



Discussion – Potential Sale of Town’s Mineral Rights

Town Council

June 2, 2026



Agenda

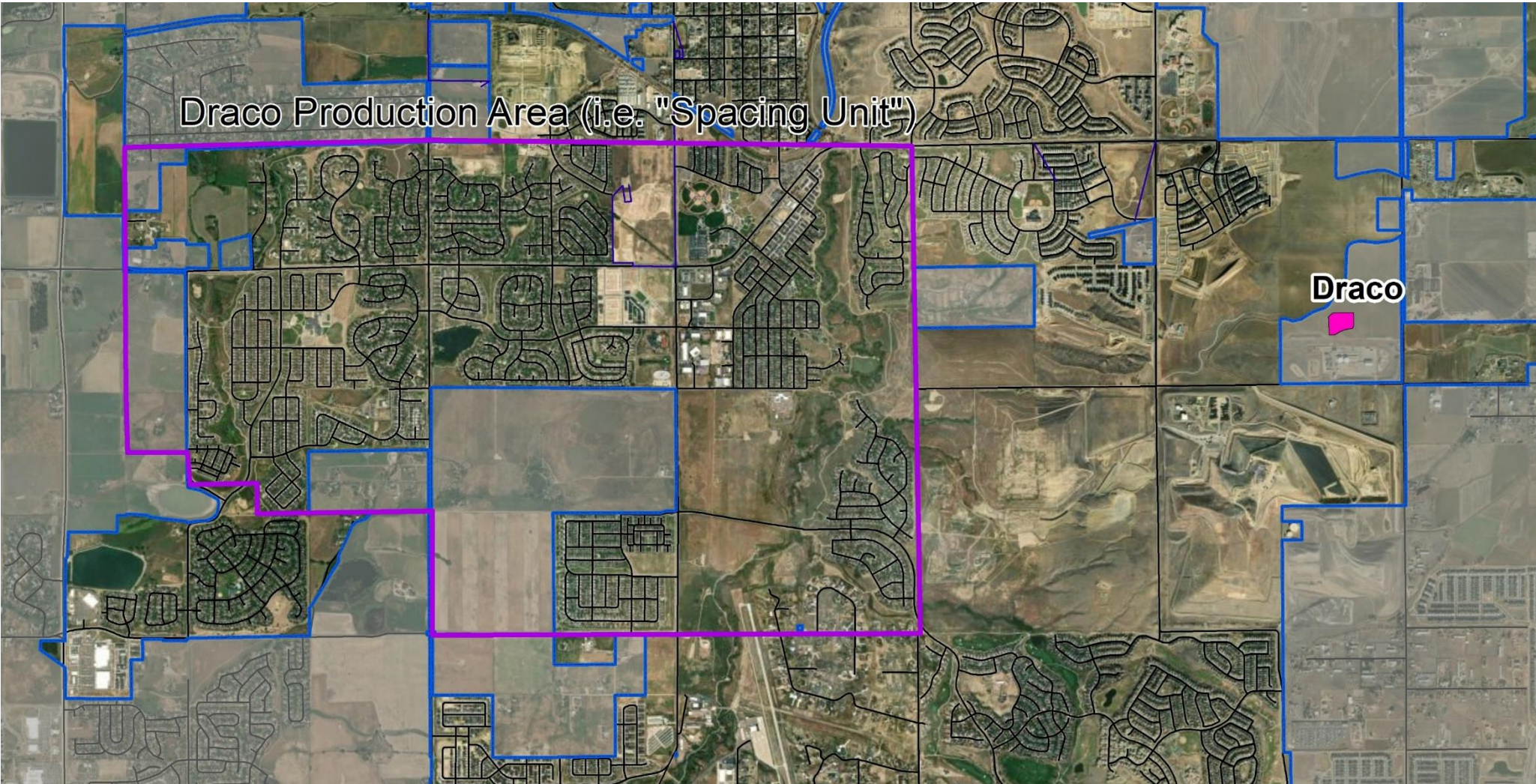
- Where We Currently Stand
- Negotiating Points
- Next Steps
- Meeting Wrap Up – *No decisions or votes will happen today*



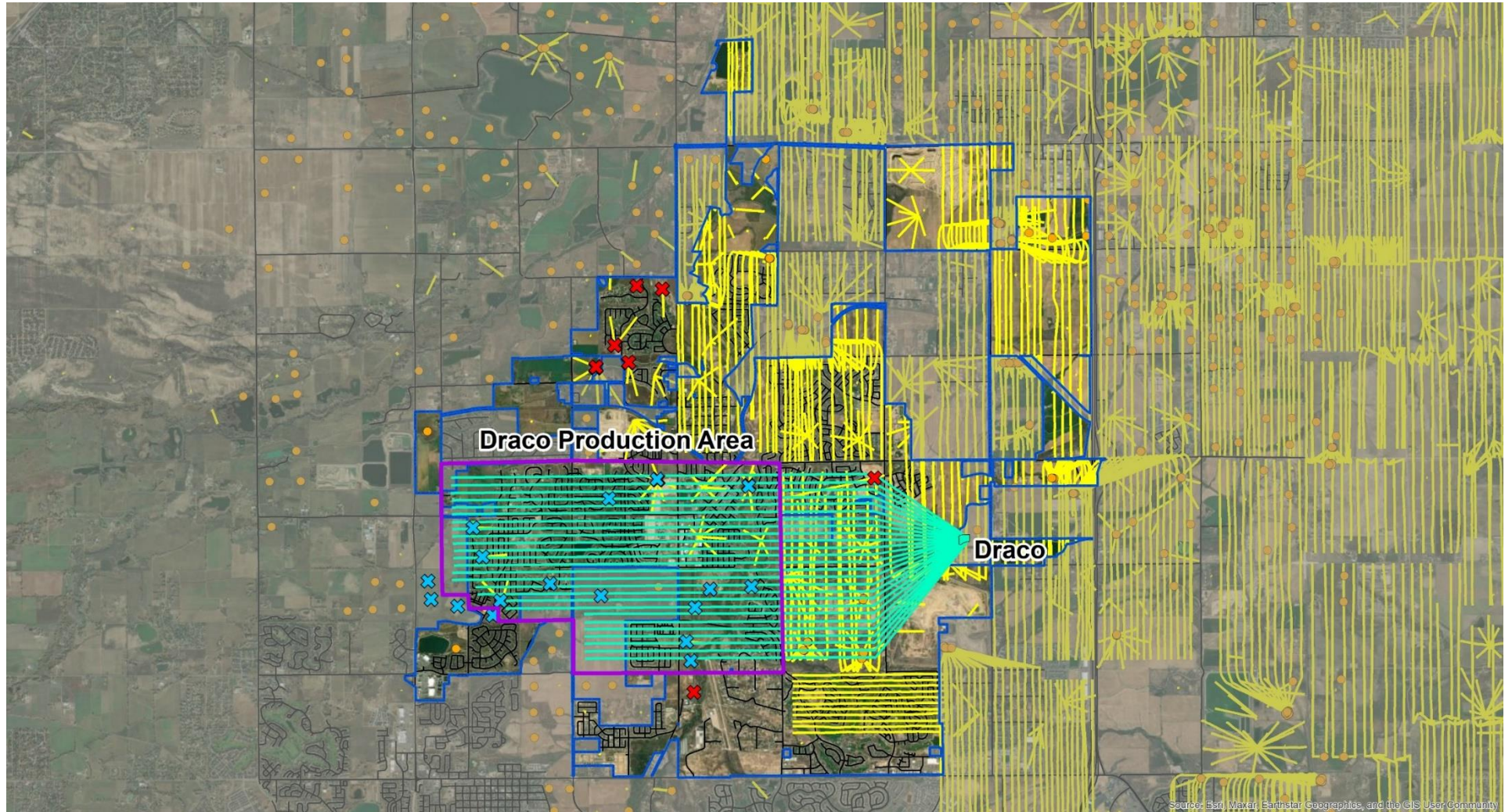
Where We Currently Are

- Draco Pad Approved - On March 26, 2025
The Colorado Energy and Carbon Management Commission (ECMC) approved the Draco Pad despite Erie's objections. The Civitas/SM Energy project involves 26 wells located in unincorporated Weld County with drilling extending west under Erie and Boulder County.
- Spring 2025 – Civitas/SM Energy approached the Town for the possibility of acquiring the Town's Mineral rights. Initial offer was for one parcel of land (31+ acres) in exchange for mineral rights. Parcel appraised at \$2.85M.
- Negotiations are ongoing. A special meeting has been tentatively scheduled for June 16 for Council to make a decision, assuming a final agreement has been reached.
- Decision to sell any Town property, including mineral rights, is a policy decision of the Town Council.

Draco Facility and Production Area

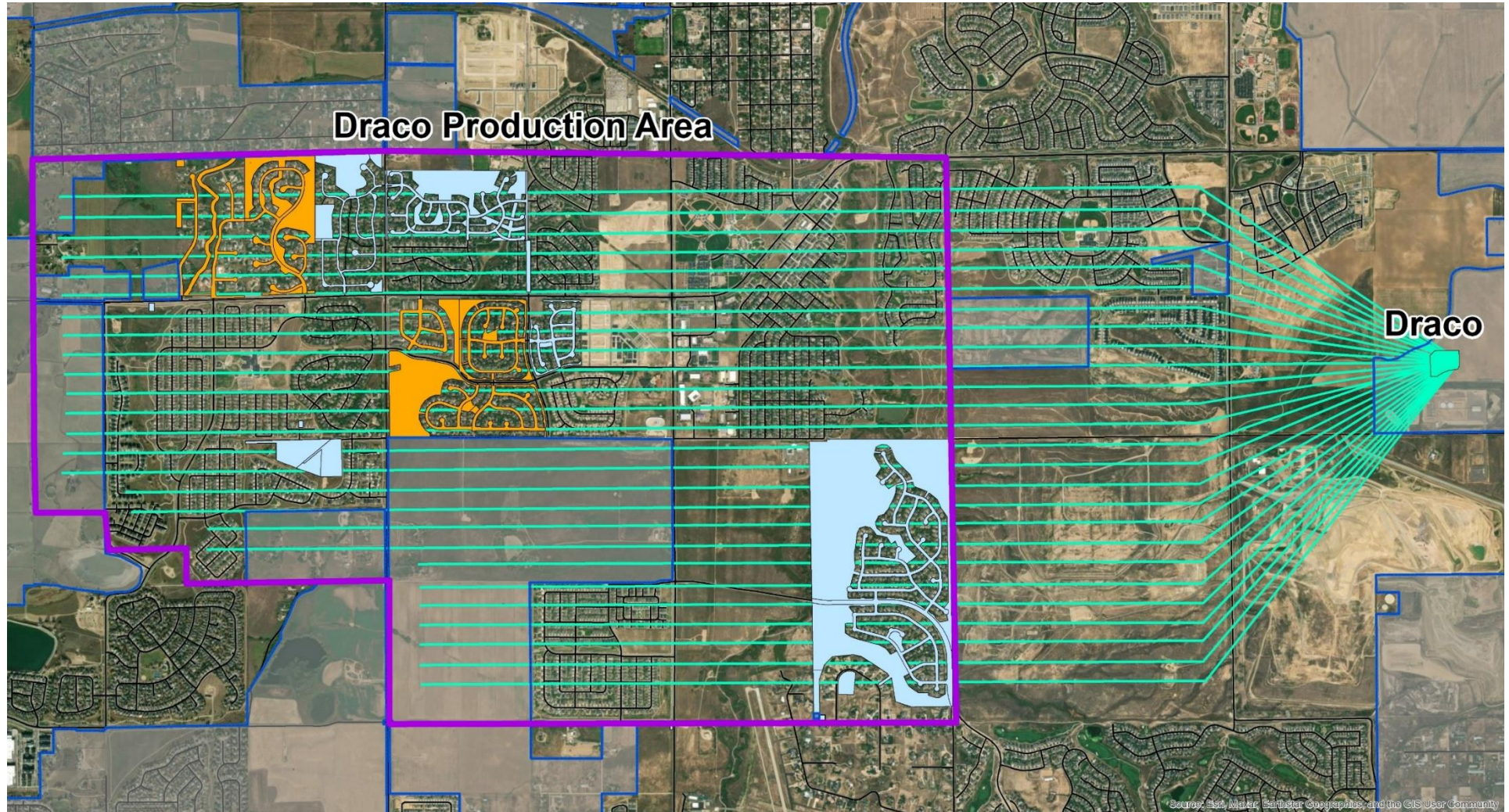


Existing and Planned Drilling in and near Erie



Each red X indicates one or more wells to be plugged. Including all wells owned by SM Energy.

Draco Drilling Area & Town's Mineral Rights



Light blue area show already leased minerals; orange areas show unleased minerals

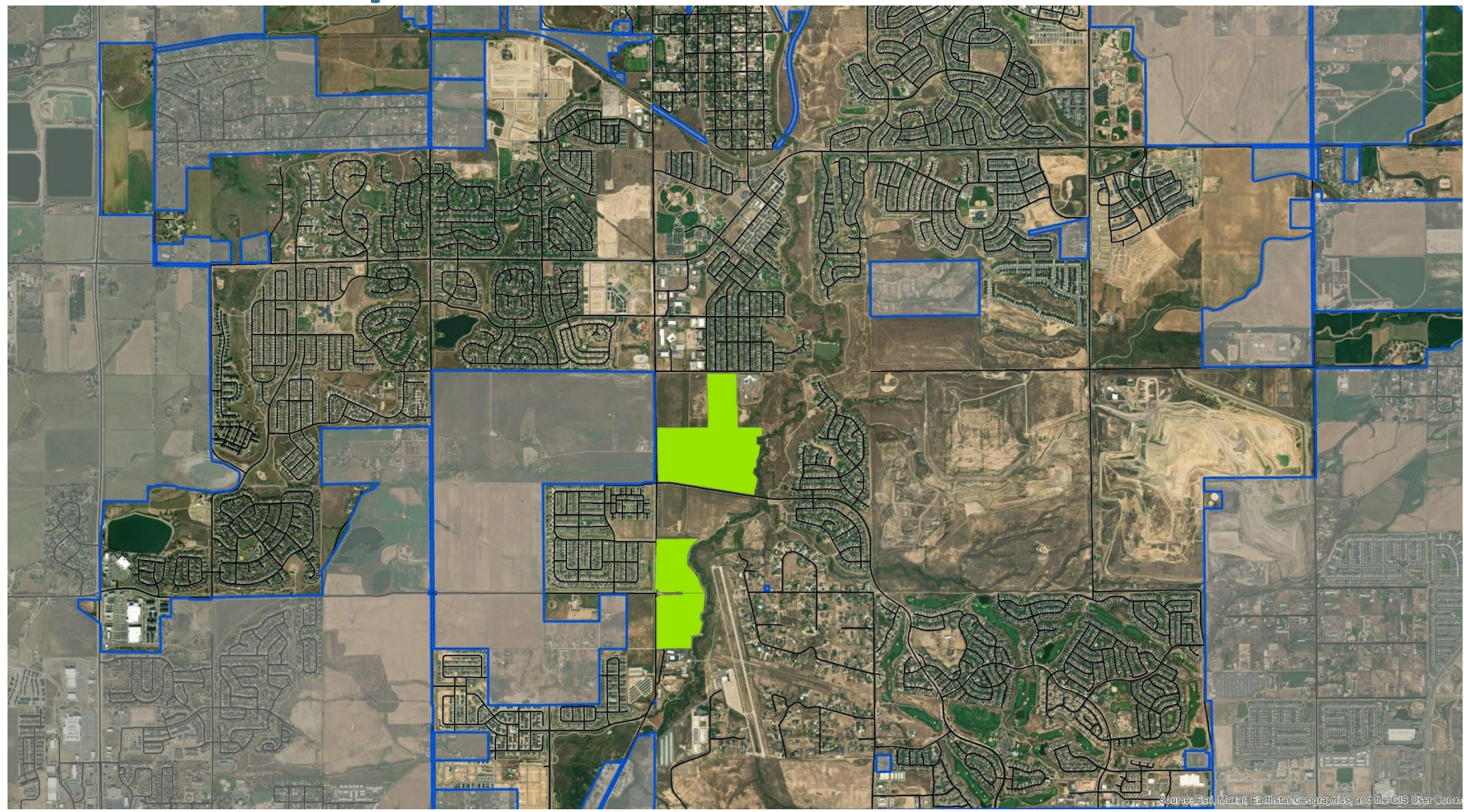


Current Negotiation

- Additional safety measures
 - Plug and abandon 17 wells (in addition to the wells the ECMC ordered capped in the Draco Plan)
- Additional local oversight
 - On site inspections of the Draco Pad
- Additional Compensation
 - Property – three parcels on County Line Road (approx. 158 acres, appraised at ~\$13.575M)
 - Production Revenue – 2% (estimated to be \$17M+ over the life of the well, majority in the first five years. Dependent on well production.)
 - Cash payment of \$4.5M

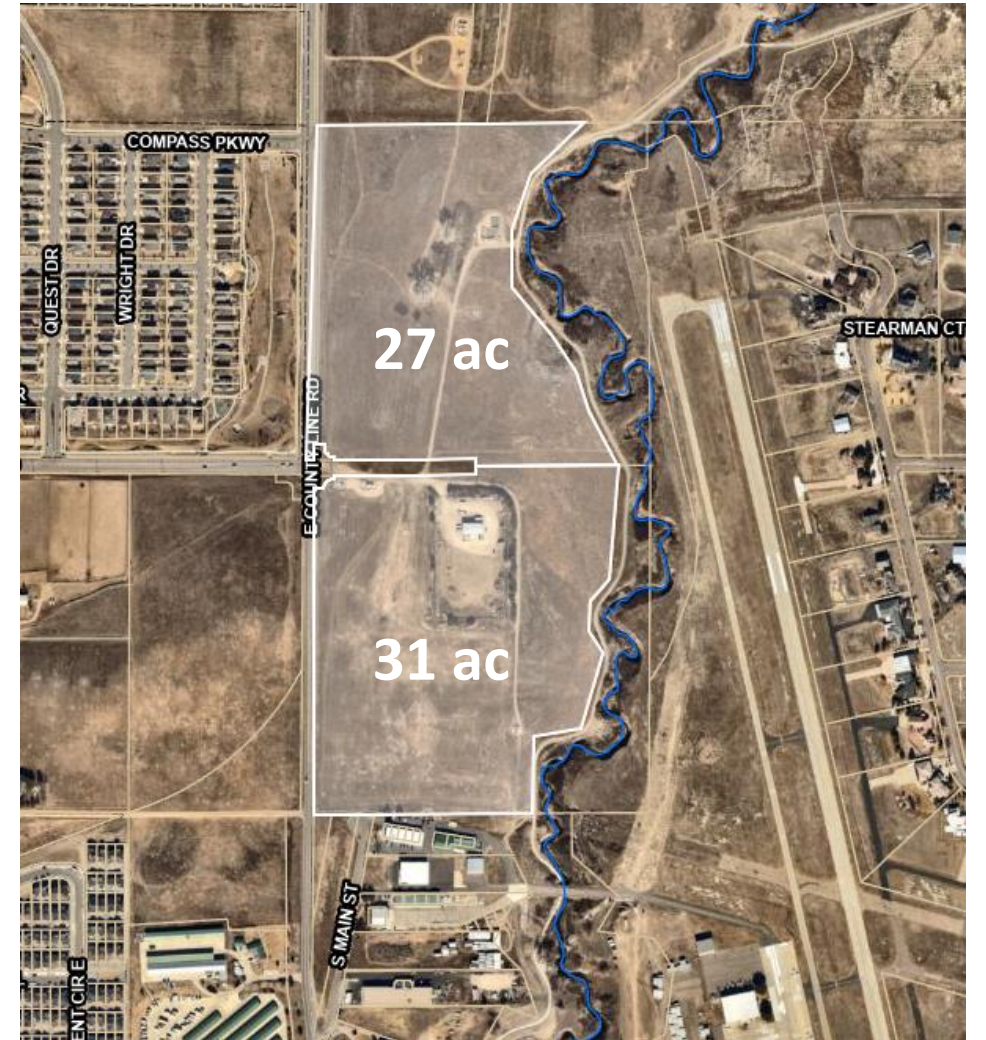
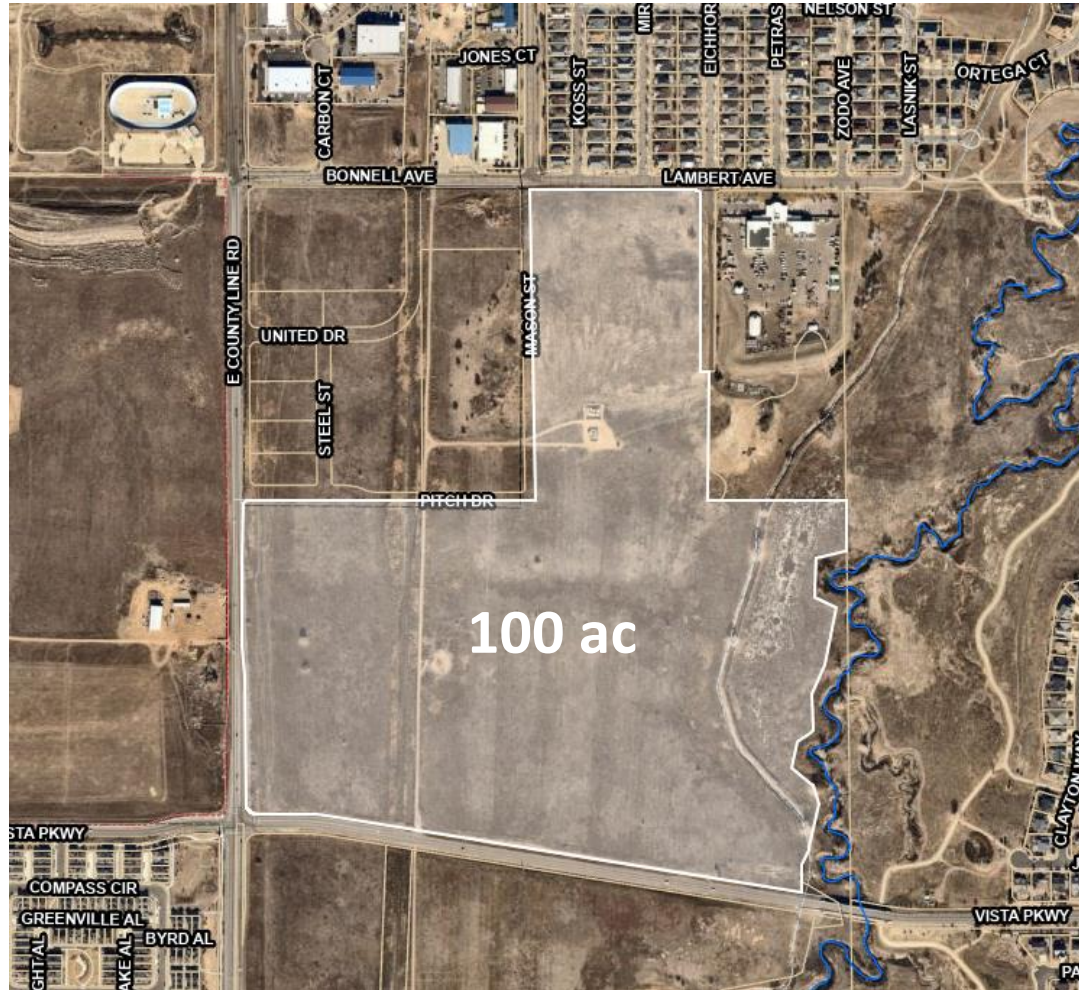


Parcels Proposed to be Transferred



Source: Esri, Maxar, Earthstar Geographics, and the GIS User Community

Parcels Proposed to be Transferred





Additional Information

- What happens if the Town does not sell?
 - The Town would only receive royalty payments for the portions of the Town's mineral interest that are currently leased
 - The unleased portions could not be forced pooled, per SB24-185
- Can the Town's minerals be avoided if they are in the line of the drilling?
 - The unleased portions **MUST** be avoided unless leased or voluntarily pooled.



Next Steps

- If agreement reached – ordinance for purchase comes to Council for consideration at a public meeting, possibly middle of June.
 - Full agreement and ordinance will be available for public review prior to the meeting.
 - Public comment will be taken at the meeting
- If no agreement reached, no further discussion or meetings will be held.