



TOWN OF ERIE

645 Holbrook Street
Erie, CO 80516

Town Council

Board Meeting Date: 1/12/2021

File #: 21-008, Version: 1

SUBJECT: General Business

A Resolution of the Board of Trustees of the Town of Erie Authorizing the Emergency Expenditure for Reclamation of the Adam #1 Well Plug and Abandon Project in the Amount of \$ 91,012.75.

DEPARTMENT: Economic Development

PRESENTER: Ben Pratt, Economic Development

TIME ESTIMATE: 10 minutes

FISCAL SUMMARY:

Cost as Recommended:	\$ 91,012.75
Balance Available:	\$ 0
Budget Line Item Number:	100.20.910.560140.100281
New Appropriation Required:	Yes

STAFF RECOMMENDATION:

Approve resolution authorizing the emergency expenditure.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

As a part of the Town of Erie and City of Lafayette inter-governmental agreement and the development of the Nine Mile corner, the Town agreed to plug and abandon the Adam #1 well located at the southwest corner of Arapahoe Road and Highway 287. Upon the completion of the plug and abandon project the property was to be transferred to the City of Lafayette for commercial development and surface reclamation was not required.

Due to the COVID pandemic, the annexation of the property into Lafayette and subsequent commercial development by (land owner) Tebo has been delayed. This delay has resulted in the requirement of the Colorado Oil and Gas Conservation Commission (COGCC) that reclamation be completed. If this reclamation was not completed immediately the Town of Erie will be subject to daily fines. To avoid these daily fines the Town requested that Summit Energy Services, the operator that completed the plug and abandon, complete the surface reclamation. The reclamation project

began in Late December 2020 and is scheduled for completion by January 10, 2021.

Fiscal Impact:

The cost of reclamation was not in the original budget because staff expected the transfer of property and subsequent development by Tebo to occur upon completion of the plug and abandon project. The additional cost will need to be approved by the Board and appropriated during the first supplemental process in 2021. Staff will include this cost in the Town's contribution to facilitate development of the Lafayette/Tebo Development parcel and be credited for this cost under the revenue/cost sharing terms of the IGA between the Town the TOEURA and Lafayette.

Board Priority(s) Addressed:

- ✓ Attractive Community Amenities
- ✓ Prosperous Economy
- ✓ Well-Maintained Transportation Infrastructure
- ✓ Safe and Healthy Community
- ✓ Effective Governance
- ✓ Environmentally Sustainable
- ✓ Fiscally Responsible

ATTACHMENTS:

1. Resolution 21-009
2. Quote to complete reclamation