

Objective Criteria Review Memo *Kerr McGee Oil & Gas Onshore, Point Three doc no 402405970*

This summary explains how COGCC staff conducted its technical review of the Kerr McGee Oil & Gas Onshore (Kerr McGee), Point Three 11-16HZ, Doc no 402405790, within the context of SB 19-181 and for the required Objective Criteria. This proposed Location is for 12 wells, 12 separators, 1 condensate tank, 4 water tanks, temporary water tanks, and other production equipment. The proposed Location meets the following Objective Criteria:

1. (Criteria #2) The proposed Location is within a municipality (Johnstown)
2. (Criteria #3) Oil and Gas Locations within 1,500 feet of a municipal boundary, platted subdivision or county boundary (Weld County); and
3. (Criteria #5.c.) Sensitive Environment for water resources based on proximity to surface water.

COGCC staff met with the Director to discuss the Objective Criteria for the Form 2A with the proposed Best Management Practices (BMPs) and applied Conditions of Approval (COAs). The following sections provide details regarding the evaluation of each criterion.

Criteria 2: The Proposed Oil and Gas Location is within a municipality:

Site Specific Description of Applicability of Criteria 2: The proposed Location lies within the Town of Johnstown.

Site Specific Measures to Address Criteria 2: Kerr McGee has Operator Agreement for Point Three 11-16HZ which was approved by the Johnstown Town Council on 12/16/2019. A Use by Special Review (USR) application was submitted on 5/29/2020 to the Johnstown Planning and Development Director and Local Government Designee was approved 12/17/2020. Per the Town of Johnstown USR Requirement, community meetings were held on 10/2/2019 and 7/31/2020 at the Johnstown Community Center. The COGCC Health study fact sheet was sent to 174 residential building units within 2000 feet of the location, including all the residences in the Pioneer Ridge subdivision north of CR 44/Cinnamon Teal Ave. The nearest Building Unit is approximately 1,595 feet to the west.

Two people reached out to Kerr McGee regarding mineral rights and final design of the Location. One public comment was made on the Form 2A regarding nuisance and health concerns. Kerr McGee has worked with the surface owner to the south of the location to route traffic away from the Pioneer Ridge subdivision. Water lines will be used instead of trucking water for completions activities, minimizing truck traffic. Best Management Practices (BMP) for low odor mud, dust control, light, and noise are on the Form 2A to minimize nuisance to surrounding residents. Kerr McGee will also conduct air monitoring during drilling and completions operations.

COGCC staff has added Conditions of Approval (COA) to the Form 2A for Noise, Light, Odor, and Dust, and an air monitoring plan to be submitted via Form 4 sundry for Director approval prior to construction of the proposed Location. The plans will describe how the Kerr McGee will achieve compliance with the 400-series Rules adopted by the Commission on November 23, 2020.

Kerr McGee has submitted an Emergency Action Plan (EAP) and Tactical Response Plan (TRP) to the Front Range Fire Rescue for review.

Kerr McGee has a 24-hour hotline service and signs posted for public outreach as well as sending notifications to all residents within 2,000 feet of the Location.

Summary: Kerr McGee has an Operator Agreement with Johnstown and is working on the USR application. Kerr McGee is required to submit nuisance mitigation plans in accordance to the COGCC 2021 rules in addition to the BMPs on the Form 2A.

Criteria 3: Oil and Gas Locations is within 1,500 feet of a municipal boundary, platted subdivision, or county boundary.

Site Specific Description of Applicability of Criteria 3: The Weld County is approximately 320 feet to the east and approximately 400 feet south of the proposed Location.

Site Specific Measures to Address Criteria 3: Kerr McGee is going through the USR process with Johnstown. As part of the Johnstown permitting process, Weld County received a packet regarding the proposed Location. Weld County placed a comment on the Form 2A regarding access road permitting through their planning department. Kerr McGee will with the appropriate jurisdiction for transportation and obtain the necessary permits.

Summary: Kerr McGee is working with the jurisdiction governments for access and haul routes and has an emergency plan in place with the local responders.

Criteria 5.c: Oil and Gas Locations within a Sensitive Area for water resources.

Site Specific Description of Applicability of Criteria 5.c: The proposed Location is in a sensitive water resource area for proximity to surface water. The Hillsboro irrigation ditch is approximately 170 feet to the east of the proposed Location.

Site Specific Measures to Address Criteria 5.c: Kerr McGee is the surface owner, Kerr McGee has placed BMPs on the Form 2A for protection of proximate surface water. BMPs include secondary containment with above-ground tanks in steel-walled containment with a liner and the separators in a steel-walled containment. The location will use automation technology to

monitor the tanks on the location. Kerr McGee also provided a stormwater BMP that includes pad grading, and a ditch and berm to divert runoff to sediment traps on location.

Summary: KMG provided BMPs that address ground water resources and environmental protections. The BMPs include engineering controls (construction and containment) and administrative controls (inspections and a leak detection plan).

Director Determination: Based on the information provided, the Best Management Practices committed to by the operator, and the Conditions of Approval proposed, The Director has determined that this application and variance request are protective of public health, safety, welfare, the environment and wildlife resources and can be approved.