



Public Hearing on Oil and Gas Issues

Boulder City Council

May 15, 2018

Questions for Council



- Does council wish to place a moratorium on the November 2018 ballot?
- Does council instead wish to impose a moratorium until June 3, 2020?
- Is council interested in considering a separation tax for the November 2018 ballot?
- Should OSMP staff develop a plan for prioritizing and acquiring mineral rights?
- Is council interested in considering a ballot measure to raise revenue to acquire mineral rights under OSMP lands?

Background



- One year moratorium effective June 3, 2013.
- Voter-approved moratorium expires June 3, 2018.
- Moratorium on accepting oil and gas applications for open space or applications for use review for new “Mining Industries.”

2013 Election Results



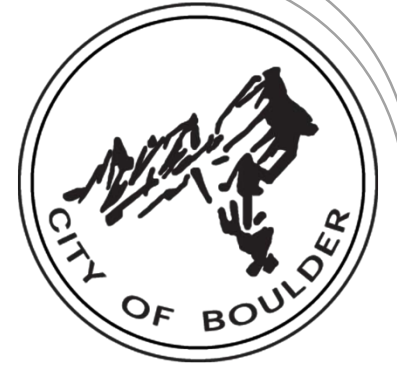
FOR:	24,061	78.07%
AGAINST:	6,758	21.93%
Total Votes:	30,819	

Legal Status



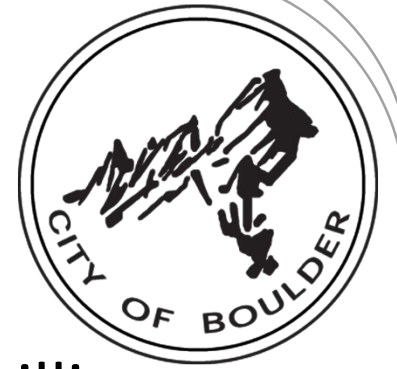
- *City of Longmont v. Colo. Oil & Gas Ass'n*
 - Struck down Longmont's ban.
- *City of Fort Collins v. Colo. Oil & Gas Ass'n*
 - Struck down Fort Collins moratorium.

Martinez v. Colo. Oil & Gas Comm'n



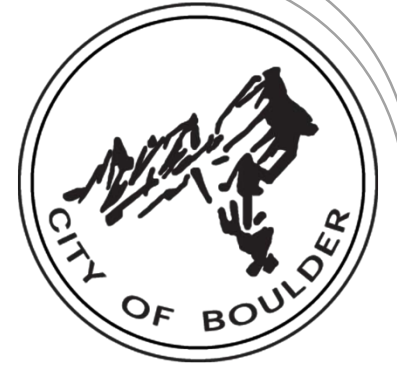
- Colorado Court of Appeals – March 23, 2017
 - Protection of public health, safety and welfare is a precondition to approval of any development.
- Colorado Supreme Court – Granted review January 29, 2018
 - Opening brief has been filed.
 - Answer brief is due May 25, 2018.
 - Reply brief is due June 15, 2018.
 - Oral argument has not been scheduled.
 - If requested, would likely occur in the fourth quarter of 2018.
 - A decision would be expected some time in 2018.

Public Safety Risk



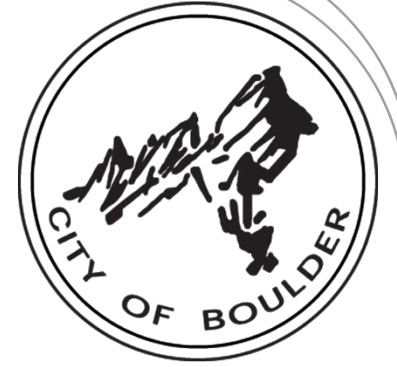
- April 17, 2017 – Firestone, CO – uncapped flowline exploded killing two and injuring two.
- Nov. 16, 2017 – Galetton, CO – fire killed one.
- May 8, 2017 – Greeley, CO – worker injured when fumes from a storage tank ignited.
- Oct. 12, 2017 – Brighton, CO – truck driver injured in a fire at an oil and gas facility.
- Nov. 7, 2017 – Weld Cty, CO – fire after a spill.
- Sept. 12, 2017 – Garfield Cty, CO – 300-barrel tank exploded.
- Dec. 22, 2017 – Windsor, CO – one injured in an explosion.

Potential City Regulations



- Examination of more appropriate zoning and conditions necessary to protect public safety.
- Setback, visual impact and noise.
- Water quality.

Land Outside of the City



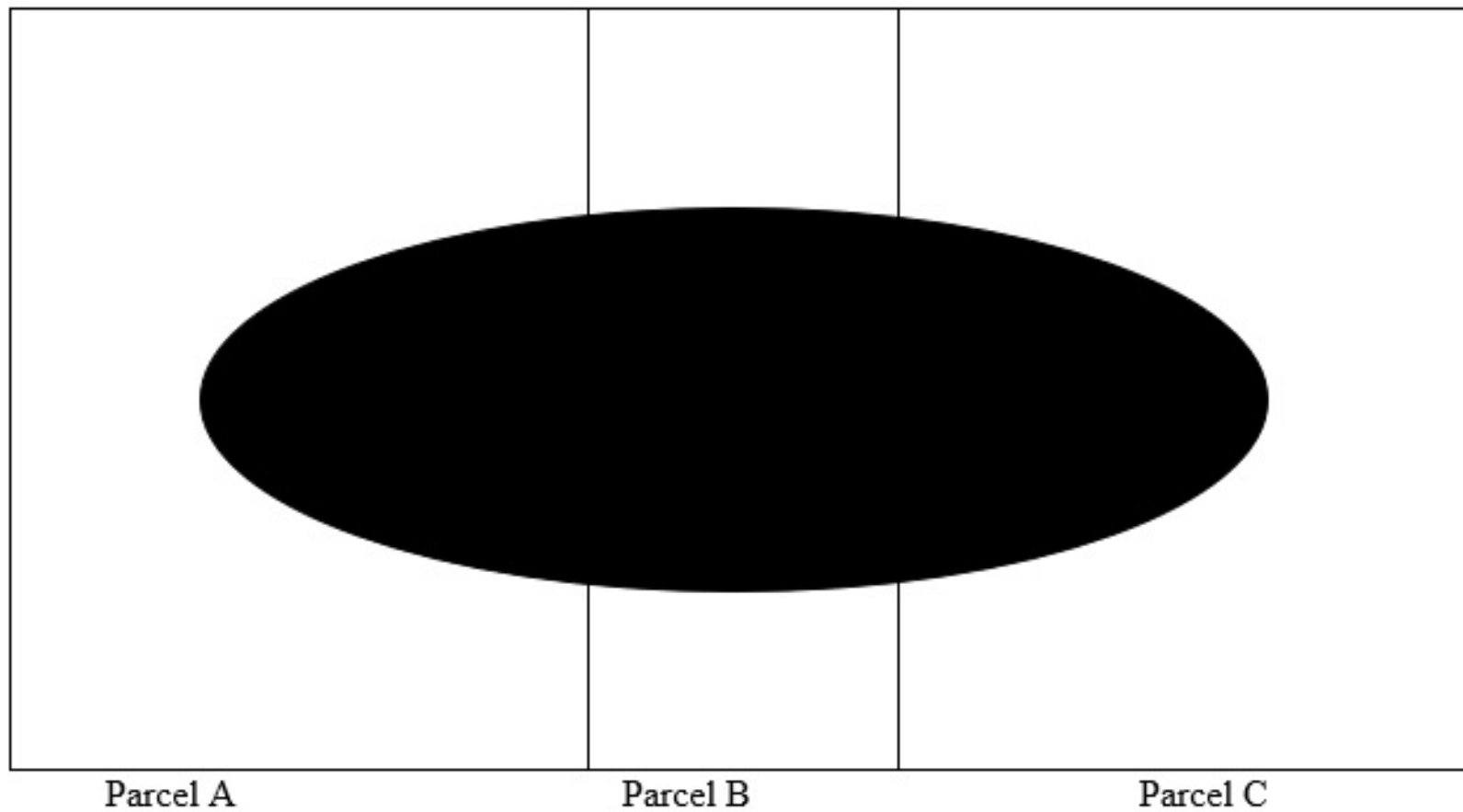
- OSMP Regulations adopted 1993.
- Water Utility has no regulations.
- Departments would draft regulations.

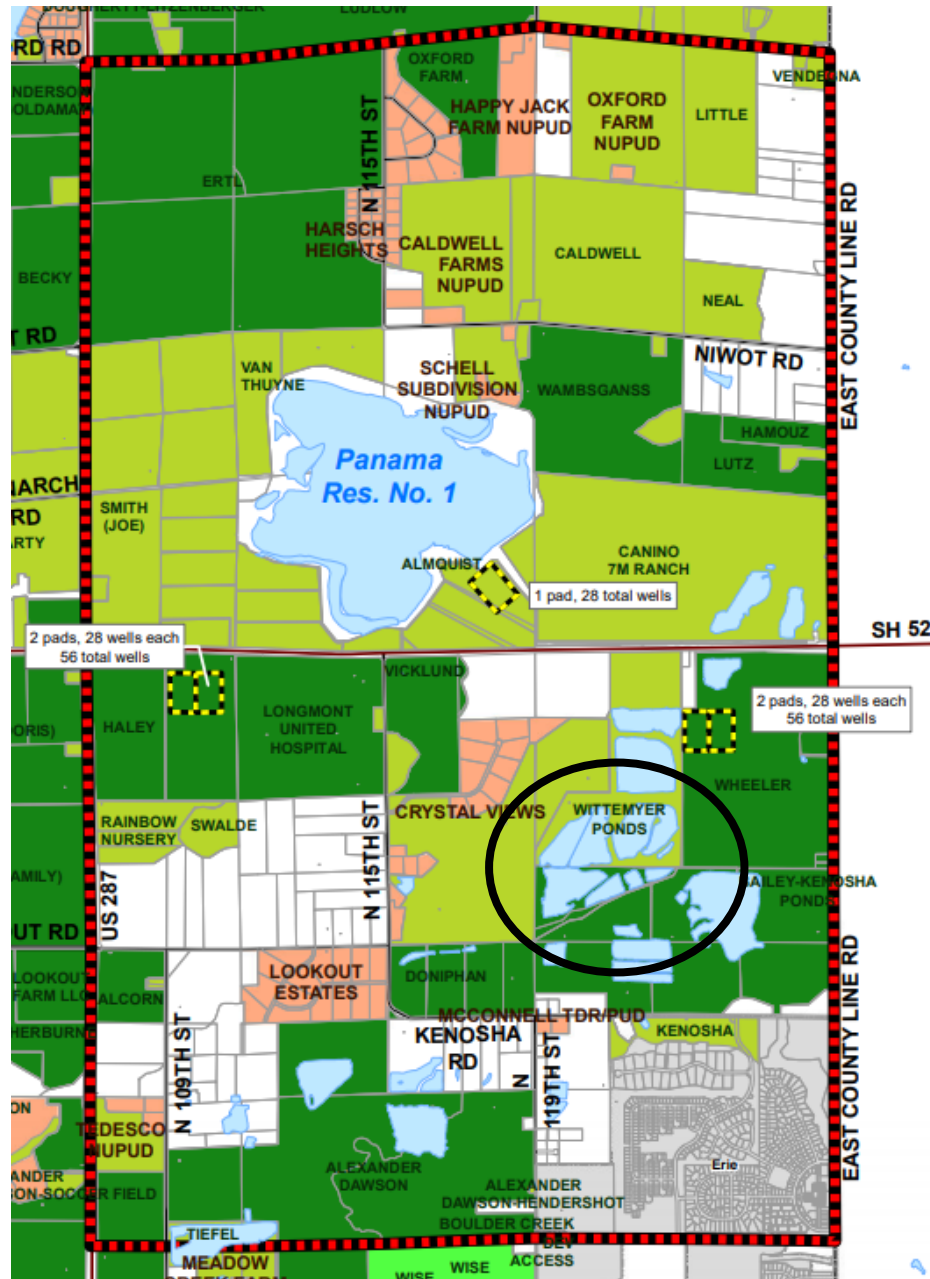
Status of Mineral Rights on Open Space



- The city owns all oil and gas interests for approximately 20,000 open space acres.
- The city owns a fractional interest for approximately 2,000 acres.
- Other parties own oil and gas rights under at least 9,100 acres.
- 5,500 acres under review.

Forced Pooling





Crestone Application

Separation Tax

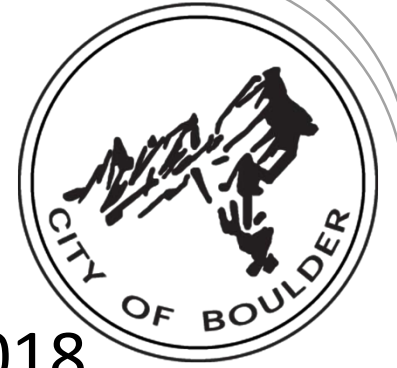


- **Intent:** To help offset the significant community costs associated with oil and gas extraction in the city.
- **Who would this tax?:** Developers who extract oil and gas within city limits.
- **What would it tax?:** To be determined. Legal Research required.
- **How is this different from the severance tax?:** CO's severance tax is imposed on the production or extraction of metallic minerals, molybdenum, oil and gas, oil shale, and coal. It's a % based on the gross income and does not offset municipal costs associated specifically with oil and gas extraction.



Council Questions?

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