

**AAPG Annual Convention
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Mineral Estate vs. Surface Real Estate Development: A Colorado Example

In Colorado, changing land use from agriculture to semi-urban or urban has led to conflicts with the development of the mineral estate. In 2001, Colorado passed HR 01-1088 requiring developers of the surface estate to notify the mineral estate owners when such a change is to take place.

Sutton West Development (SWD), Evergreen, CO, had been involved in a 1440 acre development effort for over seven years near Silt, in Garfield County, CO with specific development plans for a proposed residential and golf community.

Oil and gas development in the eastern Piceance Basin has been ongoing since the 1960s, with pools characterized as continuous-type deposits from the Williams Fork Formation, Mesaverde Group, of the Mancos/Mesaverde Petroleum system. Engineering and geologic data suggest effective drainage areas to be 40 acres or less.

SWD retained legal counsel, geologists, and engineers familiar with the oil and gas activity of the area to work with the engineering firm designing the surface community to propose a plan to preserve the right to develop oil and gas under reasonable terms. The presentation asked the Colorado Oil & Gas Conservation Committee (COGCC) to recognize a plan that considers both surface and mineral development. Ultimately, the COGCC approved the application, with certain limitations.

The application process can serve as an example of how public policy is implemented by a regulatory agency, the relationship of severed mineral and surface estates, the interplay between public policy, law and the professionals involved (expert witnesses), and how to improve the process.