

August 25, 2023

MRG, LLP
Attn: Bill Irwin
2725 Rocky Mountain Avenue
Loveland, CO. 80538

Dear Bill,

After an extensive application and review process, **I am approving the MRG CE Pad Oil and Gas Development Permit.** I find the application, with all 23 proposed conditions of approval, complies with all applicable local regulations within the City's Unified Development Code ("UDC") and therefore may be approved.

The MRG CE Pad Oil and Gas Development Permit represents the first application for oil, gas, and mineral development to be decided by the City of Loveland under the UDC, effective April 2, 2013. This is also the first oil and gas location within the City limits to be reviewed under the revised Colorado Energy and Carbon Management Commission ("ECMC") regulations that were passed as a result of Senate Bill 19-181.

The MRG CE Pad is located east of Interstate 25, north of Highway 34 (E. Eisenhower Boulevard), and west of N. County Road 3. It is sited at the City's far east municipal boundary in a developing area known as Kinston Centerra. The drilling site will be approximately 13 acres. After interim reclamation, the active production site will be reduced to 7.2 acres. This site is designed to accommodate 15 well heads, associated facility equipment, truck access, necessary utility infrastructure, stormwater detention, and perimeter landscape screening and buffering.

Per the City's UDC, this permit was presented for consideration as an administrative decision per *Division 18.10.03 Enhanced Standards for Oil and Gas Operations*. An administrative decision is only available for those applications that meet location requirements and are able to adhere to enhanced air quality and noise standards. This application met the enhanced standards and therefore qualified for an administrative decision.

I find that the City has been transparent and inclusive in its approach to this application. The first concept review meeting between MRG and City staff was held in March of 2022. Soon after, the City dedicated a webpage that has been regularly updated to include all submission materials and news related to the application. A neighborhood meeting was hosted by the City staff on November 9, 2022. The City's public comment period ran for a 45-day period from December 2, 2022 until January 16, 2023. The Operator provided written responses to all comments.

The City's multi-departmental review team conducted two thorough reviews of this proposal over a period of several months. Information initially submitted went through a full review and comment. Outside agencies such as the Loveland Fire Authority and Larimer County were also part of this review. As part of this process, the City consulted with subject matter experts including legal counsel, ECMC staff, and various staff from the Colorado Department of Public Health and Environment. After resubmittal of the application,

another full review occurred that led to additional revisions and resubmission prior to the final packet and staff recommendation being sent to me on July 11, 2023.

The file on this matter is extensive. There are approximately two dozen planning documents addressing issues such as emergency response, landscaping, interim reclamation, storm water controls, noise mitigation, dust mitigation, and air quality protections.

All written plans have been made part of the decision and are now enforceable. The City staff also put forward 23 conditions of approval that are now binding on this Operator. The additional conditions required by this permit are, in some cases, more protective than state regulations. For example:

- All wells will be drilled with electric drill rigs.
- Pipelines will be used to transport the oil and gas, eliminating truck trips to the facility.
- The site will utilize a "tankless design."
- The production facility will use electricity for all motors and pneumatic devices.
- Hydraulic fracturing and heavy construction equipment that cannot be electrified will use lowest-emitting Tier IV engines.
- The Operator will assign employees to respond to all complaints 24 hours a day, seven days a week. Complaints are to be resolved within 24 hours.
- The Operator will provide weekly electronic Progress Reports to the City of Loveland Local Governmental Designee during the initial construction, drilling, completion, and first year of production phases of the project. The weekly report will describe any spills, accidents, alleged violations, or complaints.
- The Operator will perform a baseline air quality monitoring survey prior to the commencement of drilling operations and the site will have continuous air monitoring for VOC and methane during the drilling, completion, and first 3 years of production operations.

A copy of the Director of Development Services Report with the conditions is attached to this letter of approval. I genuinely appreciate the work that all parties contributed during this permitting process. It is a better proposal because of your efforts. Thank-you.

Sincerely,



Brett A Limbaugh, AICP
Director, Loveland Development Services Department

Attachment

DIRECTOR OF DEVELOPMENT SERVICES STAFF REPORT

JULY 11, 2023

ADMINISTRATIVE DECISION			
Project Name	MRG CE Pad Oil and Gas Development Permit		PZ#22-00181
Project Type	Oil, Gas, and Mineral Development		
Location	East of Interstate 25, north of Highway 34 (E. Eisenhower Boulevard), and west side of N. County Road 3 within a developing area known as Kinston Centerra.		
Applicant	MRG, LP - Jessica Donahue (Representative)	Staff Planner	Troy Bliss
Project Summary			
The MRG CE Pad Oil and Gas Development Permit represents the first application for oil, gas, and mineral development presented for issuance of a decision within the City of Loveland under the Unified Development Code (UDC), effective April 2, 2013. Located east of Interstate 25, north of Highway 34 (E. Eisenhower Boulevard), and west side of N. County Road 3, the proposed drilling and production facility is sited at the City's far east municipal boundary in a developing area known as Kinston Centerra. The drilling/production site is comprised of approximately 13 acres. This site is designed to accommodate 15 wells heads, associated facility equipment, adequate ingress/egress, necessary utility infrastructure, stormwater quality/detention, and perimeter landscape screening/buffering. Per the City's UDC, this permit is presented for consideration as an administrative decision per <i>Division 18.10.03 Enhanced Standards for Oil and Gas Operations</i>.			
Staff Recommendation			
Recommendation: <i>The City of Loveland Development Review Team (DRT) is recommending conditional approval of the MRG CE Pad Oil & Gas Development Permit subject to all conditions listed in Section X of said staff report.</i>			
Options	Consequence		
Approve the Permit	Approval would allow the City to issue and record an Oil & Gas Development Permit for the extraction and production of such resources at the location presented herein. Approval would allow the City to support the Oil and Gas Development Plan application through the COGCC process as well.		
Deny the Permit	Denial would result in the Oil & Gas Development Permit not being approved by the City with no ability for an appeal within the City. A denial may be appealed pursuant to Rule 106 C.R.C.P. to the Larimer County District Court. Denial would lead to the City opposing the Oil and Gas Development Plan through the COGCC.		
Adopt modified motions or take no action	Specify in motion if the recommended motion is modified. Should no action be taken, please provide direction to City staff for processing the associated Oil & Gas Development Permit		

I. Attachments

1. MRG, LP Oil and Gas CE Pad Site Development Plan Set
2. MRG, LP Oil and Gas CE Pad Civil Construction Plan Set
3. Emergency Response Plan
4. Traffic Impact Assessment
5. Noise Mitigation and Monitoring Plan
6. Lighting Mitigation Plan
7. Neighborhood Meeting - Community Participation Report
8. Community Response/Correspondence
9. Locational Drawing
10. McWhinney Design Review Committee (DRC) Approval Letter

II. Project Contacts

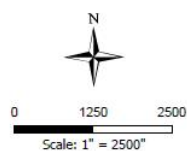
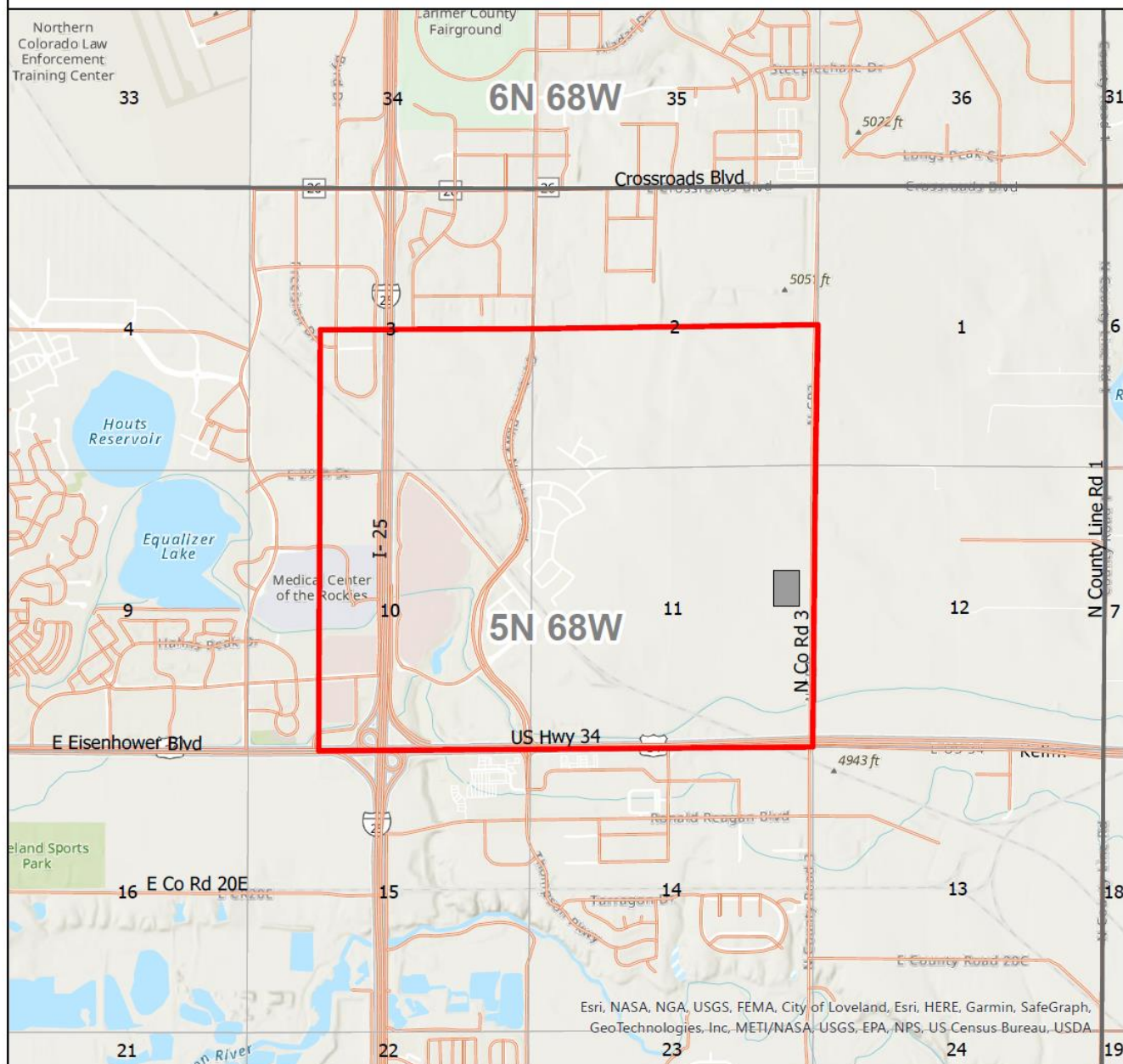
Applicant's Team		City Staff	
Property Owner	Centerra East Development	Planner	Troy Bliss
Consultant	MRG, LP	Traffic Engineer	Randy Maizland
Traffic Engineer	Felsburg Holt & Ullevig – Christopher Fasching	Fire Prevention	Ingrid McMillan-Ernst
Noise Mitigation and Monitoring	Behrens and Associates, Inc. – Shaun Norris and Jason Peetz	Stormwater	Suzette Schaff
Lighting Mitigation	Campos EPC – David Nowicki	Water/Wastewater	Melissa Morin
		Power	Luis Sandoval

III. Maps/Exhibits

Vicinity Map

OGDP Map

Larimer County, Colorado
5N 68W 11



 CE DSU CE Pad Roads



IV. Project Description

The MRG CE Pad Oil and Gas Development Permit represents the first application for oil, gas, and mineral development presented for issuance of a decision within the City of Loveland under the Unified Development Code (UDC), effective April 2, 2013. Located east of Interstate 25, north of Highway 34 (E. Eisenhower Boulevard), and west side of N. County Road 3, the proposed drilling and production facility is sited at the City's far east municipal boundary in a developing area known as Kinston Centerra. The drilling site is comprised of approximately 13 acres. After interim reclamation, the active production site ("working pad surface") will be 7.2 acres. This site is designed to accommodate 15 wells heads, associated facility equipment, adequate ingress/egress, necessary utility infrastructure, stormwater quality/detention, and perimeter landscape screening/buffering. Per the City's UDC, this permit is presented for consideration as an administrative decision per *Division 18.10.03 Enhanced Standards for Oil and Gas Operations*.

V. Background

The site is located within Parcel G of the Savanna Addition, incorporated into the City of Loveland in 2006. It has further been subdivided, currently designated as Outlot P – Millennium East Tenth Subdivision (February 2021). Zoning of the property is P-59: Millennium Addition Planned Unit Development (PUD), designated as Parcel A, and Sub-Parcel A5. All land uses are regulated under the Millennium General Development Plan (GDP). As it pertains to oil and gas development however, the Millennium GDP does not include any provisions regarding oil and gas. Therefore, the proposal is subject to the UDC in terms of zoning regulations. (UDC 18.17.08.05).

In anticipation of an oil and gas development permit application, the City took a proactive approach in communicating information and preparing itself for review. Following a Concept Review Meeting held in March of 2022, an entire webpage was created to provide information to interested parties with updates, submittal materials and opportunities to provide input. The operator held a virtual introduction for potential oil and gas development within the Millennium. This was an informational presentation in which no public input was provided. Prior to submittal, a City required neighborhood meeting was held as noted in Section VIII of this report. Application for the oil and gas development permit was submitted to the City for review in November 2022. From acceptance of the application for review in November to preparation of this staff report, the City's Development Review Team (DRT) conducted two thorough reviews of information initially submitted and of which was required to be adjusted in response to all applicable City standards. During the review, several meetings were held with the operator. As part of this process, the City consulted with subject matter experts including legal counsel and the COGCC. A significant amount of time and effort has gone into the review as presented and recommended herein.

VI. Site Data

Land Area	Approximately 13 acres.
Existing Buildings/Structures	No existing buildings/structures, vacant/undeveloped land.
Topography	Generally flat sloping north to south.
Access	N. County Road 3 via Highway 34 (E. Eisenhower Boulevard) (south) or Crossroads Boulevard (north).
Water Provider	City of Loveland (no service currently extended to site)

Wastewater Provider	City of Loveland (no service currently extended to site)
Electric Provider	City of Loveland
Floodplain	No portion of the subject property lies within the 100-year or 500-year floodplain.

VII. Subject Property and Adjacent Property Designations

	Existing Zoning	Comprehensive Plan	Existing Land Use(s)
Subject Property	P-59: Millennium Addition Planned Unit Development (PUD)	Low Density Residential	Undeveloped/Vacant
Adjacent North	P-59: Millennium Addition Planned Unit Development (PUD)	Low Density Residential	Undeveloped/Vacant
Adjacent South	P-59: Millennium Addition Planned Unit Development (PUD)	Low Density Residential	Undeveloped/Vacant
Adjacent East	Unincorporated Larimer County	N/A	Undeveloped/Vacant
Adjacent West	P-59: Millennium Addition Planned Unit Development (PUD)	Low Density Residential	Undeveloped/Vacant

VIII. Neighborhood Outreach

Notification	Written notice was mailed to all property owners within 2,200 feet of the property in which the surface use is proposed to occur and signs were posted along N. County Road 3, indicating a neighborhood meeting that was held on November 9, 2022. The neighborhood meeting was held virtually via Zoom prior to a formal application being submitted to the City for review per 18.14.03.04 of the UDC. Beyond City Staff and the Project Team, there were approximately 68 attendees, not all of whom participated in the meeting discussion. The neighborhood meeting was recorded and has since been available for reference on the City's oil and gas webpage (https://www.lovgov.org/services/development-services/oil-gas-development-in-loveland/-toggle-allpast). The Applicant also provided an overview of the neighborhood meeting referred to as a Community Participation Report (see Attachment 7).
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Neighborhood Response	Following the neighborhood meeting, the City has received hundreds of communications submitted through the City's oil and gas webpage or as emails to various City Staff, primarily through, the City Clerk and the Project Planner. A majority of the communications are related to oil and gas in general or make reference to a previous application that has been withdrawn (i.e. MRG CS Pad Oil and Gas Development Permit). All communications are available and provided as Attachment 8 .
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IX. Criteria and Findings for Approval

The Director of Development Services must consider and make findings regarding the following criteria in order to approve, approve with conditions, or deny the MRG CE Pad Oil and Gas Development Permit. The criteria from the Unified Development Code is shown in **Bold type**, followed by the staff analysis.

Criteria

18.10.01.03 Applicability

A. Generally.

1. Except as otherwise provided in this section, the provisions of this Chapter shall apply to all surface oil and gas operations occurring within the City's boundaries, which shall include, without limitation, any oil and gas operation requiring the commission's issuance or re-issuance of a drilling permit or any other permit under the COGCC regulations. Prior to any person commencing any such operations within the City, that person shall apply for and receive an oil and gas permit from the City in accordance with the standards set out in this Chapter.
2. The standards set out in [Division 18.10.02, General Standards for Oil and Gas Operations](#), apply to all oil and gas permits.
3. The standards set out in Division 18.10.03, Enhanced Standards for Oil and Gas Operations (Administrative Review), apply to oil and gas permits that are issued administratively.

B. Exceptions. This Chapter does not apply to those surface oil and gas operations for which a drilling permit was issued under the COGCC regulations prior to April 2, 2013, the effective date of this Chapter, and under which permit the oil and gas operations were commenced before April 2, 2013. It shall also not apply to any surface oil and gas operations occurring on real property annexed into the City on or after April 2, 2013, provided those operations are occurring as of the effective date of the Annexation pursuant to a drilling permit issued under the COGCC regulations. This Chapter shall apply to all other surface oil and gas operations occurring within the City's boundaries after April 2, 2013.B.

C. Other Applicable UDC Provisions. In addition to the standards of this Chapter, all oil and gas operations conducted within the City shall comply with the following provisions of this UDC:

1. [Division 18.05.02, Access and Circulation](#)
2. [Division 18.07.04, Utilities](#)
3. [Chapter 18.09, Environmental Quality](#) (except as specifically modified in this Chapter)
4. [Division 18.04.08, Signs](#)
5. [Division 18.09.03, Floodplain Regulations](#)
6. [Chapter 18.15, Adequate Community Facilities](#) ("ACF")
7. [Division 18.16.04, Capital Expansion Fees](#)

D. Other Applicable Municipal Code Provisions. In addition to the provisions of this UDC, all oil and gas operations conducted within the City shall comply with all applicable provisions and registration or permitting requirements of the following chapters of the Loveland Municipal Code:

1. 3.16, Sales and Use Tax;

2. 7.12, Nuisances - Unsanitary Conditions;
 3. 7.16, Solid Waste Collection and Recycling (to the maximum extent feasible);
 4. 7.18, Weed Control;
 5. 7.26, Accumulations of Waste Materials;
 6. 7.30, Graffiti;
 7. 7.36, Fire Protection;
 8. 10.04, Traffic Regulations;
 9. 10.20, Parking;
 10. 12.16, Use of City Rights-of-Way;
 11. 12.28, Prohibited Uses of Streets and Other Public Places;
 12. 13.04, Water Service;
 13. 13.06, Cross Connection Control;
 14. 13.18, Stormwater Management;
 15. 13.20, Stormwater Quality;
 16. 15.08, Building Code;
 17. 15.12, Property Maintenance Code;
 18. 15.14, Floodplain Building Code;
 19. 15.16, Mechanical Code;
 20. 15.24, Electrical Code;
 21. 15.28, Fire Code;
 22. 15.56.030 (The installation and operation of any oil and gas facility shall not cause significant degradation of cultural or historic resources, of sites eligible as City Landmarks, or the State or National Historic Register);
 23. 12.25, Street Maintenance Fee; and
 24. 19.06, Irrigation.
- E. **Federal and State Regulations.** The operator shall comply with all applicable federal and state regulations including, without limitation, the OGC act and the COGCC regulations.
- F. **Decision-Making Procedures.** The oil and gas permits that are required by this Chapter shall be processed in accordance with [Chapter 18.14, General Review Procedures](#).

City of Loveland Development Review Team (DRT) Staff finds the following criteria have been met:

A. Generally

Division 18.10.02 Oil and Gas Standards

- *Colorado Oil and Gas Conservation Commission (COGCC) – The COGCC has deemed the Form 2A complete on 8/9/2022. In our conversations with COGCC staff, we have received a preliminary indication that all COGCC standards will be met with the proposed oil and gas development permit. A hearing with the COGCC for the Oil and Gas Development Plan (of which the Form 2A is a part) is scheduled to occur following the City of Loveland Director of Development Services Decision.*
- *Visual Impacts, Fencing, and Lighting – Once drilling operations have concluded, the site will be improved for production facility purposes. The attached Site Development Plan (SDP) (see **Attachment 1**) provides all information demonstrating compliance with addressing visual impacts primarily through berming, landscaping and fencing treatments. Proposed landscape improvements are designed with natural vegetation that compliments the area and will consume less water. Land berms and fencing along the perimeter will also*

contribute to the screening of production facility equipment contained within the site. Production facility equipment will be painted natural color to blend in with the surrounding environment. All lighting proposed within the production facility site will include downcast luminaires, in compliance with the City's lighting standards and used as necessary for safety and security needs.

- **Oil and Gas Access Roads** – Access into the site will be from N. County Road 3. As a condition of approval, the City will require the establishment of a maintenance agreement to ensure any road damage or increased maintenance is paid for by the operator. Further, a \$25,000.00 performance security will be required by the operator for any additional damages to public rights-of-way contained within the City. Additionally, if N. County Road 3 is paved in the future, the operator will be required to pave the first 100 feet of access road on the oil and gas development site.
- **Water Supply and Disposal** – All water used in conjunction with irrigation will be trucked in and stored onsite. A condition has been added to require the operator to characterize and dispose of all waste, which will be reported to the City of Loveland and COGCC. Water required for drilling and completion operations (hydraulic fracturing or “fracking”) will be piped to the location through lay flat pipes – thereby decreasing the need for water trucks (see Water Plan).
- **Temporary Housing** – No temporary housing will occur or be permitted on the oil and gas development site.
- **Emergency Response** – An Emergency Response Plan (see **Attachment 3**) has been approved by the Loveland Fire Authority (LFRA). In order to memorialize this approval, a condition has been added that will require the operator provide an Emergency Action Plan and Memorandum of Understanding with LFRA prior to any drilling.
- **Insurance and Performance Security** – The operator has demonstrated that they provide the appropriate insurance coverage required under the UDC. Further and as stated above, a performance security in the amount of \$25,000.00 will be required for the on-going repair and maintenance of City public rights-of-way.
- **Noise Mitigation** – The City has required an update to the Noise Mitigation Plan (see **Attachment 5**), demonstrating compliance with the City's noise standards. Further, a condition of approval has been required for continuous monitoring of potential noise impacts, particularly with respect to future residential development that will occur in proximity of the oil and gas development site.
- **Land Disturbance** – Pad dimensions proposed for the site are the minimum needed to support 15 well heads and all associated production facility equipment. The pad site is also sized appropriately to provide necessary circulation and emergency access needs per the attached Emergency Response Plan (see **Attachment 3**). Other land disturbance associated with landscape improvements will include earth berms for screening purposes but will include drought tolerant species that are native and less desirable to wildlife and suitable for the climate and soil conditions of the area (see landscape plan in **Attachments 1 and 2**).
- **Floodplains** – No portion of the oil and gas development site lies within the 100-year or 500-year floodplain.
- **Seismic Operations** – There are no seismic operations proposed or permitted by this oil and gas development permit.
- **Site Maintenance** – Conditions of approval have been required to further address site maintenance including dust mitigation, complaint response, noise, safety protective systems, water quality protection, and accident/incident reporting.

Division 18.10.03 Enhanced Standards for Oil and Gas Operations (Administrative Review)

- **Applicability of Division** – A demonstration must be made that all standards as outlined below have been met or will be addressed.
- **Setbacks** – The following table is taken from the UDC:

Table 18.10.03.02 Setbacks for Oil and Gas Facilities		
Sensitive Area ("Column A")	Setback Distance ("Column B")	Setback to be Measured to the Following Nearest Feature of Sensitive Area ("Column C")
Building	500 ft.	Wall or corner of building
Public road, major above-ground utility facility, or railroad tracks	200 ft.	Boundary of right-of-way or easement
Property on which the oil and gas facility is located ¹	200 ft.	Property line
Lease area on which the oil and gas facility is located	200 ft.	Property line
Natural area or wetland	500 ft.	Property line
Property managed by City's Parks and Recreation Department, and City Park, or property subject to a conservation easement managed by a public or non-profit entity	500 ft.	Property line of property or easement
Surface water body	500 ft.	Operating high water line or ordinary high water line, as applicable
FP-FW overlay zone	500 ft.	Overlay zone boundary
Domestic or commercial water well	500 ft.	Center of wellhead
Outdoor assembly area	1,000 ft.	Property line
High occupancy building	1,000 ft.	Wall or corner of building
TABLE NOTE: ¹ The setback is measured from the boundaries of the facility within the subject property to the property line of the subject property.		

All required setbacks have been addressed as shown in **Attachment 9**. This attachment was also made available to the COGCC, per the enhanced standard requirements.

- **Bufferyards** – The following table is taken from the UDC:

Table 18.10.03.03 Bufferyards for Oil and Gas Operations			
Base Standard (plants per 100 linear feet)	Width (feet)	Plant Multiplier	Plant Multiplier Option: add 6 foot opaque masonry wall
5 canopy trees 6 evergreen trees 4 large shrubs	150	1.00	0.85
	170	0.90	
	190	0.80	
	210	0.70	
	230	0.60	
	250	0.50	

All required buffers in terms of width and plant multipliers have been listed and shown on the landscape plan as reflected in **Attachments 1 and 2**.

- **Air Quality** – Conditions of approval have been required to further address compliance with this particular enhanced standard.
- **Pipelines** – Pipelines are proposed to be used to carry both oil and gas away from the well pad that meet standards in UDC 18.10.03.05.
- **Noise** – A Noise Mitigation and Monitoring Plan (see Attachment 5) has been provided demonstrating compliance with the City's noise ordinance (Municipal Code Chapter 7.32). Further, a condition of approval has been required for continuous monitoring of potential noise impacts, particularly with respect to future residential development that will occur in proximity of the oil and gas development site.

B.Exceptions

- This criterion does not apply. The proposed oil and gas development permit was not submitted prior to April 2, 2013, and is being processed according to the UDC and the City's Oil Gas and Mineral standards.

C.Other Applicable UDC Provisions

- **Analysis-Transportation**

A Traffic Impact Study prepared by Felsburg Holt & Ullevig dated May 25, 2022, has been reviewed and accepted by City of Loveland Transportation Staff which demonstrates that the short-range traffic impacts of the initial oil & gas

well construction can be adequately mitigated by the applicant through temporary traffic control, road maintenance and dust control measures outlined in an executed development agreement. The long-range traffic impacts of the proposed development after well construction is completed will be negligible and inconsequential to the surrounding public street transportation network.

1. Performance Security for Road Damage. Prior to the issuance of a Site Work Permit (SWP), the Owner/Applicant shall provide the City with a \$25,000.00 performance security for each well that is permitted while the well is in operation, in the form of an irrevocable letter of credit or equivalent financial security acceptable to the Director to cover the City's costs to repair any damages to the City's public rights-of-way caused by the operator's use of said rights-of-way. In the event this security is insufficient to cover the City's costs to repair any such damages, the operator shall be liable to the City for those additional costs, and the City may pursue a civil action against the operator to recover those costs as provided in Section 18.18.03.04, Special Provisions for Oil and Gas Permits. Reclamation and other activities and operations which fall under the COGCC regulations are exempted from this performance security requirement.

2. The Owner/Applicant shall be obligated for regular and ongoing maintenance of CR3 between Crossroads Blvd. and State Highway US-34 until full completion of the flowback operation for all wells on the site. Upon completion of the flowback operation, CR3 shall be graded and paved with Aggregate Base Course (CDOT Class 5 ABC 6" minimum thickness) to the satisfaction of the City Engineer and the specifications referenced below. CR3 grading, paving and maintenance shall follow the following criteria and specifications:

** Provide maintenance on an as needed or as directed by the City basis to maintain a smooth, safe roadway, control dust and provide for surface drainage.*

** During each grading, recover gravel surfacing from roadway foreslope and ditches taking care not to contaminate the surfacing material.*

** Grade roadway template to 5% crossslope outside transition areas to pavement*

** Provide water during all grading operations to control material segregation and facilitate adequate compaction.*

** Provide equipment to obtain compaction to 95% of a T-180 proctor. Compaction testing results to be provided to the City from a qualified geotechnical engineering consultant.*

** Apply dust suppressant on an as needed or as directed by the City basis to control dust in accordance with CDPHE Regulation1, Fugitive Particulate Emissions*

** If roadway resurfacing becomes necessary (as determined by the City of Loveland) as a result of development construction operations, addition of a minimum of 6" of CDOT Class 5 aggregate base course will be required until full completion of the flowback operation for all wells on the site.*

3. Prior to issuance of a Site Work Permit (SWP) by the City of Loveland, the Owner/Applicant shall obtain a Right-Of-Way Work Permit (ROW Permit) from the City Public Works Department which shall include an approved construction traffic routing and traffic control plan. Left turn movements at the intersections of CR3/Crossroads Blvd. and CR3/US-34 may be restricted.

- *Analysis-Fire:*

Fire: Staff believes that this finding can be met, due to the following:

**The development site will comply with the requirements in the ACF Ordinance for response distance requirements from the first due Engine Company.*

**LFRA has engaged with the MRG team in multiple meetings and offline planning to review training and response plan/ agency capabilities. The parties will collaborate in response training efforts, and continue ongoing exercises, planning and communication. The collaborative response approach will engage multiple parties as needed.*

- *Analysis-W/WW:*

The site is located within the boundaries of the City of Loveland's water and wastewater service area. The Owner has provided an Affidavit that they will not intend to acquire water from the City of Loveland nor require City sewer infrastructure. The Owner will purchase water from a third-party provider that is approved for industrial usage. Landscaping will be maintained by placing a freshwater cistern on site that will be filled via truck. The department has no concerns regarding the development

- *Analysis-Storm:*

Stormwater: Staff believes that this finding can be met, due to the following:

- 1. The proposed development meets all applicable requirements contained in the City of Loveland Storm Drainage Criteria for stormwater drainage.*
- 2. The proposed development meets all applicable requirements contained in the City of Loveland Storm Drainage Criteria for stormwater quality.*
- 3. The proposed development will not negatively affect any regulated floodplains; and*
- 4. The proposed development meets all applicable drainage requirements of the city.*

- *Analysis-Power:*

The power department finds that utility facilities and services are available to serve the subject property, while maintaining sufficient levels of service to existing development.

D. Other Applicable Municipal Code Provisions

- *Sales and Use Tax – There will be an increase in ad valorem taxes from production of oil and gas.*
- *Nuisances – Unsanitary Conditions – Nuisances and/or unsanitary conditions have been addressed by the operator through their Best Management Plan document provided to the City for review. Additionally, conditions are also being required that will help mitigate such potential issues.*
- *Solid Waste Collection and Recycling – All solid waste collection and recycling will be properly collected on site and disposed of properly by the operator.*
- *Weed Control – Weed control is a component to the overall maintenance requirements of the landscape plan.*
- *Accumulations of Waste Materials – Accumulation of wastes materials have been addressed by the operator through their Best Management Plan document provided to the City for review. Additionally, conditions are also being required that will help mitigate such potential issues.*
- *Graffiti – Any graffiti issues that arise will be taken care of by the operator. The site is designed to be well protected to help mitigate such matters.*
- *Fire Protection – An Emergency Response Plan (see **Attachment 3**) has been approved by LFRA.*
- *Traffic Regulations – All traffic regulations are adequately addressed per the Traffic Impact Assessment (see **Attachment 4**). A Traffic Impact Study prepared by Felsburg Holt & Ullevig dated May 25, 2022, has been reviewed and accepted by City of Loveland Transportation Staff which demonstrates that the short-range traffic impacts of the initial oil & gas well construction can be adequately mitigated by the applicant through temporary traffic control, road maintenance and dust control measures outlined in an executed development agreement. The long-range traffic impacts of the proposed development after well construction is completed will be negligible and inconsequential to the surrounding public street transportation network.*
- *Parking – All parking of vehicles during drilling and production operations will be parked on site. No parking is to occur on N. County Road 3.*
- *Use of City Rights-of-Way – Use of City rights-of-way will be properly maintained and/or repaired by the operator. Conditions of approval are required to address specific use of rights-of-way.*

- *Prohibited Uses of Streets and Other Public Places – No use of streets (other than for transportation needs) or other public places will occur with the proposed oil and gas development.*
- *Water Service – No water service is provided to the site. Water will be trucked in and stored on site.*
- *Cross Connection Control – Not applicable. No City water system is being provided to the oil and gas development site.*
- *Stormwater Management - The proposed development meets all applicable requirements contained in the City of Loveland Storm Drainage Criteria for stormwater drainage. The proposed development meets all applicable requirements contained in the City of Loveland Storm Drainage Criteria for stormwater quality. The proposed development will not negatively affect any regulated floodplains. The proposed development meets all applicable drainage requirements of the city.*
- *Building Code – All components associated with drilling or production operations requiring building permits, will comply with the Building Code in effect and as amended.*
- *Property Maintenance Code – The City of Loveland Code Enforcement Division as necessary will enforce applicable provisions associated with the Property Maintenance Code for matters pertaining to but not limited to weed abatement, fence repair, trash/refuse collection/containment, use of operable vehicles, and internal road repair.*
- *Floodplain Building Code – Not applicable. No portion of the subject property lies within the 100-year or 500-year floodplain. No portion of the subject property lies within the 100-year or 500-year floodplain.*
- *Mechanical Code – As applicable, will be addressed with all required building permits.*
- *Electrical Code - As applicable, will be addressed with all required building permits.*
- *Fire Code - As applicable, will be addressed with all required building permits or fire permits.*
- *The installation and operation of any oil and gas facility shall not cause significant degradation of cultural or historic resources, of sites eligible as City Landmarks, or the State or National Historic Register – Not applicable. The proposed oil and gas development site has no historic designation either at the local, state, or national level.*
- *Street Maintenance Fee – A condition is required to collect a street maintenance fee of \$25,000.00 per the UDC.*
- *Irrigation – Irrigation will be provided on site supplied from water tanks to properly establish all landscape plantings including native seed groundcover per the landscape plan (see **Attachments 1 and 2**).*
- *Review Fees – Applicant has paid \$2,300 for Administrative Review and will be required to pay \$25,000 to cover consultant fees for application review and implementation.*

X. Staff Recommendation

Staff is recommending conditional approval of the MRG CE Pad Oil and Gas Development Permit. Recommended conditions are being provided by the City's Development Review Team (DRT) and identified below for the oil and gas permit.

Recommended Conditions

Conditions-Planning:

1) Emergency Response Plan

a. Operator is required to have an Emergency Action Plan and Memorandum of Understanding finalized with LFRA before Operator may commence any oil and gas drilling.

2) Air Quality

a. Operator commits to monitor ambient air quality at location for three years after the last well has been drilled.
b. MRG will not schedule routine maintenance activities on high ozone days and will minimize truck traffic on high

ozone days.

c. Electrification: Operator will use electric drilling rigs

d. Electrification: Operator will use electric production equipment and devices (e.g. vapor recovery units or VRUs, fans, etc.) to minimize combustion sources on site

e. Tankless design: Operator will not store hydrocarbon liquids in storage tanks on site (other than a maintenance tank possibly used for well unloading or other maintenance activities)

f. Venting/Flaring: Operator will not flare or vent gas during completion or flowback, except as allowed under COGCC Rule 903.

g. Venting/Flaring: Operator will control emergency flaring with an enclosed combustor with a destruction efficiency of 98% or better

h. Venting/Flaring: Operator will control bradenhead/casinghead venting

i. Pipelines: Operator will use pipelines to transport water for hydraulic fracturing to location

j. Pipelines: Operator will have adequate and committed pipeline take away capacity for all produced gas and oil

k. Pipelines: Operator will shut in the facility to reduce the need for flaring if the pipeline is unavailable

l. Pipelines: Operator will incorporate options for recycling produced gas onsite during pipeline downtime, such as: using the gas for gas lift systems, routing it to the facility fuel system, or installing a natural gas liquid (NGL) skid to process the gas onsite

m. Engines: Operator will use tier IV or better engines for hydraulic fracturing

n. Engines: Operator will use tier IV or better engines for nonroad construction equipment

o. Operator will use vapor recovery units (VRUs) to capture and route storage vessel gas to pipeline

p. Operator will not use glycol dehydrators

q. Operator will use compressors equipped with dry seals

r. Operator will collect emissions from rod packing on reciprocating compressors and rout them through a closed vent system to a process or emissions control device

s. Operator will use lease automated custody transfer (LACT) system to remove/reduce the need for truck loadout

t. Odor mitigation: operator will cover trucks transporting drill cuttings

u. Odor mitigation: operator will use a squeegee or other device to remove drilling fluids from pipes as they exit the wellbore

v. Odor mitigation: Operator will ensure that all drilling fluid is removed from pipes before storage

w. Ozone mitigation on forecasted high ozone days: operator will eliminate use of VOC paints and solvents

x. Ozone mitigation on forecasted high ozone days: operator will minimize vehicle and engine idling

y. Ozone mitigation on forecasted high ozone days: operator will reduce truck traffic and worker traffic

z. Ozone mitigation on forecasted high ozone days: operator will postpone the refueling of vehicles

aa. Ozone mitigation on forecasted high ozone days: Operator will suspend or delay the use of fossil fuel powered ancillary equipment used for all routine/non-essential operations.

bb. Ozone mitigation on forecasted high ozone days: operator will reschedule non-essential operational activities such as pigging, well unloading and tank cleaning

cc. Ozone mitigation on forecasted high ozone days: Operator will postpone flowback if emissions cannot be adequately captured with a vapor recovery unit (VRU) Cumulative Effects Evaluation should correct estimated NOx emissions

3) MRG will file an air quality monitoring plan with the Colorado Department of Public Health and Environment. Per Rule VI.C.1.b. Owners or operators must submit an air quality monitoring plan to the Division and the local government with jurisdiction over the location of the operations and any other local government unit, at least sixty (60) days prior to beginning air quality monitoring. Once it is drafted and submitted to CDPHE, it will be sent to the applicable Local Governmental Designee for review. MRG will perform a baseline air quality monitoring survey prior to the commencement of drilling operations and the site will have continuous air monitoring for VOC and methane during the drilling, completion, and first 3 years of production operations, in accordance with CDPHE Regulation 7 and recommendations from the City of Loveland.

4) Dust Mitigation

- a. If County Road 3 is paved in the future, MRG will pave the first hundred feet of CE Pad access road connecting to County Road 3.
- b. During the construction of the access road and well pad, dust mitigation may occur at least weekly, dependent upon need.
- c. Construction activities may be limited or deferred on high-wind days to restrict potential fugitive dust, specifically activities that involve moving dirt will be deferred on high wind days to prevent fugitive dust and soil loss.
- d. During drilling operations, dust mitigation may occur at least weekly, dependent upon need.
- e. During completion operations, dust mitigation may occur at least weekly, dependent upon need.
- f. During the production phase of the well pad, traffic is significantly reduced from previous stages of activity. Therefore, dust mitigation will also lessen significantly. Dust mitigation will occur on an as-needed basis only.
- g. MRG will utilize freshwater for dust suppression practices.
- h. Speed restrictions on the access roads will be utilized to minimize dust. An average of 25 mph is currently anticipated to be used for most vehicles.
- i. Topsoil and stockpiled soils will be stabilized through either wheel packing, tackifiers, seeding practices, or erosion control blankets.

5) Complaint Response.

- a. The operator will have someone who can respond 24 hours/day seven days/week to concerns or nuisance complaints (noise, dust, odors, light).
- b. MRG will provide the City of Loveland, and, if contact information is provided, the complainant, with an operational summary of activities occurring at the time of the complaint. If the concern is related to MRG's operations, MRG will work to resolve the concern to the maximum extent possible within 24 hours. MRG will follow up with the City, and, if contact information is provided, the complainant to report conclusions and the resolution as soon as possible. If a repeat claimant's claims are found to be frivolous or harassing, MRG reserves the right not to respond to such unverified, illegitimate complaints.

6) Noise

- a. Once new residential development occurs within 2,000 feet of the location, or is zoned for residential development, the area will be considered "residential" for purposes of noise mitigation measures and must meet maximum residential noise limits of 55dBA during the day and 50dBA at night pursuant to COGCC Rule 423 and Loveland UDC 7.32.040 or less as amended. If noise is greater than residential levels, a new noise mitigation study will be required to bring the production facility in compliance with residential standards.
- b. Operator may not use pumpjacks for artificial lift.
- c. Noise from artificial lift will be mitigated as stated in the Noise Mitigation Study. A baseline noise survey will be taken prior to locating artificial lift. Another noise survey will be conducted after the placement of artificial lift to determine if mitigation measures (e.g. sound walls) will successfully prevent nuisance.

7) Transportation Plan

- a. Operator will work with the City of Loveland to establish a maintenance agreement to ensure that any road damage or increased maintenance is paid for by the Operator.

8) Prohibited Facilities.

- a. Operator will not have waste injection wells onsite, glycol dehydrators, desiccant gas processing dehydrators, or pits of any kind.

9) Artificial Lift. The Operator will commit to using artificial lift other than a traditional pump jack.

10) Surface Safety Valve and Automatic Safety Protective Systems.

- a. Operator shall use telemetric control and monitoring systems, including surveillance monitors, to detect when pilot lights on control devices are extinguished.

- b. Operator will install an automated safety system, governed by safety devices and a programmable logic computer, at each Oil and Gas Location.
- c. Before the commencement of the Production Phase, each system shall include a Surface Safety Valve ("SSV") or wellhead master control valve installed for each new well connected to the production tubing at the surface. The SSV or wellhead master control valve shall monitor multiple flowing pressures and rates which have predetermined maximum and/or minimum threshold values programmed. The SSV will remotely shut the well in should certain upset conditions be detected. Additionally, the automated safety system shall provide the ability to remotely shut-in wells on demand through operator remote intervention.
- d. The SSV will be tested in accordance with manufacturer's specifications

11) Water Quality Protection

- a. Stormwater inspections: Operator will conduct weekly stormwater inspections during normal operations
- b. In addition to the regular stormwater inspections, MRG will conduct stormwater inspections with 24 hours after the end of a storm event.
- c. Operator will use Modular Large Volume Storage Tanks
- d. Secondary containment: Operator will install perimeter controls to control potential sediment-laden runoff in the event of spill or release from Modular Large Volume Storage Tank
- e. Vehicle fueling: Operator will refuel vehicles only on impervious surfaces and never during storm events
- f. Vehicle fueling: Operator will ensure that a fueling contractor is present during the entire fueling process to prevent overfilling, leaks and drips from improper connections
- g. Dust suppression: Operator will not use produced water or other process fluids for dust suppression
- h. Down gradient controls: Operator will install adequate down gradient controls if they cannot have a control at the source
- i. Stream crossing and Road Construction: Operator will ensure that control measures are designed, installed and adequately sized in accordance with good engineering, hydrologic and pollution control practices
- j. Documentation / stormwater management plan: If it is infeasible to install or repair a control measure immediately after discovering a deficiency, operator will document and keep on record in the stormwater management plan: (a) a description of why it is infeasible to initiate the installation or repair immediately; and (b) a schedule for installing or repairing the control measure and returning it to an effective operating condition as soon as possible.
- k. Operator will not use fracturing fluids which contain PFAS compounds
- l. Operator will coordinate with nearby fire district(s) to evaluate whether PFAS-free foam can provide the required performance for the specific hazard
- m. If PFAS-containing foam is used at a location: operator will properly characterize the site to determine the level, nature and extent of contamination
- n. If PFAS-containing foam is used at a location: operator will perform appropriate soil and water sampling to determine whether additional characterization is necessary and inform the need for and extent of interim or permanent remedial actions
- o. If PFAS-containing foam is used at a location: operator will properly capture and dispose of PFAS-contaminated soil and fire and flush water

12) Incident and Accident Reporting.

- a. Within 24 hours of any reportable safety event, as defined in the COGCC rules, as may be amended, or any accident or natural event involving a fire, explosion or detonation requiring emergency services or completion of a COGCC Form 22, Operator shall submit a report to the City that includes the following, to the extent available: fuel source, location, proximity to residences and other occupied buildings, cause, duration, intensity, volume, specifics and degree of damage to properties, if any beyond the Oil and Gas Location, injuries to persons, emergency response, and remedial and preventative measures to be taken within a specified amount of time. Additional reporting shall be provided after the conclusion of the event, if the event lasts longer than 24 hours.
- b. The City may require Operator to conduct a root cause analysis of any reportable safety events or Grade 1 gas leaks, each as defined by the COGCC.
- c. Any spill or release that is reportable to the COGCC shall be simultaneously reported to the Director.

13) Updates to City.

MRG will provide weekly electronic Progress Reports to the City of Loveland Local Governmental Designee during the initial construction, drilling, completion, and first year of production phases of the project. Weekly updates will cease once the wells have been drilled and on production for one full year. Updates shall include but not be limited to:

- a. Any reportable spills or reportable accidents at locations;
- b. Any notice of alleged violations from the City or COGCC; and
- c. A summary of complaints to the Operator and COGCC.

14) Lighting

a. Light Overspill.

1. Generally. In nonresidential and mixed-use zones, illumination levels of permanent light fixtures in the area up to 20 feet beyond the boundaries of the subject property shall not be increased by more than one-tenth (0.1) foot-candle as a result of the lighting on the subject property.
2. Overspill from Nonresidential Uses or Zones into Residential Property. Exterior lighting of nonresidential uses shall be shielded or directed away from property used for residential purposes, so that light from a direct or indirect source of illumination is not disturbing, offensive, annoying, or a nuisance or safety hazard to occupants of the residential property.

15) Landscaping Plan

- a. Operator is required to have a final Landscape Plan approved by McWhinney DRC before Operator may commence any oil and gas drilling.

16) Waste Management

- a. Operator will properly characterize and dispose of all waste (i.e. the specific landfill/waste disposal location allows for acceptance of the waste stream)
- b. Operator will properly test for and dispose of TENORM

17) COGCC Process

Approval of an oil and gas permit by the City of Loveland shall not become effective until the operator has successfully completed all applicable processing requirements and issued approval by the COGCC.

18) Payment of Fees for Third-Party Professional Services

Approval of an oil and gas permit by the City of Loveland shall be subject to payment of all third-party professional services provided during review.

Conditions-Trans:

1) Performance Security for Road Damage. Prior to the issuance of a Site Work Permit (SWP), the Owner/Applicant shall provide the City with a \$25,000.00 performance security for each well that is permitted while the well is in operation, in the form of an irrevocable letter of credit or equivalent financial security acceptable to the Director to cover the City's costs to repair any damages to the City's public rights-of-way caused by the operator's use of said rights-of-way. In the event this security is insufficient to cover the City's costs to repair any such damages, the operator shall be liable to the City for those additional costs, and the City may pursue a civil action against the operator to recover those costs as provided in Section 18.18.03.04, Special Provisions for Oil and Gas Permits. Reclamation and other activities and operations which fall under the COGCC regulations are exempted from this performance security requirement.

2) Operator will work with the City of Loveland to establish a maintenance agreement to ensure that any road damage, dust control, and increased maintenance is paid for by the Operator.

3) The County is obligated to maintain CR 3 twice a year. The Owner/Applicant shall be obligated for any additional

necessary maintenance of CR3 between Crossroads Blvd. and State Highway US-34 to meet current maintenance standards (maintenance standards TBD in a road maintenance agreement) until one year after full completion of the flowback operation for all wells on the site. Upon completion of the flowback operation, CR3 shall be graded and paved with Aggregate Base Course (spec TBD) to the satisfaction of the City Engineer. Operator will coordinate maintenance activities with the County.

4) The Owner/Applicant shall be obligated for adequate dust suppression on CR3 between Crossroads Blvd. and State Highway US-34 (dust control standards TBD and referenced in this condition) until full completion of the flowback operation for all wells on the site.

5) Prior to issuance of a Site Work Permit (SWP) by the City of Loveland, the Owner/Applicant shall obtain a Right-Of-Way Work Permit (ROW Permit) from the City Public Works Department which shall include an approved construction traffic routing and traffic control plan. Left turn movements at the intersections of CR3/Crossroads Blvd. and CR3/US-34 may be restricted.