

Wallingford-Ingo, Gail

From: Sunny Davis <SUNNYD1250@msn.com>
Sent: Wednesday, December 11, 2019 7:15 PM
To: Wallingford-Ingo, Gail
Subject: Permit #1041 2019-003 BHE/Opposition

Gail,

I attended the Permit #1041 2019-03 BHE/Opposition meeting on Nov. 26th. At that meeting, it was brought up that the people from the opposition group would see a reduction in property values if their views of the mountains, etc. would be obstructed by BH's polls/wires. BH's response, at that time, was that they were not aware of any studies or stats that would confirm a reduction in property values. I just saw this on KOAA's web site. It's not dealing with polls/wire but something very similar, oil and gas wells in Colorado. This article, "Study: Colorado homes near oil wells face lower values" may clarify this topic to the Commissioners. I would appreciate it if you would accept this email and article for the Pueblo County Commissioners.

"Having a mountain view added \$8,000, or 2.5%, on average to the value of a home. The closer to the mountains, and the more peaks visible, the higher the premium went. Having an oil and gas well within view, by contrast, **deducted** nearly \$3,000 or 0.8% on average from a home's value. Each additional well in the line of view reduced a home's value by another 0.1%".

<https://www.koaa.com/news/covering-colorado/study-colorado-homes-near-oil-wells-face-lower-values>



Study: Colorado homes near oil wells face lower values

DENVER (AP) — Colorado's most active oil and gas drilling is happening near land that is also hosting some of the fastest housing construction in the state. Until now, it was hard to know what ...

www.koaa.com

Thank you so much Gail. If you have any questions, please feel free to contact me.

Sandra "Sunny" Davis
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NEWS > COVERING COLORADO

Study: Colorado homes near oil wells face lower values

Posted: 7:59 PM, Dec 09, 2019 **Updated:** 7:59 PM, Dec 09, 2019

By: Associated Press

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view carries, The Denver Post [reported](#) .

The pair studied home sales between 2006 to 2014 in Weld, Larimer, Morgan, Adams, Boulder, Jefferson, Broomfield and Arapahoe counties to determine what difference those two considerations made after controlling for a host of other variables.

Having a mountain view added \$8,000, or 2.5%, on average to the value of a home. The closer to the mountains, and the more peaks visible, the higher the premium went.

Having an oil and gas well within view, by contrast, deducted nearly \$3,000 or 0.8% on average from a home's value. Each additional well in the line of view reduced a home's value by another 0.1%.

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“People value views of the mountains, but they don’t like being able to see a well,” said Stephens, an assistant professor of resource economics and management at WVU.

The surge in shale drilling in northeastern Colorado and the population growth that followed have driven up land values and home prices overall. But it has also meant that wells and homes are coming into closer proximity, and the market is discounting for that.

Proving the adage that out of sight is out of mind, homeowners aren’t necessarily bothered as much by living in an area with oil and gas production as they are that a well visible outside the window reminds them of that reality.

And something else matters to homebuyers — they aren’t comfortable with homes that rely on well water. Whether that reflects the fear of hydrocarbon contamination or the growing disdain of private water isn’t clear cut.

“Increasingly people are negatively valuing private water even when they are not near (oil) wells. It is a broader concern about water quality,” Stephens said.

Other studies have shown having a home next to any kind of industrial use, say a feedlot or manufacturing plant, tends to result in a discount.

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But Stephens and Weinstein found that in northeastern Colorado, the discount for seeing a well was double that of seeing a feedlot, even with the added smells and swarms of flies that come with living near cattle.

Prior studies on real estate impacts from oil and gas development have focused on Pennsylvania, where the hilly and forested landscape does a better job of hiding wells.

Representatives of the petroleum industry argue that Colorado has some of the toughest regulations in the country which protect residents. They question to what degree any discounts are based on perception rather than reality.

Christy Woodward, senior director for regulatory affairs with the Colorado Oil and Gas Association, said drilling activity has an impact, but it is for a limited period of time.

“You don’t see much after that. It is quiet. It becomes part of the infrastructure,” she said.

Wellbores go down thousands of feet, far below the water table and aquifer. Steel pipe and concrete casing protect the water supply from the materials coming up, something water testing ensures.

Regulations also extend down to what colors producers can paint their equipment, Woodward said. Neon green and garnish purples, for example, aren’t in the state-approved color palette for equipment.

Larger producers have gone even further and installed pipes to eliminate the tank batteries associated with wells. And those that keep tanks on site have shifted to ones with lower profiles.

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Some producers place berms around their well locations to hide them. And local governments will have a greater say on mitigating visual impacts under new regulations the state is implementing .

But berms, while they may obscure a ground-level view, don't block someone who is enjoying a gaze out the window of a mountain vista from looking down on a well, Stephens said.

Colorado has yet to follow in the footsteps of the Los Angeles basin, where development long ago overran once crowded oil fields. Camouflage has become an art form, one that allows densely-populated city neighborhoods to co-exist alongside producing wells and active drilling operations.

Los Angeles Magazine detailed some of the more creative efforts to hide not just wells, but towering derricks . There's the Packard well site in the Mid-Wilshire neighborhood, where what could pass as a multi-storied, windowless beige office building hides a drilling operation.

And in the Pico-Robertson neighborhood, a facade designed to look like a synagogue hides 40 wells.

Producers in Colorado build high walls to block the sound and lights associated with drilling activity. The walls are so high that some people question what producers are trying to hide, Woodward said.

Once the drilling ends, the walls come down. Woodward said she isn't aware of any Colorado producers who have hidden their wells under actual buildings or facades like California.

The Aurora Highlands, a master-planned community south of Denver International Airport, has sought to address the issue of protecting views and limiting proximity by designating where future oil and gas wells can go.

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Oil and gas development, along with utility right of ways, are restricted to a 1,300-acre corridor removed from homes . A wide road and berms will separate and obscure that corridor, which also follows the designated flight path of planes coming into the airport from the south.

Ted Carlson, a partner at Austin & Austin Real Estate, said after 35 years in the business he hasn't been able to put a price tag on what proximity to an oil and gas well means for a home's price.

Some buyers "freak out" if there is a well within 15 miles of a home they are looking to buy, while others could care less if one is next door, he said.

Mike Ramstack, owner of Pro Realty in Greeley, said he didn't have a dollar figure either on the discount. He works mostly in city limits, and speaking generally, "being next to a well is not a plus."

"A lot of people work for the oil and pipeline companies. They don't have any problem with them being nearby," counters Terry Wiedeman, owner of Kreps Wiedeman Auctioneers & Real Estate in Greeley.

He also points out that homeowners in Weld County pay a much lower property tax rate than they would absent oil and gas production. Over time, that more than compensates for any variation in the purchase price.

"Personally, I have not seen that great of a difference," Carlson said. Having an out-of-favor paint scheme or an obsolete floor plan will ding a home's marketability and sales price much more.

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On the whole, oil and gas drilling has been a boon to the economy in northeastern Colorado.

Even so, homes available on top of petroleum reserves in Weld, Adams and Arapahoe counties tend to be more affordable than those found in Boulder, Denver, Jefferson and Douglas counties.

The trade-off may be one homeowners are willing to accept, just to have somewhere they can afford to live. But the study suggests there is a discount, even if it is a small one.

Another study last year co-authored by Shawn McCoy at the University of Nevada Las Vegas looked at [what price impact homes in wildfire zones along Colorado's Front Range suffered following a fire nearby](#) .

Not unexpectedly, home prices took an immediate hit and sales accelerated after perceived risk became a real risk. But absent another fire in the area, prices bounced back in a couple of years.

“In the absence of fire, people want to locate in a fire-risk areas,” McCoy said last year in an interview. “If they didn’t have experience with fire, they will hold different attitudes about fire.”

Mountain homes with views of burn scars, which served as a constant reminder of what could go wrong, were the exception.

Stephens said it is important to address psychological impacts as well as the physical ones when it comes to oil and gas production in developed areas. To the degree the industry can stay incognito, the less pushback it will likely face.

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“Local policymakers should talk to people who live near these places, who can see a well from their house,” Stephens said. “What would it take for you not to worry about this well?”