



Planning, Development & Transportation Services

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MEMORANDUM

To: Mayor Weitkunat
City Councilmembers

Thru: Darin A. Atteberry, City Manager *DA*
Karen Cumbo, Planning, Development, and Transportation Service Director *KC*

From: Laurie Kadrich, Community Development and Neighborhood Services Director *LK*

Re: City Council Meeting March 19, 2013 Agenda Item # 28
Operator Agreement between the City and Prospect Energy

The staff presentation contains much of the information requested by Council:

- Location maps that show where Prospect's Drilling Site is located (general location; location in a localized area and relation to subdivisions/neighborhoods; the specific drilling site(s)).
 - A vicinity map is located on page 4.
 - The Fort Collins Field & the Undeveloped Area (UDA) are shown in more detail on page 5. This map also includes the existing wells.
 - A subdivision map including existing well pads (which are currently producing wells) is on page 6.
 - An aerial subdivision map including existing well pads and those identified by the operator for future expansion is on page 7. This map illustrates that expansion is intended in those areas that do not currently have housing built.
 - In general, expanding on existing well pads is less disruptive than adding a new well pad in terms of road development and site improvements.
 - Production comparisons information. Production in the Fort Collins Field is primarily oil and water – very small amounts of gas are recovered. The entire Fort Collins Field produces 20 (MCF) per day to recover 122 barrels of oil per day. The Piceance Basin produces 75,000 (MCF) per day to recover 150 barrels of oil per day. See chart on page 8 for more details.

What is the company actually doing? Recent engineering and geological analysis indicates that certain parts of the Fort Collins Field may yield substantial additional oil recovery by expanding the current operations by drilling and hydraulic fracturing new wells from lands within the subdivision (see whereas clause, #4, page 1 of Agreement for more details). The company is also exploring resource recovery in the UDA.

How is their drilling different from other typical fracturing (and from what Council just banned)? Council banned all levels of hydraulic fracturing. Much of the testimony surrounding the concerns about hydraulic fracturing contained references to the large volumes of water needed to

complete the hydraulic fracturing process (1-3 million gallons). Due to the geology in the Fort Collins Field (no horizontal drilling and no gas production) hydraulic fracturing does not require the same volume of water. The average volume of water is 114,129 gallons over the last six wells fractured in the Fort Collins Field compared to 2,828,299 gallons over five wells fractured in the Wattenberg Area for horizontal drilling purposes (see page 9 in the presentation for comparison details).