GUNNISON COUNTY, COLORADO
COMMUNITY DEVELOPMENT
DEPARTMENT STAFF REPORT
for MINOR IMPACT OIL AND GAS OPERATION
SG Interests I, Ltd.
Hughes 11-90-26 Well, Well Pad and Flowline

Oil and Gas Operation Permit Applicant: SG Interests I, Ltd.
Application No: OG2012-01
Date application
scheduled with Planning Commission: February 3, 2012
Prepared by: Neal Starkebaum
Assistant Director

APPLICANT:	SG Interests I, Ltd. PO Box 26 Montrose, CO 81402
SURFACE OWNERS:	Nick Hughes 708 1250 Road Delta, CO 81416 Larry and Rosalie Moore 4956 Old Wagon Road Delta, CO 81416
MINERAL OWNERS:	Nick Hughes 708 1250 Road Delta, CO 81416 Leased to SG Interests I, Ltd.
REPRESENTATIVE:	Catherine Dickert, Environmental and Permitting Manager, SG Interests I, Ltd.
PROJECT DESCRIPTION:	The applicant requests an Oil and Gas Operations permit for the Hughes 11-90-26 natural gas well, which includes the construction of a 2-acre well pad, to accommodate future wells and installation of a gas flowline to connect to the existing Aspen Leaf lateral gas line. Operations Plan: Drilling: The well will be drilled using a conventional rotary drilling rig, operating 24 hours a day. Cuttings and drilling fluids will be maintained in a plastic lined reserve pit. Completion: The well will be completed using a conventional daylight rig. Hydraulic fracturing is the planned stimulation for the well.

	Transporting: If productive, the gas will be transported by buried pipeline. Produced water will be trucked or transported by buried pipeline. Production: Production will be performed by conventional means. If artificial lift is required, a pumping unit will be used. Post-Operation: If production is non-commercial, the well will be plugged and abandoned according to COGCC rules.
WELL LOCATIONS:	The well is located west of Highway 133 in the SW1/4 of Section 26, Township 11 South, Range 90 West, 6th P.M.
AGENCY AND DEPARTMENT REVIEWS:	• Gunnison County Public Works • Gunnison County Emergency Management • Colorado Division of Wildlife
STATUS OF APPLICATION:	• Scheduled work session with Planning Commission on February 3, 2012
EXHIBITS:	• Copy of Oil and Gas Operation application distributed to Planning Commission
PLANNING COMMISSION TASKS AT INITIAL WORK SESSION:	— Acknowledge receipt of application by applicant name — Hear applicant presentation — Identify and consider issues — Create list at end of meeting of items to be addressed at next meeting, and the date by which related information is to be submitted — Set site visit date, if applicable — Determine if application is ready to be set for public hearing, or if other work session is required
IMPACT CLASSIFICATION:	Minor Impact Oil and Gas Operation, based upon classification found in *Section 1-103: E. 2. Oil and Gas Permit for a Minor Oil and Gas Operation, Temporary Regulations for Oil and Gas Operations.* The well is within a mile of an existing or proposed well.

APPLICABILITY OF *TEMPORARY OIL AND GAS REGULATIONS FOR* STANDARDS:

STANDARD, BY SECTION	Plan complies, or compliance will be determined during review	Staff Comments/ References to specific documentation
A. **DRAINAGE AND EROSION CONTROL.** The Oil and Gas Operation shall not cause significant erosion or sedimentation and shall be conducted in accordance with the drainage and erosion control plan.	☐ Yes ☐ No ☒ TBD	The applicant has a current stormwater discharge permit in place (#COR – 039711). The applicant has submitted a Noxious Weed Management Plan, dated December 2010. The application has been submitted to the Gunnison County Public Works Department for review.
B. **ACCESS ROADS.** All public access roads, under the jurisdiction of Gunnison County, shall be constructed and maintained in compliance with the *Gunnison County Standard Specifications for Road and Bridge Construction*, as necessary to accommodate the traffic and equipment related to the Oil and Gas Operation and emergency vehicles.	☐ Yes ☐ No ☒ TBD	The applicant states access to the well will be via an existing road. No new road construction is necessary. The existing road may need to be brought up to County standards. The application has been submitted to the Gunnison County Public Works Department for review.

C. PUBLIC ROADWAY AND TRAFFIC IMPACTS. **1. INGRESS AND EGRESS.** Ingress and egress points to public roads shall be located, maintained and improved to assure adequate capacity for efficient movement of existing and projected traffic volumes and to minimize traffic hazards. **2. MAINTENANCE AGREEMENT OR FINANCIAL ASSURANCE.** If the projected use of the public roads resulting from the Oil and Gas Operation will result in a need for an increase in roadway maintenance or snow removal, the County shall require the Operator to: i) enter into an agreement with the County whereby the operator provides for private maintenance and snow removal, or reimburses the County for such increased costs; and/or ii) provide a bond or other financial assurance in an amount acceptable to the County to cover the costs of impacts to the roads.	☒ Yes ☐ No ☐ TBD	Access permits will be required by the Gunnison County Public Works Department, as applicable. SG Interests, Gunnison Energy Corporation and Gunnison County have an existing agreement with Gunnison County to maintain County Road 265, for application of magnesium chloride by Gunnison County, with financial reimbursement provided by SG Interests and Gunnison Energy. The applications have been submitted to the Gunnison County Public Works Department for review and comment.
D. WILDLIFE AND WILDLIFE HABITAT. The Oil and Gas Operation shall not cause significant degradation of wildlife or sensitive wildlife habitat.	☐ Yes ☐ No ☒ TBD	The applicant has submitted a *Wildlife and Vegetation Assessment Report*, prepared by Rocky Mountain Ecological Services, Inc. dated December 2011. The applicant has included a response to Colorado Division of Wildlife's *Standard Operating Procedures*.
E. LIVESTOCK AND LIVESTOCK GRAZING. The Oil and Gas Operation shall not cause significant impact to livestock, grazing permits, or grazing permittees. Fencing or other agreements between private grazing operations and the Oil and Gas Operator may be used to satisfy this requirement.	☒ Yes ☐ No ☐ TBD	The landowners have executed a Surface Use and Damage Agreement for access and use of the lands.
F. RECREATION IMPACTS. The Oil and Gas Operation shall not cause a significant degradation in the quality or quantity of recreational activities in the County such as hunting, hiking, skiing or related activities.	☒ Yes ☐ No ☐ TBD	The well is located on private property. No access to the public is available.

G. WATER QUALITY. **1. NO SIGNIFICANT DEGRADATION.** The Oil and Gas Operation shall not cause significant degradation in the quality or quantity of surface waters from the addition of non-point source pollution. **2. WATER WELLS.** The Oil and Gas Operation shall not cause significant degradation in the water quality or water pressure of any public or private water wells.	☐ Yes ☐ No ☒ TBD	The applicant has performed initial baseline water sampling of surface water within one mile of the well, collected in May 2011. Sampling locations and water quality analysis is included in the application.
H. WATERBODY SETBACKS. Activities associated with the Oil and Gas Operation shall be located a minimum of 500 feet from any waterbody unless such a setback would interfere with spacing requirements established by the Colorado Oil and Gas Conservation Commission.	☒ Yes ☐ No ☐ TBD ☒ Yes ☐ No ☐ TBD ☐ Yes ☐ No ☒ TBD	The applicant has submitted a map showing identified wetlands. The well pad would be located 360' from the closest wetland to the south, and 390' from the closest wetland to the north. Additionally, the pipeline connecting to the existing Aspen Leaf lateral will cross a wetland. A request for a technical infeasibility waiver to Section 1-107:P.2 Setbacks from Water Bodies. No Technology Available is part of the request.
I. CULTURAL AND HISTORIC RESOURCES. The Oil and Gas Operation shall not cause significant degradation of cultural or historic resources.	☐ Yes ☐ No ☒ NA	The well is located on private property. The owners have declined to obtain a cultural resource inventory.
J. WILDFIRE HAZARD. The Oil and Gas Operation shall not cause a significant risk of wildfire hazard.	☐ Yes ☐ No ☒ TBD	The well pad is located in a low to moderate fire hazard area, according to County Wildfire mapping. See comments from applicant and the Emergency Response Plan, submitted with application. The plan was submitted to the Gunnison County Emergency Management office for review and comment.
K. GEOLOGIC HAZARDS. The Oil and Gas Operation shall not cause a significant risk of geologic hazards.	☒ Yes ☐ No ☐ TBD	There is no geologic mapping for this area. The applicant indicates that there are no known geologic hazards at the subject well location.
N. EMERGENCY RESPONSE. Oil and Gas Operations shall provide a written emergency response plan for the potential emergencies that may be associated with the operation of the facilities. This shall include, but not be limit to any or all of the following: explosions, fires, gas or water pipeline leaks or ruptures, hydrogen sulfide or other toxic gas emissions, and hazardous material vehicle accidents or spills. Operation specific emergency preparedness plans are required for any Oil and Gas Operation that involves drilling or penetrating	☐ Yes ☐ No ☒ TBD	An updated emergency response plan has been submitted with the application. The plan was submitted to the Gunnison County Emergency Management office for review and comment.

through known zones of hydrogen sulfide gas. The plan shall include a provision for the Operator to reimburse the appropriate emergency response service provider for costs incurred in connection with the emergency.		
P. TECHNICAL INFEASIBILITY WAIVER. One or more of the Oil and Gas Operation Standards set forth in this Section 1-107 may be waived during the application process, if the Operator demonstrates to the satisfaction of the County that it is technically infeasible to comply with the standard(s). To be granted a waiver from a standard for technical infeasibility, the burden is on the Operator to demonstrate one of the following with clear and convincing evidence:		
1. CONFLICT WITH STATE OR FEDERAL REGULATION. Conduct of the Oil and Gas Operation in compliance with the County standard would result in an operational conflict with a mandatory state or federal oil and gas regulation, condition or other requirement; or	☐ Yes ☐ No ☒ NA	
2. NO TECHNOLOGY AVAILABLE. There is no economical technology commercially available to conduct the Oil and Gas Operation in compliance with the County standard, and the applicant will implement the best available technology to conduct the Oil and Gas Operation in compliance with the County standard to the maximum extent feasible; and		Request for a technical infeasibility waiver to Section 1-107:P.2 Setbacks from Water Bodies. No Technology Available., due to limitation from steep topography.
a. The waiver will not cause substantial injury to the owner or occupant of adjacent land(s); and	☐ Yes ☐ No ☒ TBD	
b. The waiver will not cause substantial injury to the environment**.**	☐ Yes ☐ No ☒ TBD	