TO:	**Gunnison County Planning Commission**
SUBJECT:	***DRAFT* Planning Commission Decision** **Gunnison Energy LLC** **Spadafora Water Storage Facility - Permit No. OG2014-00004** **Potentially Significant Impact Operation**
PREPARED BY:	**Neal Starkebaum, Assistant Director** **Gunnison County Community Development Department**
DATE:	**Planning Commission meeting of March 6, 2015**
APPLICANT:	**Gunnison Energy LLC** **1801 Broadway, Suite 1200** **Denver, CO 80202**

PROJECT SUMMARY:
Gunnison Energy LLC requests an Oil and Gas Operations Permit for the construction and operation of the Spadafora Water Storage Facility, a Centralized Exploration & Production Waste Management Facility. The Facility will consist of three water storage pits (each approximately 220,000 barrels (bbl) or 9,240,000 gallons and pump station, on approximately 19-acres, to provide storage, reuse and handling of produced water from GELLC's existing and proposed and future oil and gas production wells, to provide storage, reuse and handling of produced water for drilling and completion operations of multiple gas wells. Produced water and flowback fluids will be transported via existing, buried pipelines. Engineering controls to be implemented to aid in monitoring and mitigating potential impacts to surface and groundwater include high level alarms, double liners (60-mil high density polyethylene [HDPE] fabric) separated by a synthetic drainage layer material (such as Geonet®), a sump collection system, and site specific monitoring wells. The pits may be used 24 hours per day, 7 days per week during operations. The site will be manned as needed during normal operations and during completion operations. The facility will operate in a limited capacity during the winter. At completion of the operation, the pits will be closed, the liners removed and the area reclaimed. The use of the Spadafora Water Storage Facility will:

- Substantially reduce the impacts of truck traffic associated with water transportation during drilling and completion operations.
- Substantially reduce the number of frack tanks required on individual well pads for completion/fracking operations.
- Nearly eliminate the use of fresh water resources for completion operations.

SURFACE OWNERSHIP:
Randy Spadafora
Hotchkiss, CO 81419
Edward Spadafora
Montrose, CO 81401

LOCATION:
The site within the NW ¼ NE ¼ Section 20, Township 11 South, Range 90 West, 6th PM.

ACCESS:
The access to the site will be via an existing, private ranch road, from Forest Road #851.

INSPECTION/CONSULTANT:
Gunnison County has engaged Western Water and Land, LLC, to perform on-site inspection/monitoring oversight of the construction of the proposed facility. Western Water and Land, LLC has extensive experience in environmental and regulatory compliance and has provided previous consultation for Gunnison County, as well as consultation for public and private sector clients, including State and Federal agencies.

DOCUMENTS INFORMING THIS REVIEW AND ACTION:
This review and decision incorporates, but is not limited to, all the documentation submitted to the County and included within the Planning Office file relative to this application, including all exhibits, maps, references and documents, applicant presentations and reports, public comment and testimony.

***GUNNISON COUNTY, COLORADO REGULATIONS FOR OIL AND GAS OPERATIONS*:** The application was reviewed for compliance with the *Gunnison County, Colorado Regulations for Oil and Gas Operations* and reviewed as an *Oil and Gas Permit for a Potentially Significant Impact Operation* under these Regulations.

WORK SESSIONS:
The Planning Commission conducted work sessions on the application on the following dates:
January 9, 2015
February 20, 2015
March 6, 2015

SITE VISIT:
The Planning Commission determined that a site visit to the location was not necessary due to their respective knowledge of the area in general and the presentation by Mike Pelletier, GIS Manager, with a Google Earth overview of the pit location and surrounding area.

PUBLIC HEARING:
A public hearing was conducted by the Planning Commission on January 23, 2015 and continued to February 6, 2015. Written public comment was allowed until February 13, 2015. At that time, several members of the public presented oral testimony and the following written comments have been entered into the record:

<u>Emails/Letters/Comments:</u>
Monica Ariowitsch – email 1/20/15
Eric Baumm, email 1/22/15
Jim Brett, email 1/22/15
Elaine Brett, email 1/27/15
Theresa Henry, Craig and Dax Burbank, email 1/28/15
Butch Clark, letter 1/13/15
Nicole Carpenter, email 2/1/15
Jim Ramey, Executive Director, Citizens for Healthy Community, letter 1/22/15
Jim Ramey, Executive Director, Citizens for Healthy Community, letter 1/5/15
Steve Danuff, email 2/5/15
Chris and Jenny DeFrates, email 2/11/15
Lisa Delaney, email 1/22/15
Kirsten and Gary Dotzler, email 1/19/15
Alan Eaglewolf, email 2/7/15
Susan Emery, email 2/5/15

Susan Eskew, letter 2/13/15
Alex Ewert, letter 2/5/15
Daniel and Jo Feldman, letter 2/11/15
Happy Fowler, email 1/21/15
Lincoln Fox, email 2/9/15
John and Susan Alima Friar, email 2/1/15
Jaima Giles, email 1/28/15
Elena Goldstein, email 2/2/15
John and Mary Lou Gregory, letter 2/5/15
Emma Stopher-Griffin, email 1/29/15
William Hamilton, email 1/22/15
Phillip Handmaker, email 1/22/15
Kay Hannah, email 2/2/15
Allison N. Melton, Public Lands Director, High County Conservation Advocates, letter 1/22/15
Allison N. Melton, Public Lands Director, High County Conservation Advocates, letter 2/5/15
Lawrence F. Herbert, email 1/27/15
Steve Hurn and Laurie Priddy, email 2/4/15
Deberah Imlah, email 2/4/15
Ingrid A. Gebavi, email 1/19/15
Dr. David W. Inouye, email 1/27/15
Tara Jacobs, email 1/22/15
Mary Jursinovic and Anthony Zimmerman, letter 2/2/15
Viva Kellogg, email, 1/22/15
Amber Kleinman, email 1/21/15
Joy Kuhlman, email 2/5/15
Lena Wilensky, email 1/22/15
Robert Leuallen, email 2/13/15
Brenda Miller, email 1/22/15
Steve Morris, letter of 2/4/15
Parry Mothershead, email 1/19/15
James C. and Suzanne A. Normandin, letter 1/31/15
Karen M Ortiz, email 1/22/15
Lee S. Overton, email 2/5/15
Cynthia Patterson, email 1/22/15
Robert Pennetta, email 1/22/15
Rachelle Fox, email 2/9/15
Jane Reed, email 1/22/15
Ramon Reed, letters 1/7/15, 1/23/15, 2/12/15
John and Micki Rogers, letter 2/12/15
Bob Schauer, email 1/20/15
Steven C. Schechter, letter 2/13/15
Maggie Shishim, email 2/5/15
Michele Simpson, email 1/22/15
Paige Smith, letter 2/5/15
Joli Soule, email 2/5/15
Zach Springer, letter 2/11/15
Gail Srebnik, email 2/12/15
Tom Stevens, email 1/28/15
Marilyn Stone, email 1/22/15
Dana Stovern, email 2/5/15
Phyllis Swackhamer, email 1/21/15

Greg and Kathy Thompson, email 1/21/15
Greg Toohey, email 2/13/15
Patricia F. Del Tredici, email 1/19/15
John VanDenBerg, email 2/5/15
Nancy Wicks, email 1/20/15
Sue Williamson, email 1/20/15
Cortney L. Woycik, email 2/9/15
Dr. Brooke Ann Zanetell, email
F. Dave Zanetell, PE

Public Comment Concerns; Project Impacts
The majority of the comments were not in favor of the proposed facility and centered on:
• requiring a "closed containment system" for the facility
• requiring a "Comprehensive Development Plan"
• requiring a "closed-loop" system for the facility

The full record of the hearing, including all testimony and documents are hereby incorporated into this Decision.

FINDINGS:
The Gunnison County Planning Commission, having reviewed and considered the application, all exhibits, documentation and public comment and testimony, finds that:

1. Approval is limited to the location and activities described in the application, as amended, for the Spadafora Water Storage Facility. 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 *Gunnison County Regulations for Oil and Gas Operations*, or as those may be hereinafter amended.

2. That the applicant and the County will foster a greater understanding, among Gunnison County and its citizens, of the parameters of future oil and gas development associated with the Spadafora Waste Water Storage Facility, through a periodic public meeting between the applicant and the Planning Commission and Board of County Commissioners.

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 fresh water for the proposed oil and gas operations.

4. That the use of the Spadafora Water Storage Facility will significantly reduce the amount of truck traffic associated with water transportation for the oil and gas operations.

5. Subject to the land use permit conditions of approval included in this Decision, below, the application would comply with *Section 1-108: Oil and Gas Operation Standards* of the County Regulations.

6. That the County use of a qualified consultant to perform monitoring/inspection of the construction of the Spadafora Water Storage Facility is necessary to ensure that the Spadafora Water Storage Facility is constructed in conformance with the land use permit conditions imposed herein.

7. This review and decision incorporates, but is not limited to, all the documentation submitted to the County and included within the Planning Office file relative to this application; including all exhibits, references and documents as included therein.

8. 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.

9. 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.

DECISION:
The Gunnison County Planning Commission, having considered the submitted application, all exhibits, documentation and public testimony, and having reached the above Findings, hereby recommends to the Board of County Commissioners that the Gunnison Energy Corporation - Spadafora Water Storage Facility - Oil and Gas Operations Permit No. OG2015-00004, be approved, with the following conditions:

1. This approval is limited to the location and activities identified in the application, as amended, for the Spadafora Water Storage Facility. 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. The applicant has agreed to meet periodically with the Planning Commission and the Board of County Commissioners, not to exceed once per year, to discuss the reasonably foreseeable oil and gas development that would utilize the Spadafora Water Storage Facility. This would include a status update on the operation of the Facility, including the number of wells fracked by the Facility, and the pace, capacity, intensity of development, and geographic area served by the Facility; unless or until such time that the use of the Spadafora Water Storage Facility is incorporated into a comprehensive plan.

3. Prior to construction of the Spadafora Water Storage Facility, the applicant shall execute and fund a Monitoring and Inspection Compliance Agreement, as directed by the Planning Commission 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 Spadafora Water Storage Facility to ensure compliance with land use permit conditions.

4. Prior to the construction of the Spadafora Water Storage Facility, the applicant shall provide copies of all applicable state and/or federal agency permits for the facility, to the Community Development Department.

5. No produced water or flow-back water from completion operations shall be utilized for any dust suppression on roads.

6. The applicant shall provide copies of all reports to the Colorado Oil and Gas Conservation Commission regarding all water sampling associated with the Spadafora Water Storage

Facility, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department, for the life of the pit operations through closure.

7. The applicant shall provide copies of all Sundry Notices submitted to the Colorado Oil and Gas Conservation Commission associated with the Spadafora Water Storage Facility, for the life of the pit operations through closure.

8. Prior to the commencement of operation of the Spadafora Water Storage Facility, the applicant shall provide a copy of the final Operating Plan and final Spill Prevention, Containment and Countermeasure Plan to the Community Development Department.

9. The applicant shall provide copies of all Spill Reports associated with the Spadafora Water Storage Facility, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department, for the life of the pit operations through closure.

10. 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.

11. 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.

12. Approval of this permit 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 and community. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County.