

Hot Sheet

# DIA is operating oil and gas wells at a big loss

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Denver International Airport at night. (en.wikiarquitectura.com)

DENVER — Instead of gushing revenue, oil and gas wells on Denver International Airport's property are a money pit, with the airport losing more than \$200,000 over a nine-month period last year, according to a new audit.

The audit coordinated by Denver Auditor Timothy O'Brien found DIA is losing money on oil and gas wells on its property through unprofitable wells and significant operating costs.

"The airport needs to take a closer look at whether it's a good idea to continue operating wells that could be costing — instead of making — money on the airport's land," O'Brien said in a statement.

O'Brien's office worked with accounting firm CliftonLarsonAllen LLP to probe operating expense reports from January 2017 to September 2017. Those reports showed DIA lost more than \$220,000 on its wells over that period. Overall, it brought in \$617,000.

Over the nine-month period, 26 of the 71 wells on DIA's property were unprofitable. Six of the wells have been temporarily abandoned, which incurred minimal management/operating costs, while 20 other wells were not only operating at a loss, but expected to produce less and cost more to operate over time.

Denver contracts with PetroPro Engineering, Inc for operation and maintenance of the wells — a \$3.6 million contract spanning November 2016 to October 2021 — but the audit found DIA was paying other contractors for work as well. In one example, DIA paid an outside firm \$204,971 in September for work on one well while the average monthly cost to PetroPro, and outside companies, is \$115,575.

The auditor's office is recommending a well-by-well review at DIA.

"The airport should determine whether it should continue to produce oil and gas from these wells or shut them down to save money on maintenance and operations," O'Brien's office wrote in a statement.