



**BOARD OF COUNTY COMMISSIONERS  
OF GUNNISON COUNTY  
RESOLUTION NO. 11-26**

**A RESOLUTION APPROVING  
THE MCINTYRE FLOWBACK PITS #1 AND #2  
MAJOR IMPACT OIL AND GAS OPERATIONS PERMIT NO. 2011-06  
SECTIONS 23 & 24, TOWNSHIP 11 SOUTH, RANGE 90 WEST, 6<sup>TH</sup> P.M.  
AND  
THE MCINTYRE FLOWBACK PITS #3 AND #4  
MAJOR IMPACT OIL AND GAS OPERATIONS PERMIT NO. 2011-07  
SECTION 26, TOWNSHIP 11 SOUTH, RANGE 90 WEST, 6<sup>TH</sup> P.M.  
SG INTERESTS I, LTD.**

**WHEREAS**, SG Interests I, Ltd. has submitted an Oil and Gas Operations application for the construction and operation of the McIntyre Flowback Pits #1 & #2 and the McIntyre Flowback Pits #3 & #4 and associated surface poly transport pipelines, to provide storage, reuse and disposal of produced water for use in completion/hydraulic fracturing of multiple gas wells in the Bull Mountain Unit and at nearby wells outside the unit. The McIntyre Flowback Pits #1 & 2 consist of two water storage/flowback pits, including an upper pit with a capacity of 40,284 barrels (bbl) or 1,691,928 gallons and a lower pit with a capacity of 38,275 barrels (bbl) or 1,607,550 gallons. The McIntyre Flowback Pits #3 & 4 consist of two water storage/flowback pits, including an upper and lower pit, each with a capacity of 174,659 barrels (bbl) or 7,335,678 gallons. The pits include a liner system that consists of two synthetic liners separated by geonet, which are set on a protective geomat over a smooth, compacted ground surface. A leak detection system consists of a sump collection system, and site specific monitoring wells. The pits may be used 24-hours per day during the warm weather months in which they are operational. The basic plan for use of the facilities is to transport water to be stored in the pits via poly pipeline on the ground surface. The pipelines can be laid on the ground with minimal ground disturbance. Wherever possible, the pipelines will be laid alongside or over existing disturbance such as along an access road. Most produced water that will be stored in the pits will be piped through SG Interests' existing buried water pipeline gathering system to the Federal #24-2 WDW (05-051-06084, water disposal well) and from there via surface poly pipelines to the pits. Surface poly pipelines that cross sensitive areas will have secondary containment to prevent a leak in a poly line from contaminating surface waters. Booster pumps will be needed at certain points along some of the poly pipeline routes to keep the water flowing at the desired pressure. These points will be determined by field conditions such as topography between the facility and the well location. It will not be possible to connect all wells supplying produced water for storage in the pits via pipe. Some wells will have water trucked from tanks on these locations. The pits will not be used during the winter season and the volumes of water stored in the pits reduced to accommodate snowfall. At completion of the operations, the pits will be closed, the liners removed and the area reclaimed. The use of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 is intended to greatly reduce the impacts of truck traffic associated with water transportation and reduce the numbers of frac tanks required on individual well pads for completion/fracing operations; and

**WHEREAS**, Section 1-103 E.3. of the *Gunnison County Temporary Regulations For Oil and Gas Operations* defines a process of review of applications for an *Oil and Gas Permit for a Major Oil and Gas Operation*, which included provision of testimony at jointly held public hearings

with the Gunnison County Planning Commission on the applications on June 10, 2011, June 17, 2011 and July 1, 2011;

**AND WHEREAS**, the Board of Commissioners did, on July 5, 2011 receive and review the information within the Planning Commission's Recommendation, and as referenced by the attached July 1, 2011 Planning Commission's Recommendation of the McIntyre Flowback Pits #1 and #2, Major Impact Oil and Gas Operations Permit No. 2011-06, and McIntyre Flowback Pits #3 and #4, Major Impact Oil and Gas Operations Permit No. 2011-07, and considered it in evaluating these applications;

**NOW, THEREFORE**, the Board hereby adopts in full the Planning Commission's Recommendation, with these Findings and Conditions of Approval, as amended by the Board:

**Findings:**

1. Approval is limited to the locations and activities described in the applications, as amended, for the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4. Any substantive change will require either an application for amendment of this permit, or submittal of an application for a new permit, in compliance with applicable requirements of the *Temporary Regulations for Oil and Gas Operations*, or as those may be hereinafter amended.
2. Pursuant to *Section 1-107 P.2* of the *Gunnison County Temporary Oil and Gas Regulations*, ("County Regulations") the applicant requested that the County waive *Oil and Gas Operations Standard 1-107 H, WATERBODY SETBACKS*. There is no feasible, economic alternative to the installation of the poly pipeline linear elements that will cross waterbodies between the flowback pits and the well and therefore the waiver of the waterbody setbacks standard for the poly pipeline linear elements is appropriate, with mitigation in sensitive areas as proposed.
3. That the use of produced water from the existing wells and the reuse of the flowback water for multiple oil and gas operations is an efficient use of water and minimizes the consumption of water for the proposed operations.
4. That the use of the McIntyre Flowback Pits will significantly reduce the truck traffic associated with water transportation for the oil and gas operations.
5. Pursuant to *Section 1-104 County Regulations: Application Submittal Requirements for Oil and Gas Permits*, Gunnison County engaged Weaver Boos Consultants, LLC, to review the applications, which included an on-site review, an analysis and review of the proposed pits, to opine on compliance with the County Regulations and to provide proposed recommendations.
6. That the review of the Colorado Oil and Gas Conservation Commission ("COGCC") Regulations by Weaver Boos Consultants, LLC was to inform what the State requirements are and how the facility was to be constructed and operated, not to determine whether the application was in compliance with the State COGCC regulations.
7. Weaver Boos Consultants, LLC, provided final review comments in two Memorandums, both dated June 23, 2011, for the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4. The Memorandums expressed concerns about water quality impacts, Section 1-107G. Those concerns are addressed in land use permit conditions recommended below.



Public testimony and other evidence on the record also expressed concerns about water quality.

8. Subject to the Technical Infeasibility Waiver and land use permit conditions of approval included in the Recommendation, below, the applications would comply with *Section 1-107* of the County Regulations.
9. Use of a qualified consultant to perform monitoring/inspection of the land use impacts of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 is necessary to ensure that the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 are in compliance with land use permit conditions of approval.
10. This review and recommendation incorporates, but is not limited to, all the documentation submitted to the County and included within the Planning Office file relative to these applications; including all exhibits, references and documents as included therein.
11. This permit may be revoked or suspended if Gunnison County determines that any material fact set forth herein or represented by the applicant was false or misleading, or that the applicant failed to disclose facts necessary to make any such fact not misleading.
12. Approval of this use is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County.

**Conditions of Approval:**

1. The approval is limited to the locations and activities described in the applications, as amended, for the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4. Any substantive change will require either an application for amendment of this permit, or submittal of an application for a new permit, in compliance with applicable requirements of the County Regulations, or as those may be hereinafter amended.
2. Prior to the construction of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall provide copies of all applicable state and/or federal agency permits for the pits, to the Community Development Department.
3. Prior to the construction of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall provide the following information to the Community Development Department: Scaled drawings showing proposed contours, elevations, and topography, including elevations on the contours and spot elevations where relevant, such that the proposed contours and elevations "tie-in" with existing topography and demonstrates that the intended engineered facilities fit with existing topography.
4. The applicant shall provide copies of reports to the Colorado Oil and Gas Conservation Commission regarding all water sampling associated with the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.
5. Prior to the commencement of the operation of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall provide the following information to the



Community Development Department: Provide an action leakage rate (ALR) for each pit, that when surpassed, will indicate there is a leak in the primary liner. The ALR should be adjusted based on the results of the initial 72-hour leak test prior to exploration and production (E&P) fluid acceptance. Provide a written description of the daily and metered pump out requirements for all leak detection sumps. Include in the operating plan that the volume of removed fluids will be recorded daily and compared to the ALR on a daily basis. The records shall be kept onsite and made available upon request by the County.

6. Prior to construction of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall execute and fund a Monitoring and Inspection Compliance Agreement, as directed by the Board of County Commissioners and developed by the County Attorney's office and the applicant. The agreement shall constitute the applicant's agreement to fund a County approved inspector to provide inspections/monitoring at identified milestones during the construction and operation of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 for compliance with the County land use permit conditions.
7. The applicant shall provide copies of all reports regarding water sampling associated with the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department, for the life of the pit operations through closure.
8. The applicant shall provide copies of all Sundry Notices submitted to the Colorado Oil and Gas Conservation Commission associated with the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, to the Community Development Department, for the life of the pits operation through closure.
9. Prior to the commencement of operation of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall provide a copy of the final Operating Plan and the final Spill Prevention, Containment and Countermeasure Plan to the Community Development Department.
10. The applicant shall provide copies of any Spill Reports associated with the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department, for the life of the pit operations through closure.
11. Approval of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 does not grant or imply any approval of future applications for individual gas wells associated with the McIntyre Flowback Pits.
12. At the time of conversion of the pits to a Centralized Exploration and Production Facility, the applicant shall provide a copy of the COGCC approved final closure plan, to the Community Development Department.
13. This permit may be revoked or suspended if Gunnison County determines that any material fact set forth herein or represented by the applicant was false or misleading, or that the applicant failed to disclose facts necessary to make any such fact not misleading.
14. Approval of this use is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County.



**AND WHEREAS**, the Board of County Commissioners directed the following:

1. Staff shall provide a scope of work for the monitoring/inspections of the milestones for construction and operation of the McIntyre Flowback Pits by the County's Consultant; and
2. Staff shall provide the Monitoring and Inspection Compliance Agreement for Board review and approval; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of County Commissioners of Gunnison County, Colorado, hereby approves the McIntyre Flowback Pits #1 & #2, Major Impact Oil and Gas Operations Permit No. 2011-06 and McIntyre Flowback Pits #3 & #4, Major Impact Oil and Gas Operations Permit No. 2011-07.

**INTRODUCED** by Commissioner Swenson, seconded by Commissioner Chamberland, and adopted this 12<sup>th</sup> day of July, 2011.

**BOARD OF COUNTY COMMISSIONERS  
OF GUNNISON COUNTY, COLORADO**

*(Voted against resolution.)*  
Hap Channell, Chairperson

*Paula Swenson*  
Paula Swenson, Commissioner

*Phil Chamberland*  
Phil Chamberland, Commissioner

Attest:

*[Signature]*  
Deputy County Clerk

