



June 21, 2022

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Colorado Oil & Gas Conservation Commissioners
1120 Lincoln Street, Suite 801
Denver, Colorado, 80203

**Re: Comments of Behalf of the Town of Erie relating to the Cosslett East 22H-H168
Form 2A Submission**

Dear Commissioners,

As the Local Government Designee for the Town of Erie, Erie would like to provide the Colorado Oil and Gas Conservation Commission (COGCC) with the following comments to Crestone Peak Resources Operating LLC/Civitas Resources (Crestone) [Operator Number 10633] Form 2A [Document Number 402643220] permits for wells in unincorporated Weld County (Cosslett East 22H-H168 Location) on which notice was issued for the comment period ending on June 21, 2022, by the COGCC. The purpose of this letter is to explain Erie's authority as a Relevant Local Government, in addition to that as a Proximate Local Government, as well as to identify impacts of concern raised by the application that the Best Management Practices (BMPs) referenced below do not specifically address.

2018 Operator Agreement Between Erie and Crestone

On November 4, 2018, Crestone and Erie entered into an Amended and Restated Operator Agreement (Agreement), which is attached to this letter for review by COGCC. The Agreement includes several best management practices (BMPs) [Appendix A] as well as other conditions which must be met for all proposed Crestone operations within the Operator Agreement Area [Appendix B]. Crestone agreed that the BMPs in Appendix A will apply to site such as Cosslett East that are within the Operator Agreement Area even if the site is not located within Town limits. Per the COGCC definition of a Relevant Local Government, "Relevant Local Government means a Local Government with land use authority where existing or proposed Oil and Gas Operations occur," and by virtue of the 2018 Operator Agreement we have "land use authority" over the site and are a relevant local government in addition to a proximate local government. Therefore, Erie requests that Crestone submit the 302.b certification with respect to Erie's authority.

Erie requests that COGCC review and consider the conditions and BMPs as provided in the Agreement in its technical review of the proposed Cosslett East operations as the agreement dictates "If the COGCC imposes any terms or conditions on Crestone's operations that are subject to the Agreement that conflict with these BMPs, the more stringent requirement will apply" [Appendix A, BMP No. 31]. Accordingly, if any of the BMPs are more stringent than the COGCC requirements, such BMPs should be included in the COGCC permit for the Cosslett East site.

Article III, Section 8, of the Agreement requires mailed notice be provided by Crestone to Erie property owners within one-half (1/2) mile of the pad site that would be affected by the proposed operation. However, notification was only provided after completeness review of the Form 2A in May 2022, per Rule 303.e, and not prior to Form 2A submittal, in conflict with the requirements of the Agreement. These property owners are currently affected by the proposed operations and are currently unable to plat or develop their properties due to reciprocal setbacks required under Erie Municipal Code 10-6-14 – Development and design standards to accommodate oil and gas wells and production facilities Section C.1.a requiring “Where a Form 2 or Form 2A has been submitted to the COGCC for an oil and gas location, but the oil and gas well has not reached completion, no external boundary of a new residential lot, structure that requires a certificate of occupancy, park, sports field, or playground shall be located less than two thousand (2,000) feet from the oil and gas Working Pad Surface.”

Water Supply

In the submitted Cumulative Impacts Plan, Crestone identifies 24,173 barrels (bbls) of water to be utilized for drilling operations primarily sourced from the Town of Erie and Left Hand Water District; however, Erie Public Works Department has not been contacted to request use of Erie Municipal water, nor has Erie Municipal water been allowed for use in Oil and Gas operations during the tenure of the current Public Works Director. Furthermore, the source of Erie’s Municipal water supply has been misidentified as “Ground Water” in Crestone’s submitted documents.

In addition to the fresh water to be utilized for drilling operations, a further 6,270,000 to 8,170,000 bbls of fresh water will be required for completion. This is the equivalent annual water usage of 14,400 to 18,800 average Colorado households (50 gallons per day usage), the vast majority of which would be returned to waterways following sanitary treatment. In contrast, the 6 to 8 million barrels of water to be used in hydraulic fracturing will never be treated and returned to the waters of the State. Given the unprecedented droughts in the western United States, Erie recommends an increase in the use of recycled water utilized from the nearby Erie Hub, operated by Crestone/Civitas.

Air Quality and Cumulative Impacts

Beginning in July 2021 and October 2021, Erie installed air quality monitoring stations operated by Ajax Analytics/Colorado State University and BoulderAIR, respectively. The BoulderAIR monitoring station has recorded 12 instances of methane concentrations above 5,000 parts per billion (ppb) and 2 instances of benzene above 5 ppb since its installation. While recognizing that there are many potential emission sources in and near Erie, compositions of these recorded plumes are very frequently consistent with a direct oil and gas activity emission. Additionally, the 10 Ajax stations have captured via summa canister collection 16 incidents of elevated VOC concentrations whose composition was indicative of oil and gas activity emissions, including 4 where benzene 1-hour estimates were above CDPHE Health Guideline Value of 9 ppb. Five of these events were measured at stations adjacent to Occidental’s Papa Jo, Mae J, and Yellowhammer facilities, none of which were detected using the Montrose Air Quality Services monitoring equipment, highlighting shortcomings in the methodologies employed by the industry contracted monitoring techniques. These three oil and gas facilities are of a similar design to the proposed Cosslett East facility with similar BMPs in place. Three of these events were measured

at a station more than 2,000 ft from any active oil and gas wells; however, on May 19, 2020, Western Midstream reported a pipeline release of an unknown volume of crude oil approximately 700 ft southwest of the monitoring station. Anemometer data and sample compositions are both indicative of this pipeline leak being the probable source of the 3 plumes detected. Given the demonstrated frequency and severity of air toxics detections within the Erie air quality monitoring network and the 151 active oil and gas wells (those with a PR, SI, or TA status) within Erie limits and the additional 295 wells within 2,000 ft of the municipal boundary already contributing to the poor air quality experienced by residents, Erie requests that the Commission consider the cumulative impact of additional wells on air quality and require mitigation measures as part of the permit. Furthermore, it should be recognized by the Commission that air quality impacts originating from state-of-the-art nonconventional “tank-less” facilities very similar to the proposed Cosslett East facility as well as crude oil gathering lines servicing those facilities have been observed and documented. BMP No. 3 in the Erie-Crestone Operator Agreement addresses Air Quality requirements under the Agreement. Additionally, Erie requests that air quality monitoring data collected from Crestone’s monitoring system be reported to Erie in real time.

As noted above, Erie has measured frequent and significant methane releases. Coupled with other greenhouse gases which drive climate change, Erie requests the Commission consider the cumulative impacts of emissions from Oil and Gas operations on emissions and climate change. Data from the United States Environmental Protection Agency (EPA) reported 276 million metric tons of carbon dioxide equivalent (MMT CO_{2e}) in 2020 from onshore production operations (i.e. onshore production, gathering and boosting, natural gas processing, natural gas transmission compression, natural gas transmission pipelines, underground natural gas storage, and liquified natural gas storage). Increasingly frequent severe weather events and increased drought, resulting in horrific events such as last year’s Marshall Fire present a real danger to the residents of Erie, and increased oil and gas production threaten to accelerate and exacerbate warmer temperatures and climate change related impacts.

Additionally, the recently proposed downgrade of the northern Front Range from a “serious” to “severe” violator of the federal ozone standards by EPA highlights the serious air quality issues facing Erie and other Front Range communities. Increased emissions from oil and gas operations hinder the region’s ability to bring ozone levels under federal health standards. Last summer, the region recorded 48 days with average ozone levels above the standard of 81 ppb, and stronger regulations for oil and gas facilities in the non-attainment area are likely. It is critical that should new facilities be permitted, that their contributions to ozone generation, greenhouse gas emissions, and air toxics emissions be at least partially offset through the decommissioning, plugging, and abandonment of older facilities. The OGDG proposes plugging and abandonment for only 2 existing wells, which have recently been temporarily abandoned and would likely be plugged due to recent changes adopted during the Financial Assurances Rules making. Erie requests that Crestone be required to plug & abandon all old, low-producing, temporarily abandoned, or shut-in wells near or within the Cosslett East drilling and spacing unit in an expeditious manner to minimize cumulative emissions of air toxics, greenhouse gases, and ozone precursors.

Spill Prevention

Over the past 18 months, there were 11 reportable spills/releases within Erie limits and an additional 13 within 2,000 ft of the municipal boundary. Erie requests that the Commission

consider the cumulative impact of additional wells on the already frequent occurrences of spills and releases in or near Erie and require additional mitigation measures to protect residents. BMPs in the Operator Agreement that are relevant to Spill Prevention include BMP No 4 (Containment Berms), BMP No. 5 (Flowlines and Pipelines), BMP No. 9A and 9B (Safety of Discharge Valves) and BMP No. 13 (Water Quality and spills).

Again, Erie requests that Crestone be required to plug & abandon all old, low-producing, temporarily abandoned, or shut-in wells near or within the Cosslett East drilling and spacing unit in an expeditious manner to prevent inevitable spills and releases associated with the aged and constantly degrading infrastructure associated with these older facilities.

Timeline of Application Processing

A copy of the OGDG was provided to Erie in July 2021 for the Town's review. In that initial review process, several BMPs were identified which were not in compliance with the Operator Agreement's requirements. Subsequent documents and Letters of Assurance, provided in October and December 2021, stipulated additional commitments from Crestone that the conditions of the Operator agreement would be complied with at the Cosslett East facility. Thus, Erie requests that the Commission thoroughly review the attached Operator Agreement and, accordingly, if any of the BMPs are more stringent than the COGCC requirements, such BMPs should be included in the COGCC permit for the Cosslett East site.

Sincerely,



David R. Frank, Town of Erie LGD and Energy and Environmental Program Specialist

cc: Erie Board of Trustees
COGCC Director Julie Murphy
Barbara Green
John Sullivan
Malcolm Fleming