds if sold at the well, or the proceeds by lessee off the leased premises, then ~~one-third (1/3)~~ ^{15%} of the market value at the well. The lessee shall pay the lessor: (a) ~~one-third (1/3)~~ ^{15%} of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) ~~one-third (1/3)~~ ^{15%} of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.

Where gas from a well or wells, capable of producing gas only, is not sold or used for a period of one year, lessee shall pay or tender as royalty, an amount equal to the delay rental as provided in paragraph (5) hereof, payable annually on the anniversary date of this lease following the end of each such year during which such gas is not sold or used, and while said royalty is so paid or tendered this lease shall be held as a producing property under paragraph numbered two hereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 4th day of March

19 81, this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor or for the lessor's credit in the Colorado Springs National Bank at Colorado Springs, CO., or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in

said land or in the oil and gas or in the rentals to accrue hereunder, the sum of Eighty and no/100---- Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assignee or to said depository bank, and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid and any and all other rights conferred. Lessee may at any time execute and deliver to Lessor, or place of record, a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

6. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing. Lessee agrees, upon the completion of any test as a dry hole or upon the abandonment of any producing well, to restore the premises to their original contour as near as practicable and to remove all installations within a reasonable time.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

10. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part of said land upon which the lessee or any assignee hereof shall make due payment of said rentals.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for re-working or drilling a well within sixty (60) days from such cessation and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

13. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization; provided, however, that such units may exceed such minimum by not more than ten acres if such excess is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument identifying the unitized area. Any well drilled or operations conducted on any part of each such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the above described land included in any such unit such proportion of the actual production from all wells on such unit as lessor's interest, if any, in such portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease.

14. This lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether such lessor is named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts, each to have the same effect as the original.

IN WITNESS WHEREOF, we sign the day and year first above written.

Witness:
Leon Eastlack
Leon Eastlack SS# 524-07-9087

Jane Eastlack
Jane Eastlack SS# 524-12-0488

FILM 1108

2-1

STATE OF Colorado } ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
 COUNTY OF El Paso } ss. Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT — INDIVIDUAL
 BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 4th
 day of March, 1980, personally appeared Jane Eastlack

and Leon Eastlack, wife and husband
 to me known to be the identical person, as described in and who executed
 the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free
 and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
 My Commission Expires My Commission Expires August 12, 1981
 Notary Public.



STATE OF _____ } ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
 COUNTY OF _____ } ss. Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT — INDIVIDUAL
 BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____
 day of _____, 19____, personally appeared _____

and _____
 to me known to be the identical person, as described in and who executed
 the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free
 and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
 My Commission Expires _____
 Notary Public.

State of _____ } ss. **ACKNOWLEDGMENT (For use by Corporation)**
 County of _____ } ss.
 On this _____ day of _____, A. D. 19____, before me personally
 appeared _____, to me personally known, who, being by
 me duly sworn, did say that he is the _____ of _____
 and that the seal affixed to said instrument is the corporate seal of said corpora-
 tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
 _____ acknowledged said instrument to be the free act and deed of said corporation.
 Witness my hand and seal this _____ day of _____, A. D. 19____
 (SEAL) _____
 My Commission expires _____
 Notary Public.

387763

387763

No. _____

FROM _____

TO _____

Dated _____, 19____

No. Acres _____

County _____

Town _____

This instrument was filed for record on the _____ day of _____, 19____ at _____ o'clock _____ M., and duly recorded in _____ Volume _____ Page _____ of the records of this office.

County Clerk _____

By _____ Deputy.

When recorded return to
 Buddy Baker
 1424 Karima
 Denver, CO 80202

THIS AGREEMENT, Entered into this the 5 day of March 19 80

between Jean Brewbaker, a widow
7688 North 41st
Longmont, CO 80501 hereinafter called lessor,
and Buddy Baker, 1429 Larimer, Denver, CO 80202 hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and no/100 Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline and all other gases and their respective constituent vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Boulder State of Colorado and described as follows:

Township 2 North-Range 69 West
Section 24: N1/2NW1, N1/2SW1

Recorded 10:53 A.M. On MAR 17 1980
387762
Reception No. Charlotte Houston, Boulder County Recorder

and containing 120.00 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of Three (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land (or from lands with which said land is consolidated) or the premises are 15% developed or operated.

3. In consideration of the premises said lessee covenants and agrees: To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal 15% (one-fifth) part of all oil produced and saved from the leased premises.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, 15% (one-fifth) of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then 15% (one-fifth) of its market value at the well. The lessee shall pay the lessor: (a) one-tenth (1/10) of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) 15% (one-fifth) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.

Where gas from a well or wells, capable of producing gas only, is not sold or used for a period of one year, lessee shall pay or tender as royalty, an amount equal to the delay rental as provided in paragraph (5) hereof, payable annually on the anniversary date of this lease following the end of each such year during which such gas is not sold or used, and while said royalty is so paid or tendered this lease shall be held as a producing property under paragraph numbered two hereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 5 day of March 19 81, this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor or for the lessor's credit in the First National Bank at Longmont, CO, or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of change of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of One Hundred Twenty Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lease or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assigns or to said depository bank, and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid and any and all other rights conferred. Lessee may at any time execute and deliver to Lessor, or place of record, a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

6. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of, this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, and to draw and remove all casing. Lessee agrees, upon the completion of any test as a dry hole or upon the abandonment of any producing well, to restore the premises to their original contour as far as practicable and to remove all installations within a reasonable time.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

10. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part of said land upon which the lessee or any assignee hereof shall make due payment of said rentals.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for re-working or drilling a well within sixty (60) days from such cessation and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

13. Lessee is hereby given the right at its option, at any time and from time to time, to pool or utilize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or utilization; provided, however, that such units may exceed such minimum by not more than ten acres if such excess is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument identifying the unitized area. Any well drilled or operations conducted on any part of each such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the above described land included in any such unit such proportion of the actual production from all wells on such unit as lessor's interest, if any, in such portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease.

14. This lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether such lessor is named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts, each to have the same effect as the original.

IN WITNESS WHEREOF, we sign the day and year first above written.

Witness:
Jean Brewbaker
Jean Brewbaker 884523-76-0156

STATE OF Colorado
COUNTY OF Boulder } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 6th
day of March, 1980, personally appeared Jean Brewbaker, a widow



_____ to me known to be the identical person _____, described in and who executed
the within and foregoing instrument of writing and acknowledged to me that she duly executed the same as her free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires June 9th, 1982
Janette Carson Notary Public.

STATE OF _____
COUNTY OF _____ } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____
day of _____, 19____, personally appeared _____

_____ and _____
_____ to me known to be the identical person _____, described in and who executed
the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____

Notary Public.

State of _____ }
County of _____ } ss.

ACKNOWLEDGMENT (For use by Corporation)

On this _____ day of _____, A. D. 19____, before me personally
appeared _____, to me personally known, who, being by
me duly sworn, did say that he is the _____ of _____
_____ and that the seal affixed to said instrument is the corporate seal of said corpora-
tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
_____ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this _____ day of _____, A. D. 19____.

Notary Public.

(SEAL)
My Commission expires _____

387762

No.	FROM	TO	Dated	No. Acres	County	Term	This instrument was filed for record on the	day of	19	at	o'clock	M., and duly recorded in	Volume	Page	of the records of this office.	County Clerk	Deputy	When recorded return to	
																			<u>Buddy Baker</u> <u>1429 Larimer</u> <u>Denver, CO 80202</u>

UNION Reservoir 5-1
45

THIS AGREEMENT, Entered into this the 4th day of March, 1980
between James L. Henry and Nadine H. Henry, husband and wife
8224 N. 119th Street
Longmont, CO 80501
and Buddy Baker, 1429 Larimer, Denver, CO 80202
hereinafter called lessor.
hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and no/100 Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline and all other gases and their respective constituent vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Boulder

State of Colorado, and described as follows:

TOWNSHIP 2North-RANGE 69West
Section 24: N $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$

Recorded 10:52 A.M. MAR 17 1980
387761 On
Reception No. Charlotte Houston, Boulder County Ri

See Addendum attached hereto and made a part of this lease.

and containing 200.00 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of THREE (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land (or from lands with which said land is consolidated) or the premises are being developed or operated.

3. In consideration of the premises said lessee covenants and agrees:
To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal 15% part of all oil produced and saved from the leased premises.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, 15% of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then 15% of its market value at the well. The lessee shall pay the lessor: (a) one-month of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) 15% of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.

Where gas from a well or wells, capable of producing gas only, is not sold or used for a period of one year, lessee shall pay or tender as royalty, an amount equal to the delay rental as provided in paragraph (5) hereof, payable annually on the anniversary date of this lease following the end of each such year during which such gas is not sold or used, and while said royalty is so paid or tendered this lease shall be held as a producing property under paragraph numbered two hereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 4th day of March

19 81, this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor or for the lessor's credit in the First National Bank at Longmont, Colorado, or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in

said land or in the oil and gas or in the rentals to accrue hereunder, the sum of Two hundred and no/100 Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assigns or to said depository bank, and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid and any and all other rights conferred. Lessee may at any time execute and deliver to Lessor, or place of record, a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

6. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to dig and remove all casing. Lessee agrees, upon the completion of any test as a dry hole or upon the abandonment of any producing well, to restore the premises to their original contour as near as practicable and to remove all installations within a reasonable time.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

10. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part of said land, upon which the lessee or any assignee hereof shall make due payment of said rentals.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for re-working or drilling a well within sixty (60) days from such cessation and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

14. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization; provided, however, that such units may exceed such minimum by not more than ten acres if such excess is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument conveying the unitized area. Any well drilled or operations conducted on any part of each such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the above described land included in any such unit such proportion of the actual production from all wells on such unit as lessor's interest, if any, in such portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease.

15. This lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether such lessor is named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts, each to have the same effect as the original.

IN WITNESS WHEREOF, we sign the day and year first above written.

Witness:
Nadine H. Henry
Nadine H. Henry SS# 524-64-0273

James L. Henry
James L. Henry SS# 524-48-6751

Printed by P&M Printing, 511 16th St., Suite 222, (303) 893-1681

STATE OF Colorado }
COUNTY OF Boulder } ss.

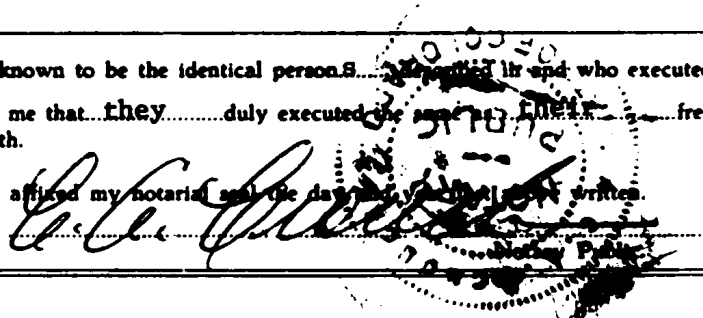
Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 5th
day of March, 19 80, personally appeared James L. Henry

and Nadine H. Henry, husband and wife

to me known to be the identical person(s) described in and who executed
the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires August 12, 1981



STATE OF _____ }
COUNTY OF _____ } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____
day of _____, 19 _____, personally appeared _____

and _____
to me known to be the identical person(s) described in and who executed
the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____

Notary Public.

State of _____ }
County of _____ } ss.

ACKNOWLEDGMENT (For use by Corporation)

On this _____ day of _____, A. D. 19 _____, before me personally
appeared _____, to me personally known, who, being by
me duly sworn, did say that he is the _____ of _____

and that the seal affixed to said instrument is the corporate seal of said corpora-
tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
_____ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this _____ day of _____, A. D. 19 _____

(SEAL)

Notary Public.

My Commission expires _____

This addendum attached hereto and made a part of that certain Oil and Gas Lease dated March 4, 1980 by and between James L. Henry and Nadine H. Henry, Lessors, and Buddy Baker, Lessee, covering the following described lands:

TOWNSHIP 2North-RANGE 69West, Boulder County, Colorado
Section 24: N $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$

1. Ancillary Rights: The attached Lease includes the granting to Lessee necessary rights incident to the exploration and production of oil and gas such as the laying of reasonably necessary pipelines, building tanks, and the installation of necessary power lines.

2. Time of Drilling and Exploration: So far as is reasonably practicable, Lessee will attempt to conduct its drilling and exploration activities on the subject premises out of the crop season. Crop season is defined as April 1 to December 15, provided if crops are harvested at an earlier date or no crop is in existence for that crop year, Lessee may disregard these limitations. Nothing herein shall be deemed to be a prohibition of drilling and exploration during crop season.

3. Minimum Use of Surface: Lessee shall make all reasonable efforts to make use of the minimum amount of Lessor's property. Lessee shall attempt to use not more than three (3) acres of Lessor's property per well site. Use of Lessor's property shall include the well site itself, any roads constructed, pipelines installed, tank batteries placed or any other use of Lessor's surface. This shall not be deemed a prohibition against use of more than three (3) acres, but in the event more is used, Lessor may claim further damage.

4. Location of Facilities and Improvements: Lessee shall make all reasonable efforts to locate all of its facilities constructed or installed under this Lease in such a manner as to minimize damage to Lessor's premises. In that regard, Lessee will consult with Lessor as to the location of the same, so as to minimize damages as much as reasonably practicable. As used herein, the term "facilities" includes, but not to the exclusion of others, all wells, roads, pipelines, power lines, tanks and heater-treaters. In particular, Lessee will not drill a well nearer than 300 feet to established improvements, without the consent of Lessor, unless the dictates of the requirements and regulations of the Colorado Oil and Gas Commission require otherwise. Additionally, Lessee will do everything possible to stay a safe and reasonable distance away from active irrigation facilities while at the same time complying with the requirements of the Oil and Gas Commission.

5. Roadways: In addition to the requirements of paragraph 4 hereof, Lessee, whenever reasonably possible, shall use established roadways on the premises. If Lessee believes it reasonably required to improve any roadway with gravel, only high quality, small diameter gravel shall be used.

6. Pipelines: In addition to the requirements of paragraph 4 hereof, all pipelines shall be buried beneath plow depth, and water packed upon installation. In excavating for pipelines, the soils will be separated so that the topsoil and subsurface soils shall be placed back in the proper order and leveled, with topsoil on top. So far as is reasonably possible, all pipelines shall be located so that they run parallel, rather than in a perpendicular manner, to crop rows as planted or planned to be planted. No pipeline shall be permitted which does not serve a well or wells located on the Lessor's premises.

7. Restoration: Upon completion of drilling operations and if there is to be no production or shutting-in of the well, all facilities and all matters brought on the demised premises shall be removed, including all concrete, bentonite, drilling mud, sludge pits, etc., and not just buried. All of the premises shall be restored as complete as possible. If there is production, then this obligation shall not apply to facilities necessary to so produce and maintain such production until production ceases, at which time the same obligation shall apply to such production facilities.

8. Abstracting Costs: Lessee shall pay to Lessor, upon demand, the customary charge of abstract companies in Weld County for each abstract entry which would be required to be included within Lessor's abstract by reason of Lessee causing any document to be recorded concerning these premises.

9. Limitations on Unitization, Pooling: Notwithstanding anything to the contrary herein contained, drilling operations on a pooled unit or units established, as provided herein or by governmental authority, shall maintain this lease in force only as to that portion of the leased premises included in such unit or units. The lease may be maintained as to the remainder of the leased premises in any manner herein specified; provided, if it be by rental payments, rentals shall be payable only on the number of acres, if any, not within the surface area of such unit or units.

10. Providing Information: At Lessor's request, Lessee will provide Lessor all geological information obtained from Lessee's drilling/exploration free of charge.

11. Damages: Lessee shall pay Lessor \$1,500.00 for each and every well which may be drilled on the subject premises prior to the commencement of drilling operations, assuming that drilling operations are conducted out of the crop season and assuming further that no more than three (3) acres of Lessor's property are affected per well site. This shall be deemed full and adequate compensation for the use of the surface of the subject premises in accordance with the provisions hereof. If drilling operations are conducted during crop season, Lessee shall pay Lessor all damages to the crops within 30 days of demand by Lessor. Further, if Lessee causes any other damage to Lessor's property, such as damages to improvements or interference with irrigation, Lessee shall pay Lessor all actual damages within 30 days of demand. If Lessee deems any such demands excessive, then Lessee and Lessor shall each appoint one arbitrator to assess the damages, and the two arbitrators shall appoint a third arbitrator and the decision of the majority of said arbitrators as to the dollar amount of damages shall be binding on both parties hereto. Any such arbitrator selected shall be reasonably familiar with the values of the property or damages involved. It is expressly understood that the \$1,500.00 per well site is all that is required to be paid by Lessee for the use of that portion of the subject premises for placement of Lessee's wells, tanks, pipeline or other necessary facilities, assuming the same are done out of crop season, but the \$1,500.00 per well is not satisfaction for any crop damage or other damage to Lessor's property that may be caused by Lessee's activities.

12. No well shall be located or equipped and no pumps, tanks, separators, heater-treaters, power lines nor any other facilities shall be so located on the lands covered by this lease so as to interfere with the operation of any center pivot irrigation system on the lands covered by this lease. If necessary to prevent interference pumps shall be lowered below the surface of the ground.

FILM 1108

13. Nature of this Attachment. This Attachment sets forth additional terms and conditions of the Lease between the parties and is more specific than the attached printed form. If there is any conflict between this Attachment and the attached printed form, this Attachment shall control.

Nadine H. Henry
Nadine H. Henry

James L. Henry
James L. Henry

STATE OF Colorado
COUNTY OF Boulder

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 5th

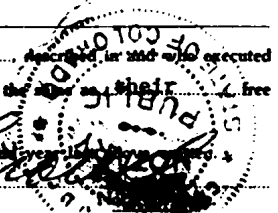
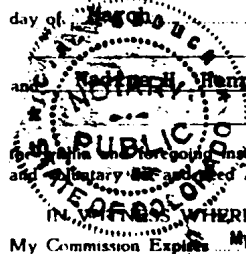
day of August, 1980, personally appeared James L. Henry

and Nadine H. Henry, husband and wife

to me known to be the identical persons, appeared in and who executed
for the purposes of the foregoing instrument of writing and acknowledged to me that they duly executed the same as their free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year first above written.
My Commission Expires My Commission Expires August 12, 1981

[Signature]



323938

PRINTED BY WILKINS PRINTING CO. 1717 EAST 17TH AVENUE DENVER, CO. 80232 (303) 933-1641

Form 88—(Producers) C Rev 1974 OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 19th day of February 1979

between Q Denzel Hartshorn and Mildred C. Hartshorn Route 2, Box 342 Longmont, Colorado 80501

and Vessels Oil & Gas Company, 600 S. Cherry St., Denver, CO 80222 hereinafter called lessor.

1 That lessor, for and in consideration of the sum of Ten Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease and let exclusively unto the lessee the hereinafter described land, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered hereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for producing and saving all of the oil, gas, casinghead gas, casinghead gasoline and (1) other gases and their respective condensate vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Boulder State of Colorado and described as follows:

Township 2 North, Range 69 West Section 24: N4SE4 and S4N1;SW4

Notwithstanding anything contained herein to the contrary, no operations shall be conducted on the surface of said lands without the prior written consent of the Lessor. Said approval, however, shall not be unreasonably withheld.

and containing 120 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of THREE (3) years from this date and as long thereafter as oil or gas or either of them, is produced from said land or from lands with which said land is consolidated or the premises are being developed or operated.

3. In consideration of the premises the said lessee covenants and agrees: To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, one-eighth (1/8) of the proceeds if sold at the well, or if marketed by lease off the leased premises then one-eighth (1/8) of its market value at the well. The lessee shall pay the lessor (a) one-eighth (1/8) of the proceeds received by the lessor from the sale of casinghead gas, produced from any oil well, (b) one-eighth (1/8) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereon. Where gas from a well or wells, capable of producing gas only, is not sold or used for a period of one year, lessee shall pay or tender as royalty, an amount equal to the delay rental as provided in paragraph (5) hereof payable annually on the anniversary date of this lease following the end of each such year during which such gas is not sold or used, and while said royalty is so paid or tendered this lease shall be held as a producing property under paragraph numbered two hereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 19th day of February, 1980 this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor or for the lessor's credit in the First National Bank at Longmont, Colorado or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of One hundred twenty and no/100 which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental payment date, either direct to lessor or assignee or to said depository bank, and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid and any and all other rights conferred. Lessee may at any time cancel and deliver to Lessor, or place of record, a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

6. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessor on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as heretofore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. If said lessee owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the proprietor in which his interest bears to the entire undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessee. The lessee shall have the right to use any water found on said land for its operations thereon, except water from the wells of the lessee on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of, this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing. Lessee agrees, upon the completion of any test as a dry hole or upon the abandonment of any producing well, to restore the premises to their original condition as near as practicable and to remove all installations within a reasonable time.

9. If the estate of either party hereto is assigned and the privilege of assigning in whole or in part is expressly allowed, the covenants herein shall extend to the heirs, devisees, executors, administrators, successors, assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

10. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part of said land upon which the lessee or any assignee thereof shall make due payment of said rentals.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agree that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental payment date; or, provided lessee begins or resumes the payment of rentals on the manner and amount heretofore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for re-working or drilling a well within sixty (60) days from such cessation and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

14. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum of a tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization; provided, however, that such units may exceed a minimum by not more than ten acres if such excess is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument identifying the outlined area. Any well drilled or operations conducted on any part of each such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the above described land included in any such unit such proportion of the actual production from all wells on such unit as lessor's interest, if any, in such portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease.

15. This lease and all its terms, conditions and stipulations shall extend to and be binding on each of the parties who signs this lease, regardless of whether such lessor is named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts each to have the same effect as the original.

IN WITNESS WHEREOF, we sign the day and year first above written. Mildred C. Hartshorn Q. Denzel Hartshorn

SOC. SEC # 521-49-4543

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STATE OF Colorado) ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
 COUNTY OF BOULDER) ss. Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL
 BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 19th
 day of February, 19 79, personally appeared G. Denzel Hartshorn

and Mildred C. Hartshorn, his wife
 to me known to be the identical person(s) described in and who executed
 the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free
 and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
 My Commission Expires: APRIL 6, 1982 Marion J. Blumhagen
 Notary Public

STATE OF _____) ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
 COUNTY OF _____) ss. Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL
 BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____
 day of _____, 19 _____, personally appeared _____

and _____
 to me known to be the identical person(s) described in and who executed
 the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free
 and voluntary act and deed for the uses and purposes therein set forth.
 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
 My Commission Expires _____
 Notary Public

State of _____) ss. **ACKNOWLEDGMENT (For use by Corporation)**
 County of _____) ss.
 On this _____ day of _____, A. D. 19 _____, before me personally
 appeared _____, to me personally known, who, being by
 me duly sworn, did say that he is the _____ of _____
 and that the seal affixed to said instrument is the corporate seal of said corpora-
 tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
 _____ acknowledged said instrument to be the free act and deed of said corporation.
 Witness my hand and seal this _____ day of _____, A. D. 19 _____
 (SEAL) _____
 Notary Public
 My Commission expires _____

No. 323933 ✓

FROM _____

TO _____

Date: _____, 19 _____

No. Acres _____



County _____

Term _____

This instrument was filed for record on the _____
 day of _____, 19 _____, at _____
 o'clock _____ M., and duly recorded in
 Volume _____ Page _____
 of the records of this office.

By _____ Deputy
 County Clerk

When recorded return to
VESSELS OIL AND GAS COMPANY
CHERRY CREEK PLAZA #1220
300-66-CHERRY STREET
DENVER, CO 80222

 KeyCite Red Flag - Severe Negative Treatment
Enacted Legislation Amended by 2018 Colo. Legis. Serv. Ch. 361 (S.B. 18-230) (WEST),
 KeyCite Yellow Flag - Negative Treatment
Proposed Legislation

[West's Colorado Revised Statutes Annotated](#)
[Title 34. Mineral Resources](#)
[Oil and Natural Gas](#)
[Conservation and Regulation](#)
[Article 60. Oil and Gas Conservation \(Refs & Annos\)](#)

C.R.S.A. § 34-60-116

§ 34-60-116. Drilling units--pooling interests

Currentness

(1) To prevent or to assist in preventing waste, to avoid the drilling of unnecessary wells, or to protect correlative rights, the commission, upon its own motion or on a proper application of an interested party, but after notice and hearing as provided in this section, has the power to establish drilling units of specified and approximately uniform size and shape covering any pool.

(2) In establishing a drilling unit, the acreage to be embraced within each unit and the shape thereof shall be determined by the commission from the evidence introduced at the hearing; except that, when found to be necessary for any of the purposes mentioned in subsection (1) of this section, the commission is authorized to divide any pool into zones and establish drilling units for each zone, which units may differ in size and shape from those established in any other zone, so that the pool as a whole will be efficiently and economically developed, but no drilling unit shall be smaller than the maximum area that can be efficiently and economically drained by one well. If the commission is unable to determine, based on the evidence introduced at the hearing, the existence of a pool and the appropriate acreage to be embraced within a drilling unit and the shape thereof, the commission is authorized to establish exploratory drilling units for the purpose of obtaining evidence as to the existence of a pool and the appropriate size and shape of the drilling unit to be applied thereto. In establishing the size and shape of the exploratory drilling unit, the commission may consider, but is not limited to, the size and shape of drilling units previously established by the commission for the same formation in other areas of the same geologic basin. Any spacing regulation made by the commission shall apply to each individual pool separately and not to all units on a statewide basis.

(3) The order establishing drilling units shall permit only one well to be drilled and produced from the common source of supply on a drilling unit, and shall specify the location of the permitted well thereon, with such exception for the location of the permitted well as may be reasonably necessary for wells already drilled or where it is shown upon application, notice, and hearing, and the commission finds, that the drilling unit is located partly outside the pool or field and adjacent to a producing unit, or, for some other reason, the requirement to drill the well at the authorized location on the unit would be inequitable or unreasonable. The commission shall take such action as will offset any advantage which the person securing the exception may have over other producers by reason of the drilling of the well as an exception, and include in the order suitable provisions to prevent the production from the drilling unit of more than its just and equitable share of the oil and gas in the pool.

(4) The commission, upon application, notice, and hearing, may decrease or increase the size of the drilling units or permit additional wells to be drilled within the established units in order to prevent or assist in preventing waste or to avoid the drilling of unnecessary wells, or to protect correlative rights, and the commission may enlarge the area covered by the order fixing drilling units, if the commission determines that the common source of supply underlies an area not covered by the order.

(5) After an order fixing drilling units has been entered by the commission, the commencement of drilling of any well into any common source of supply for the purpose of producing oil or gas therefrom, at a location other than authorized by the order, is prohibited. The operation of any well drilled in violation of an order fixing drilling units is prohibited.

(6) When two or more separately owned tracts are embraced within a drilling unit, or when there are separately owned interests in all or a part of the drilling unit, then persons owning such interests may pool their interests for the development and operation of the drilling unit. In the absence of voluntary pooling, the commission, upon the application of any interested person, may enter an order pooling all interests in the drilling unit for the development and operation thereof. Each such pooling order shall be made after notice and hearing and shall be upon terms and conditions that are just and reasonable, and that afford to the owner of each tract or interest in the drilling unit the opportunity to recover or receive, without unnecessary expense, his just and equitable share. Operations incident to the drilling of a well upon any portion of a unit covered by a pooling order shall be deemed for all purposes to be the conduct of such operations upon each separately owned tract in the unit by the several owners thereof. That portion of the production allocated or applicable to each tract included in a unit covered by a pooling order shall, when produced, be deemed for all purposes to have been produced from such tract by a well drilled thereon.

(7)(a) Each such pooling order shall make provision for the drilling of a well on the drilling unit, if not already drilled, for the operation thereof, and for the payment of the reasonable actual cost thereof, including a reasonable charge for supervision and storage. Except as provided in paragraph (c) of this subsection (7), as to each nonconsenting owner who refuses to agree to bear his proportionate share of the costs and risks of drilling and operating the well, the order shall provide for reimbursement to the consenting owners who pay for the drilling and operation of the well of the nonconsenting owner's share of the costs and risks of such drilling and operating out of, and only out of, production from the unit representing his interest, excluding royalty or other interest not obligated to pay any part of the cost thereof. In the event of any dispute as to such costs, the commission shall determine the proper costs as specified in paragraph (b) of this subsection (7). The order shall determine the interest of each owner in the unit and shall provide that each consenting owner is entitled to receive, subject to royalty or similar obligations, the share of the production of the well applicable to his interest in the drilling unit and, unless he has agreed otherwise, his proportionate part of the nonconsenting owner's share of such production until costs are recovered and that each nonconsenting owner is entitled to own and to receive the share of the production applicable to his interest in the unit after the consenting owners have recovered the nonconsenting owner's share out of production.

(b) Upon the determination of the commission, proper costs recovered by the consenting owners of a drilling unit from the nonconsenting owner's share of production from such a unit shall be as follows:

(I) One hundred percent of the nonconsenting owner's share of the cost of surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment, and piping) plus one hundred percent of the nonconsenting owner's share of the cost of operation of the well commencing with first production and continuing until the consenting owners have recovered such costs. It is the intent that the nonconsenting

owner's share of these costs of equipment and operation will be that interest which would have been chargeable to the nonconsenting owner had he initially agreed to pay his share of the costs of the well from the beginning of the operation.

(II) Two hundred percent of that portion of the costs and expenses of staking, well site preparation, obtaining rights-of-way, rigging up, drilling, reworking, deepening or plugging back, testing, and completing the well, after deducting any cash contributions received by the consenting owners, and two hundred percent of that portion of the cost of equipment in the well, including the wellhead connections.

(c) A nonconsenting owner of a tract in a drilling unit which is not subject to any lease or other contract for the development thereof for oil and gas shall be deemed to have a landowner's proportionate royalty of twelve and one-half percent until such time as the consenting owners recover, only out of the nonconsenting owner's proportionate seven-eighths share of production, the costs specified in paragraph (b) of this subsection (7). After recovery of such costs, the nonconsenting owner shall then own his proportionate eight-eighths share of the well, surface facilities, and production and then be liable for further costs as if he had originally agreed to drilling of the well.

(d) No order pooling an unleased nonconsenting mineral owner shall be entered by the commission under the provisions of subsection (6) of this section over protest of such owner until the commission shall have received evidence that such unleased mineral owner shall have been tendered a reasonable offer to lease upon terms no less favorable than those currently prevailing in the area at the time application for such order is made and that such unleased mineral owner shall have been furnished in writing such owner's share of the estimated drilling and completion cost of the well, the location and objective depth of the well, and the estimated spud date for the well or range of time within which spudding is to occur. During the period of cost recovery provided in this subsection (7), the commission shall retain jurisdiction to determine the reasonableness of costs of operation of the well attributable to the interest of such nonconsenting owner.

(8) The operator of a well under a pooling order in which there is a nonconsenting owner shall furnish the nonconsenting owner with a monthly statement of all costs incurred, together with the quantity of oil or gas produced, and the amount of proceeds realized from the sale of production during the preceding month. If the consenting owners recover the costs specified in subsection (7) of this section, the nonconsenting owner shall own the same interest in the well and the production therefrom, and be liable for the further costs of the operation, as if he had participated in the initial drilling operation.

Credits

Amended by Laws 1977, S.B.113, § 1, eff. June 1, 1977; Laws 1981, S.B.211, § 1, eff. July 1, 1981; Laws 1988, S.B.65, § 1, eff. April 4, 1988; [Laws 1991, S.B.91-87, § 1, eff. April 19, 1991](#).

[Notes of Decisions \(6\)](#)

C. R. S. A. § 34-60-116, CO ST § 34-60-116

Current with immediately effective legislation through Ch. 256 of the Second Regular Session of the 71st General Assembly (2018)

Docket Nos. 171000695 & 171200774
Boulder County EXHIBIT M

2018 Colo. Legis. Serv. Ch. 361 (S.B. 18-230) (WEST)

COLORADO 2018 LEGISLATIVE SERVICE

Seventy-First General Assembly, Second Regular Session

Additions are indicated by **Text**; deletions by
~~Text~~ .

Vetoed are indicated by ~~Text~~ ;
stricken material by ~~Text~~ .

CHAPTER 361

S.B. 18-230

OIL AND GAS—DRILLING—POOLS

AN ACT CONCERNING MODIFICATION OF THE LAWS GOVERNING THE ESTABLISHMENT OF DRILLING UNITS FOR OIL AND GAS WELLS, AND, IN CONNECTION THEREWITH, CLARIFYING THAT A DRILLING UNIT MAY INCLUDE MORE THAN ONE WELL, PROVIDING LIMITED IMMUNITY TO NONCONSENTING OWNERS SUBJECT TO POOLING ORDERS, ADJUSTING COST RECOVERY FROM NONCONSENTING OWNERS, AND MODIFYING THE CONDITIONS UPON WHICH A POOLING ORDER MAY BE ENTERED.

Be it Enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 34-60-116, **amend** (1), (3), (7), and (8) as follows:

<< CO ST § 34-60-116 >>

34-60-116. Drilling units—pooling interests. (1) To prevent or to assist in preventing waste, to avoid the drilling of unnecessary wells, or to protect correlative rights, the commission, upon its own motion or on a proper application of an interested party, but after notice and hearing as provided in this section, ~~has the power to~~ **may** establish **one or more** drilling units of specified ~~and approximately uniform~~ size and shape covering any pool **or portion of a pool**.

(3) The order establishing ~~drilling units shall permit only one well~~ **a drilling unit may authorize one or more wells** to be drilled and produced from the common source of supply on a drilling unit, ~~and shall specify the location of the permitted well thereon, with such exception for the location of the permitted well as may be reasonably necessary for wells already drilled or where it is shown upon application, notice, and hearing, and the commission finds, that the drilling unit is located partly outside the pool or field and adjacent to a producing unit, or, for some other reason, the requirement to drill the well at the authorized location on the unit would be inequitable or unreasonable. The commission shall take such action as will offset any advantage which the person securing the exception may have over other producers by reason of the drilling of the well as an exception, and include in the order suitable provisions to prevent the production from the drilling unit of more than its just and equitable share of the oil and gas in the pool.~~

(7)(a) Each ~~such~~ pooling order shall **must**:

(1) Make provision for the drilling of a well **one or more wells** on the drilling unit, if not already drilled, for the operation thereof **of the wells**, and for the payment of the reasonable actual cost thereof **of the wells**, including a reasonable charge for supervision and storage. Except as provided in ~~paragraph (e) of this subsection (7)~~ **(7)(c) of this section**, as to each nonconsenting owner who refuses to agree to bear his **a** proportionate share of the costs and risks of drilling

and operating the well **wells**, the order shall **must** provide for reimbursement to the consenting owners who pay for the drilling and operation of the well **the costs** of the nonconsenting owner's **proportionate** share of the costs and risks of such drilling and operating out of, and only out of, production from the unit representing his **the owner's** interest, excluding royalty or other interest not obligated to pay any part of the cost thereof, **if and to the extent that the royalty is consistent with the lease terms prevailing in the area and is not designed to avoid the recovery of costs provided for in subsection (7)(b) of this section.** In the event of any dispute as to such **the costs**, the commission shall determine the proper costs as specified in paragraph (b) of this subsection (7). The order shall **subsection (7)(b) of this section.**

(II) Determine the interest of each owner in the unit and shall provide that each consenting owner is entitled to receive, subject to royalty or similar obligations, the share of the production of the well **from the wells** applicable to his **the owner's** interest in the drilling unit **wells** and, unless he **the owner** has agreed otherwise, his **a** proportionate part of the nonconsenting owner's share of such **the** production until costs are recovered and that each nonconsenting owner is entitled to own and to receive the share of the production applicable to his **the owner's** interest in the unit after the consenting owners have recovered the nonconsenting owner's share **of the costs** out of production; **and**

(III) Specify that a nonconsenting owner is immune from liability for costs arising from spills, releases, damage, or injury resulting from oil and gas operations on the drilling unit.

(b) Upon the determination of the commission, proper costs recovered by the consenting owners of a drilling unit from the nonconsenting owner's share of production from such a unit shall be as follows:

(I) One hundred percent of the nonconsenting owner's share of the cost of surface equipment beyond the wellhead connections, including ~~but not limited to~~; stock tanks, separators, treaters, pumping equipment, and piping, plus one hundred percent of the nonconsenting owner's share of the cost of operation of the well **or wells** commencing with first production and continuing until the consenting owners have recovered such costs. It is the intent that the nonconsenting owner's share of these costs of equipment and operation will be that interest ~~which~~ **that** would have been chargeable to the nonconsenting owner had he **the owner** initially agreed to pay his **the owner's** share of the costs of the well **or wells** from the beginning of the operation.

(II) Two hundred percent of that portion of the costs and expenses of staking, well site preparation, obtaining rights-of-way, rigging up, drilling, reworking, deepening or plugging back, testing, and completing the well, after deducting any cash contributions received by the consenting owners, and two hundred percent of that portion of the cost of equipment in the well, including the wellhead connections.

(c) A nonconsenting owner of a tract in a drilling unit ~~which~~ **that** is not subject to any lease or other contract for the development thereof for oil and gas shall be deemed to have a landowner's proportionate royalty of twelve and one-half percent until such time as the consenting owners recover, only out of the nonconsenting owner's proportionate seven-eighths share of production, the costs specified in paragraph (b) of this ~~subsection (7)~~ **(7)(b) of this section.** After recovery of such **the costs**, the nonconsenting owner shall then own **owns** his **or her full** proportionate ~~eight-eighths~~ share of the well **wells**, surface facilities, and production and then be **is** liable for further costs as if he **the owner** had originally agreed to drilling of the well **wells**.

(d)**(I)** ~~No~~ **An** order pooling an unleased nonconsenting mineral owner shall **not** be entered by the commission under the provisions of subsection (6) of this section over protest of such **the** owner until **unless** the commission shall have **has** received evidence that such **the** unleased mineral owner shall have **has** been tendered, **no less than sixty days before the hearing**, a reasonable offer to lease upon terms no less favorable than those currently prevailing in the area at the time application for such **the** order is made and that such unleased mineral owner shall have **has** been furnished in writing such **the** owner's share of the estimated drilling and completion cost of the well **wells**, the location and objective depth of the well **wells**, and the estimated spud date for the well **wells** or range of time within which spudding is to occur.

The offer must include a copy of or link to a brochure supplied by the commission that clearly and concisely describes the pooling procedures specified in this section and the mineral owner's options pursuant to those procedures.

(II) During the period of cost recovery provided in this subsection (7), the commission shall ~~retain~~ **retains** jurisdiction to determine the reasonableness of costs of operation of the well **wells** attributable to the interest of such ~~such~~ **the** nonconsenting owner.

(8) The operator of a well **wells** under a pooling order in which there is a nonconsenting owner shall furnish the nonconsenting owner with a monthly statement of all costs incurred, together with the quantity of oil or gas produced, and the amount of proceeds realized from the sale of production during the preceding month. If the consenting owners recover the costs specified in subsection (7) of this section, the nonconsenting owner shall own the same interest in the well **wells** and the production therefrom, and be liable for the further costs of the operation, as if he ~~he~~ **the owner** had participated in the initial drilling operation **operations**.

<< Note: CO ST § 34-60-116 >>

SECTION 2. Effective date—applicability. This act takes effect July 1, 2018, and applies to conduct occurring on or after said date.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved June 1, 2018.

End of Document

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BCCP Agricultural Lands of Importance Docket Nos. 171000695

& 171200774
EXHIBIT O

	Distinguishing Factors and Crops Generally Grown Here	Source of Identification
National	Best physical and chemical characteristics: <ul style="list-style-type: none"> • Soil moisture • Water availability / irrigation • Mean soil temperature • Salinity • Permeability • Erodibility • Drainage / deeper water table • Slope less than 6% 	U.S. Dept. of Agriculture
Statewide	Hay meadows, dryland wheat, grain sorghum, forage sorghum, corn, fruit and vegetable growing and seed cultivation	CO Division of Agriculture, Dept. of Natural Resources, and CO Soil Conservation Board
Local	<ul style="list-style-type: none"> ▪ Soil type – includes class III which is very limited ▪ Existing land uses ▪ Carrying capacity – based on soil type and moisture ▪ Grasses, grass-like plants, forbs and shrubs, valuable lands for grazing 	Longmont Office of Soil Conservation Services, Colorado State University Extension, and Boulder County records