

Overview

The information provided in this brochure is to assist property owners in making informed decisions in regards to their property as it relates to the oil and gas industry. Property owners should conduct research and make sure they understand all language, ramifications, and legal rights prior to signing any agreement or form.

Permitting

Permitting of oil and gas wells is the jurisdiction of the Colorado Energy & Carbon Management Commission (ECMC), fka the Colorado Oil and Gas Conservation Commission (COGCC). The Douglas County Zoning Resolution (DCZR) establishes the land use process for oil and gas operations. Douglas County and the ECMC share authority to regulate the surface operation of oil and gas wells in Douglas County.

Generally, the more restrictive locational requirements are applied to the proposed well site. The ECMC has detailed permitting procedures for oil and gas operations on its website at www.ecmc.state.co.us



Disclaimer

Information provided in this brochure is only a portion of the information available on oil and gas drilling and production and is not all-inclusive. Information should not be construed as legal advice.

Resource List

A list of resources is available online at: www.douglas.co.us/planning/development-review-regulations/other-regulations-processes/oil-and-gas/

TOPIC	AGENCY	PHONE NUMBER
Oil and Gas Wells	Energy & Carbon Management Commission (ECMC)	303-894-2100
Dig Safely Program	Utility Notification Center of Colorado	800-922-1987
Gas Pipelines	Public Utilities Commission	303-894-2000
Geological Maps and Publications	Colorado Geological Survey	303-866-2611
Mineral Ownership Records	Douglas County Assessor	303-660-7450
Oil and Gas Severance Tax	Department of Revenue	303-238-7378
Produced Water Discharge Permits	CDPHE/Water Quality Control Division	303-692-3524
Storage Tanks	CDLE/Division of Oil and Public Safety	303-318-8507



Department of Community Development
Planning Services Division
100 Third St.
Castle Rock, CO 80104
Phone: 303-660-7460
www.douglas.co.us

Oil and Gas Information



Split Estates

The State of Colorado has “split estate” laws meaning that someone can own the surface of the land while someone else owns the minerals beneath the surface. Mineral rights can be owned by several different people. A split estate exists if the surface property owner does not own all of the mineral rights.

If a split estate exists, the rights of the mineral owner are dominant, and a mineral owner can lease their mineral rights to a gas and oil company without the permission or knowledge of the surface owner. Property owners should find out if they own all or part of their mineral rights if they think gas and oil development might occur.

Take a legal description and a copy of the property’s insurance title to the Douglas County Assessor’s Office. Staff can assist in searching property records for information on mineral ownership. Or, a title company could be hired to search for the records.

Mineral Lease

No standard lease form is used by the oil and gas industry. Each company (or independent lessee) uses its own boilerplate agreement that is suitable to them. Mineral owners should remember that all provisions of a lease are negotiable.



Even though the oil company representative or landman soliciting the lease may be unauthorized to make changes, certain clauses or even the complete lease may be changed.

The following information could be helpful if a mineral rights’ owner is approached by an oil and gas company:

- Do not sign a lease without a full review and understanding of its contents.

- Determine if hiring legal counsel might be helpful to ensure property rights are protected.
- Talk to others who have leased their minerals to learn what should be included in the lease.
- If a property owner owns both the surface and mineral rights, it may be helpful to negotiate a surface use agreement at the same time.
- A signed mineral lease carries the implied right to use as much of the surface area as is reasonably necessary to explore and produce oil and gas.
- If negotiations take place, make sure all items are included in the legally binding mineral lease agreement and do not sign until carefully reading through the final document.
- Think about working with the surface owner (if a split-estate exists) to protect their rights through the mineral lease.

Surface Lease

A surface lease allows the production company access to a property to drill for oil and gas, and eventually operate the well and equipment.

In order to begin drilling on a pad, 4 to 5 acres of land is usually needed. Eventually, the pad acreage is reduced and reclaimed to about an acre after the well is completed and production starts.

The following information could be helpful in negotiating a surface lease or surface use agreement:

- If the company provides a boilerplate surface use agreement, don’t feel obligated to sign it.
- Determine if hiring legal counsel might be helpful to ensure property rights are protected.
- The existing condition of the property should be documented to include vegetation health, road condition, fencing, and water quality and quantity.



- Talk to others who have negotiated surface use agreements.
- Think about possible impacts and consider what is important that should be included in the surface use agreement. Consider future uses of the property.
- Completely review and understand the surface use agreement before signing it.
- Make sure everything that was negotiated is in writing in the agreement.
- Negotiate and ask questions as needed.

Rules and Regulations

Most oil and gas operational rules and regulations are enforced by the ECMC.

• Water

Oil and gas producers usually obtain water from municipal sources due to the volume of water required to drill a well. Any water well drilled by an oil and gas producer is required to follow State rules. It is advisable, as part of any surface or mineral lease, to require testing of any domestic water well prior to drilling. The testing can be done by any qualified laboratory.

• Traffic

The number of trucks traveling to the drill site varies by project, but trucks are needed to bring in equipment, water, etc. Once drilling operations end, the number of trucks needed is reduced. An access permit from Douglas County is required to enter and exit county roads.



• Noise and Air Quality

Both noise and air quality are regulated and enforced by the ECMC.

• Lighting

The County and the ECMC have regulations and standards for lighting to reduce potential impacts to neighboring land uses and buildings. Generally, the ECMC will apply the local government's lighting standards to an oil and gas site.