GUNNISON COUNTY PLANNING COMMISSION
PRELIMINARY AGENDA: Friday, April 6, 2012

Draft Minutes- for Review

8:45 a.m.

- **Call to order; determine quorum**
- **Approval of Minutes**
- **Unscheduled citizens:** A brief period in which the public is invited to make general comments or ask questions of the Commission or Planning Staff about items which are not scheduled on the day's agenda.

9:00 a.m. **SG Interests I, Ltd.**, public hearing/no action, request for the Federal 11-90-24 gas well project, including two gas wells, located in northwest Gunnison County, in Section 24, Township 11 South, Range 90 West, 6th P.M., west of Highway 133; possible direction to staff

10:00 a.m. **SG Interests I, Ltd.**, executive session/no action, work session/possible action, request for the Hughes 11-90-26 gas well project, including five gas wells, located in northwest Gunnison County, in Section 26, Township 11 South, Range 90 West, 6th P.M., west of Higy 133

11:00 a.m. **SG Interests I, Ltd.**, possible executive session/no action, work session/possible action, request for the Eck 12-90-1 gas well project, including two gas wells and water disposal well, located in northwest Gunnison County, in Section 1, Township 12 South, Range 90 West, 6th P.M., west of Highway 133

Lunch

1:00 p.m. **SG Interests I, Ltd.**, work session/no action, request for the Federal 12-89-7 gas well project, including five gas wells, located in northwest Gunnison County, in Section 7, Township 12 South, Range 89 West, 6th P.M., west of Highway 133

2:00 p.m. **SG Interests I, Ltd.**, work session/no action, request for the Federal 11-90-9 gas well project, including five gas wells, located in northwest Gunnison County, in Section 9, Township 11 South, Range 90 West, 6th P.M., west of Highway 133

End of Meeting

- Report of actions taken by BOCC.
- Logistics for site visit to Marble on April 27
- A brief period in which Commission debriefs on the day's processes, etc. No discussion or action on any specific Land Use Change Permit applications will take place at this time.

Adjourn

Draft Minutes for Review

GUNNISON COUNTY PLANNING COMMISSION
REGULAR MEETING
April 6, 2012
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The Gunnison County Planning Commission conducted a regular meeting, in the Commissioners' Meeting Room in the Blackstocks Government Center, Planning Commission meeting room. **Present were:**

Chairman- Ramon Reed
Commissioner-Kent Fulton
Vice-Chairman- Jim Seitz
Commissioner-Susan Eskew
Commissioner-Warren Willcox
Alternate Commissioner- AJ Cattles
Alternate Commissioner-Jeremy Rubingh

Director of Community Development- Joanne Williams
Assistant Director of Community Development- Neal Starkebaum
Planner-Cathie Pagano

Community Development Department Services Manager-Beth Baker

Others present as listed in text

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With a quorum present Chairman Ramon Reed opened the regular meeting of the Commission.

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SG INTERESTS- FEDERAL 11-90-24; The Planning Commission (Commission) conducted a public hearing to review the request for the Federal 11-90-24 gas well project, including two gas wells, located in northwest Gunnison County, in Section 24, Township 11 South, Range 90 West, 6th P.M., west of Highway 133.

With a quorum present Chairman Ramon Reed opened the public hearing.

Community Development Services Manager Beth Baker confirmed adequate public notice; the applicants provided the certified mailing receipts and the Planning Office had the notice published in the CB News, and Gunnison Country Times, Delta Independent.

SG Interests representatives Eric Sanford and Catherine Dickert were present for the public hearing.

Applicant's presentation-

Sanford explained the gas well project is in the south east corner of section 24. They will use the Narrows road to the well site as an access, because the alternate access is too steep for the heavy equipment needed on site.

Sanford said they considered the overall master plan when they choose the access road; the location chosen is the most efficient and is 400 ft. to 500 ft. from the pipeline.

Dickert said the pad is located in dry rangeland; there are plans for two gas wells in this location. The access road meets the Narrows road at an intersection where there is a drainage; they are requesting an infeasibility waiver. They choose the road using the Environmental Assessment and Lidar. This road will be used to access other well pads in the area.

Sanford said there had been site visits attended by Parks and Wildlife, Public Works- Allen Moores, and the land owner Nick Hughes.

Staff comments and questions-

Starkebaum-No Comments

Planning Commission comments and questions-

Commissioner Rubingh asked how far the access road was from a water body; Dickert replied approximately 25 ft. Sanford added the new road encroaches only at the T section.

Commissioner Reed asked for information on the Narrows Rd. Sanford explained it comes off the County Road, it goes through a corner of Nick Hughes property, and back on to Rock Creek Ranch (RCR), goes thru RCR and thru the Aspen

Leaf Ranch, and a bit of the Hotchkiss Ranch. There are only three entities which have easements to use the road; Rock Creek Ranch, Hotchkiss Ranches, and the Aspen Leaf Ranch. The road is gated and locked most of the time. The road is not open to the public.

Sanford said this will not be shale well. They are asking for two wells on the pad, because it serves a more specialized purpose. It is not going to be as large. The geologist chose the location. It is small and cannot fit too many wells.

Public Comments and questions-

County resident Sandy Shea asked for a full picture and a map of what the full ultimate development will be; to provide a better understanding of the cumulative impacts. Dickert said the EA is out and available to the public on line. It contains maps which illustrate what is proposed on Federal Land; there is very little Federal land, but there are Federal minerals.

Shea questioned where the water would come from to drill the wells; Sanford responded noting they have purchased a ranch with an existing reservoir, which had been constructed in the late 1920's, they have rebuilt the reservoir. The reservoir holds about 80 acre-ft. of water. They have an accepted water augmentation plan. He said the well completion and hydraulic fracking requires the most water.

Reed said the flow back pits were approved last year, they will be used to limit the truck traffic and reduce the usage of fresh water- they will pipe water back and forth. Sanford added they have purchased water from ranchers on a year to year basis.

Commissioner Wilcox asked if the water body along the Narrows Rd. is dry most of the time; Dickert said it was not, it runs most of the year and is more like drainage.

Rubingh expressed his concern with debris that could get in the water, and the possible impacts to wildlife.

Reed explained that the roads would service overall project and cover more than each individual pad. SG has a storm water management plan for the entire area. Reed requested Public Works representative Allen Moores come to a meeting to discuss the roads, the specifications, and the Best Management Practices, and how they fit into the requested waivers.

Dickert said she had met with Public Works representative Allen Moores to discuss ditch and culvert spacing, for going forward on new projects. Starkebaum said the templates used by Moores meet the minimum standards of the Forest Service.

Hap Channell asked if the Oil and Gas industry can use the newer technology on older abandon wells; Sanford was unaware of it being done here.

Reed closed the public hearing at 9:50 A.M.

The Commission directed staff to prepare a draft decision of approval, for review by the Commission.

The commissioners directed staff to address;

- Noise –muffler or containments
- Feasibly waiver

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SG Interets Hughes 11-90-26- The Planning Commission (Commission) conducted a work session to discuss the request for the Hughes 11-90-26 gas well project, including five gas wells, located in northwest Gunnison County, in Section 26, Township 11 South, Range 90 West, 6th P.M., west of Highway 133.

With a quorum present Chairman Ramon Reed opened the work session.

SG representatives Eric Sanford and Catherine Dickert were present for the work session.

Executive Session-

Moved by Fulton and seconded by Wilcox for the Commission to go into an executive session with the County Attorney David Baumgarten, and Assistant Director of Community Development Neal Starkebaum, for the purpose of discussing

legal issues and conditions to be placed on the Hughes 11-90-26 gas well project, and other gas well projects in general. The motion passed unanimously.

The Commission went into executive session at 10:10 A.M. *Executive sessions of the Gunnison County Planning Commission are conducted as per C.R.S. 24-6-402(4). This specific session was conducted as per C.R.S. 24-6-402(4)(b).*

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Attorney Statement Regarding Executive Session

Pursuant to C.R.S. 24-6-402 (2)(d.5)(II)(B), I attest that I am the Gunnison County Attorney; that I represent the Gunnison County Planning Commission, and Neal Starkebaum that I attended all of the above referenced executive session; that all of the executive session was confined to the topic authorized for discussion pursuant to C.R.S. 24-6-402(4) and that, because in my opinion all of the discussion during the executive session constituted a privileged attorney-client communication, no record of the executive session was required to be kept and no such record was kept.

Date: _____ **_____**

David Baumgarten
Gunnison County Attorney

A. **Chairperson Statement Regarding Executive Session**

Pursuant to C.R.S. 24-6-402(4)(d.5)(II)(B), I attest that I am the Chairperson of the Gunnison County Planning Commission; that I attended all of the above referenced executive session; and that all of that executive session was confined to the topic authorized for discussion pursuant to C.R.S. 24-6-402(4).

Date: _____ **_____**

Ramon Reed
Chairman of the Gunnison County Planning Commission

The Commission came out of executive session at 10:45 A.M.

Reed explained this is scheduled as an action item, with a decision document prepared for the Hughes 11-90-26. He requested a motion specifically requiring a closed loop system, or not requiring a closed loop system.

Seitz stated he was basing his motion to not require a closed loop system on the Hughes 11-90-26, on the advice of Gunnison County Attorney David Baumgarten, who has said requiring a closed loop system is not in the Commission's purview.

Reed said he based his conclusion on the *Gunnison County Oil and Gas Regulations*, concluding a closed loop system should be required. A Technical Infeasibility Waiver requires the applicant to implement the best technology available, and based upon the record it is a closed loop system. He said he was informed by the evidence on the record; a closed loop system is warranted and necessary. He added the burden of proof is on the applicant, and he has not heard a closed loop system is not necessary.

Seitz said he is basing his opinion on the discussions and comments submitted by the Local Government Designee (LGD), January 4, 2012. The COGCC has said the approval would include either a lined pit or a closed loop system. He added the majority of the gas well projects seen by the Commission share some of the same geology and topography; requiring closed loops systems on all of those gas well projects could cause a lot of difficulties.

Reed said the five regular members are voting members, but the alternates are welcome to share their opinions.

Rubingh reiterated his concerns with the County water body setback requirements and gas well projects proximity to the wetlands. He said he has considered what both Commissioners Reed and Seitz have said.

Reed acknowledged this is not an easy subject.

Moved by Seitz and seconded by Wilcox to proceed with the recommendation of a lined pit and not requiring a closed loop system. The motion passed with Seitz, Wilcox, Fulton and Eskew voting yes and Reed voting no.

The commission reviewed the draft decision of approval prepared by staff.

Moved by Fulton seconded by Seitz to approve the Hughes 11-90-26 Oil and Gas Well Project / OG-12-00001,as amended. The motion passed unanimously.

PROJECT SUMMARY:

The applicant requests an Oil and Gas Operations permit for the Hughes 11-90-26 natural gas project, which includes the construction of an approximately 2.5-acre well pad, the installation of up to five gas wells and installation of gas and water pipelines to connect to the existing Aspen Leaf lateral gas and water lines.

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.

SURFACE OWNERSHIP:

Nick Hughes
708 1250 Road
Delta, CO 81416

Larry and Rosalie Moore
4956 Old Wagon Road
Delta, CO 81416

MINERAL OWNER:

Nick Hughes
708 1250 Road
Delta, CO 81416
Leased to SG Interests I, Ltd.

WELL LOCATIONS:

The well project is located west of Highway 133 in the SW1/4 of Section 26, Township 11 South, Range 90 West, 6th P.M.

Specific location of the well pad is identified on a map in the Community Development Department file.

ACCESS:

Access to the project area is via County Road 265 and private roads. SG Interests and Gunnison Energy Corporation have an existing agreement with Gunnison County to maintain County Road 265, for the application of magnesium chloride by Gunnison County, with financial reimbursement provided by SG Interests and Gunnison Energy.

GUNNISON COUNTY PUBLIC WORKS COMMENTS:

Comments were received from Allen Moores, Assistant Director, Gunnison County Public Works in an email of March 7, 2012. Summarizing his comments, he notes:

> "From my observations on the ground it is apparent that there is a definite physical barrier between each of the proposed pad sites and the wetlands of concern."

DOCUMENTS INFORMING THIS REVIEW AND ACTION:

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 this application, including all exhibits, maps, references and documents.

***GUNNISON COUNTY, COLORADO TEMPORARY REGULATIONS FOR OIL AND GAS OPERATIONS*:** The application was reviewed for compliance with the *Gunnison County, Colorado Temporary Regulations for Oil and Gas Operations, May 18, 2004*, and is defined as a Minor Oil and Gas Operation Project.

The applicant submitted a request for a technical infeasibility waiver for the gas and produced water pipelines, which will cross a wetland to connect with the nearest existing gas/water collection system pipelines and for the access road, which is less than 500 feet from a waterbody in at least three locations. The well pad is approximately 800 feet from the closest connection to a gas pipeline and produced water collection system. The installation of the pipelines will cross a waterbody (wetland and

stream), located between the well pad and the collection system. The proposed pipeline alignment does not meet the setback standard in *Section 1-107: Oil and Gas Operation Standards, H. Waterbody Setbacks.*

The applicant has also submitted a request for a technical infeasibility waiver for the gas wells and well pad, which is less that the required 500 foot setback from waterbodies (wetlands). The proposed well pad does not meet the setback standard in *Section 1-107: Oil and Gas Operation Standards H. Waterbody Setbacks*.

WORK SESSIONS:
Work sessions were held by the Planning Commission on:
February 2, 2012
February 17, 2012
April 6, 2012

SITE VISIT:
Due to seasonal limitations for access to the site and in lieu of a site visit by the Planning Commission, Allen Moores, Assistant Director, Gunnison County Public Works Departmen,t attended a site visit on February 10, 2012 with the applicant, representatives from the Colorado Oil and Gas Conservation Commission and the Colorado Division of Parks and Wildlife. He provided written comments to the Planning Commission of his observations of the site and the surrounding area.

PUBLIC HEARING:
A public hearing was held by the Planning Commission on March 16, 2012. At that time, Gunnison County resident Ralph/Butch Clark said he was present to learn what is being proposed. He was concerned with the need for a common set of considerations, and he hoped the County would be a party to that.

A letter was received from Matt Reed, Public Lands Director, High Country Citizens Alliance, dated February 23, 2012, noting concerns with the application.

All testimony presented, and the full record of that hearing, including all testimony, is hereby incorporated into this record.

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

1. Approval is limited to the location and description of the SG Interests I, Ltd. Hughes 11-90-26 Gas Well Project, as described in the application. Any 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. Subject to the Technical Infeasibility Waiver and the Conditions of Approval included in the Decision, below, the application is consistent with *Section 1-107: Oil and Gas Operations Standards, Gunnison County Temporary Regulations for Oil and Gas Operations, May 18, 2004.*

3. The applicant has requested a term of permit of five years in which to drill all five wells, which the Planning Commission finds appropriate.

4. The applicant has identified waterbodies (wetlands) within 500' of the well pad.

5. Allen Moores, Assistant Director, Gunnison County Public Works, provided comments regarding the project in an email of March 7, 2012, in which he identified that:
   "From my observations on the ground it is apparent that there is a definite physical barrier between each of the proposed pad sites and the wetlands of concern."

6. The proposed well pad does not meet the standard of *Section 1-107: Oil and Gas Operation Standards*, H. Waterbody Setbacks. Based upon onsite field observations and comments from Allen Moores, Assistant Director, Gunnison County Public Works, there is a physical geographic separation between the well pad and the wetlands, which consists of a rise in elevation of a few feet from the intended level of the well pad. The Planning Commission finds, in accordance with Section 1-107: Oil and Gas Operation Standards P. 2., that a technical infeasibility waiver is warranted because there is no economical technology commercially available to install the well pad in a location more than 500 feet from all waterbodies, while avoiding steep topography and maximizing access to the owner's mineral rights.

7. The applicant submitted a request for a technical feasibility waiver for the gas and produced water pipelines, which will cross a wetland to connect with the nearest existing gas/water collection system pipeline. The well pad is approximately 800 feet from the closest connection to a gas pipeline and produced water collection system. The installation of the pipelines will cross a waterbody (wetland and stream), located between the well pad and the collection system. The proposed pipeline alignment therefore cannot meet the setback standard of *Section 1-107: Oil and Gas Operation Standards*, H. Waterbody Setbacks. Additionally, the existing two-track access road that crosses three drainages containing wetlands will be upgraded. There is no economical technology commercially available to install the gas and produced water pipelines and necessary road improvements in compliance with the waterbody setbacks. Granting of the waiver will not cause substantial injury to the owner or occupant of adjacent lands; and the waiver will not cause substantial injury to the environment. Therefore, the granting of a technical infeasibility waiver for the pipelines and upgraded road access is warranted with appropriate mitigation as noted in the conditions above.

8. The applicant submitted a *Wildlife and Vegetation Assessment Report*, prepared by Rocky Mountain Ecological Services, Inc. dated December 2011, which included several recommended actions to provide mitigation for impacts to wildlife, which have been incorporated as conditions of approval.

9. 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 these applications; including all exhibits, references and documents as included therein.

DECISION:
The Gunnison County Planning Commission, having considered the submitted applications, all exhibits, documentation and public testimony, and having reached the above Findings, hereby approves SG Interests I, Ltd. Hughes 11-90-26 Gas Well Project; Oil and Gas Operations Permit No. OG2012-01, with the following conditions:

1. This permit is limited to the description of the SG Interests I, Ltd. Hughes 11-90-26 Gas Well Project. 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 Oil and Gas Regulations*, or as those may be hereinafter amended. The term of permit for the Operation is five years.

2. The applicant shall provide copies of all Spill Reports, associated with the Hughes 11-90-26 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.

3. The applicant shall provide copies of all reports to the Colorado Oil and Gas Conservation Commission regarding water quality sampling, associated with the Hughes 11-90-26 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.

4. The access road shall be maintained in compliance with the Stormwater Management Plan.

5. All disturbed wetland crossing areas shall be adequately fenced to exclude livestock until such time that the reclamation has been established.

6. Gas and water pipeline crossings of wetland areas shall be double lined.

7. All trash shall be placed in bear-proof dumpsters.

8. The applicant shall employ best management practices to ensure that generators and other loud equipment do not impact wildlife.

9. Nothing in this decision is or shall be construed to be a limitation on Gunnison County participating in any future regulatory process for said wells.

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.

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SG INTERETS- ECK 12-90-1 ; The Planning Commission (Commission) conducted a work session to review the request for the Eck 12-90-1 gas well project, including two gas wells and water disposal well, located in northwest Gunnison County, in Section 1, Township 12 South, Range 90 West, 6th P.M., west of Highway 133.

With a quorum present Commissioner Reed opened the work session.

SG representatives Eric Sanford and Catherine Dickert were present for the work session.

The Commission reviewed the draft approval decision prepared by staff.

Moved by Fulton seconded by Seitz to approve the Eck 12-90-1 Gas Well Project/ OG-12-00002, as amended. The motion passed unanimously.

PROJECT SUMMARY:
The applicant requests an Oil and Gas Operations permit for the Eck 12-90-1 natural gas well, which includes the construction of an approximately 2.5-acre well pad, the Eck 12-90-1 #1 well, one future gas well, a water disposal well and installation of gas and produced water pipelines to connect to the existing collection system.

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.

SURFACE OWNERSHIP:
Gunnison Hunting Properties, LLC
100 Waugh Drive, Suite 400
Houston, TX 77007

MINERAL OWNER:
Gunnison Hunting Properties, LLC
100 Waugh Drive, Suite 400
Houston, TX 77007

WELL LOCATION:
The well project is located west of Highway 133, on lands legally described as Lot 1, 2, 3, 4, (N/2N/2) S/2NE/4, S/2NW/4, tract in N/2N/2S/2 (being 247' on east and 240' on west 28.75 +/- acres in Section 1, Township 12 South, Range 90 West, 6th P.M.; total of 296.43 acres. Specific location of the site is identified on a map in the Community Development Department file.

ACCESS:
The applicant states access to the well will be via existing private roads, connecting to CR 265 and State Highway 133. SG Interests and Gunnison Energy Corporation have an existing agreement with Gunnison County to maintain County Road 265, for the application of magnesium chloride by Gunnison County, with financial reimbursement provided by SG Interests and Gunnison Energy.

GUNNISON COUNTY PUBLIC WORKS COMMENTS:
Comments were received from Allen Moores, Assistant Director, Gunnison County Public Works in an email of March 7, 2012. Summarizing his comments, he notes:

> "From my observations on the ground it is apparent that there is a definite physical barrier between each of the proposed pad sites and the wetlands of concern."

DOCUMENTS INFORMING THIS REVIEW AND ACTION:

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 this application, including all exhibits, maps, references and documents.

***GUNNISON COUNTY, COLORADO TEMPORARY REGULATIONS FOR OIL AND GAS OPERATIONS*:** The application was reviewed for compliance with the *Gunnison County, Colorado Temporary Regulations for Oil and Gas Operations, May 18, 2004*, and is defined as a Minor Oil and Gas Operation Project.

The applicant submitted a request for a technical infeasibility waiver for the gas and produced water pipelines. The gas and water pipeline route will cross wetland areas between the well pad and the closest gathering system pipelines. The proposed pipeline alignment does not meet the setback standard in *Section 1-107: Oil and Gas Operation Standards*, H. Waterbody Setbacks.

The applicant has also submitted a request for a technical infeasibility waiver for the gas wells and well pad, which is less that the required 500 foot setback from waterbodies (wetlands). The proposed well pad does not meet the setback standard in *Section 1-107: Oil and Gas Operation Standards H. Waterbody Setbacks*.

WORK SESSIONS:
Work sessions were held by the Planning Commission on:
February 17, 2012
April 6, 2012

SITE VISIT:
Due to seasonal limitations for access to the site and in lieu of a site visit by the Planning Commission, Allen Moores, Assistant Director, Gunnison County Public Works Department, attended a site visit on February 10, 2012 with the applicant, representatives from the Colorado Oil and Gas Conservation Commission and the Colorado Division of Parks and Wildlife. He provided written comments to the Planning Commission of his observations of the site and the surrounding area.

PUBLIC HEARING:
A public hearing was held by the Planning Commission on March 16, 2012. At that time, Gunnison County resident Ralph/Butch Clark said he was present to learn what is being proposed. He was concerned with the disposal of the produced water.

A letter was received from Ted Eck, dated March 8, 2012, noting concerns regarding the name of the well and several technical issues.

A letter was received from Matt Reed, Public Lands Director, High Country Citizens Alliance, dated February 23, 2012, noting concerns with the application.

All testimony presented, and the full record of that hearing, including all testimony, is hereby incorporated into this record.

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

10. Approval is limited to the location and description of the SG Interests I, Ltd. Eck 12-90-1 Gas Well Project as described in the application. Any 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.

11. Subject to the Technical Infeasibility Waiver and the Conditions of Approval included in the Decision, below, the application is consistent with *Section 1-107: Oil and Gas Operations Standards, Gunnison County Temporary Regulations for Oil and Gas Operations, May 18, 2004.*

12. The applicant has requested a term of permit of five years in which to drill all five wells, which the Planning Commission finds appropriate.

13. The applicant has identified waterbodies (wetlands) within 500' of the well pad.

14. Allen Moores, Assistant Director, Gunnison County Public Works, provided comments regarding the project in an email of March 7, 2012, in which he identified that:

"From my observations on the ground it is apparent that there is a definite physical barrier between each of the proposed pad sites and the wetlands of concern."

15. The proposed well pad does not meet the 500' setback of *Section 1-107: Oil and Gas Operation Standards*, H. Waterbody Setbacks. Based upon onsite field observations and comments from Allen Moores, Assistant Director, Gunnison County Public Works, there is a physical geographic separation consisting of a rise in elevation of approximately 20 vertical feet between the well pad and the wetlands. The Planning Commission finds, in accordance with Section 1-107: Oil and Gas Operation Standards P. 2., that a technical infeasibility waiver is warranted because there is no economical technology commercially available to install the well pad in a location more than 500 feet from all waterbodies, simultaneously protecting the safety of drilling employees by keeping the center of the well pad on the "cut" soils, rather than fill material.

16. The applicant submitted a request for a technical feasibility waiver for the gas and produced water pipelines. The gas and water pipeline route will cross wetland areas between the well pad and the closest gathering system pipelines. The proposed pipeline alignment cannot meet the setback standard of *Section 1-107: Oil and Gas Operation Standards*, H. Waterbody Setbacks. There is no economical technology commercially available to construct the gas and produced water pipelines in compliance with the waterbody setbacks. Granting of the waiver will not cause substantial injury to the owner or occupant of adjacent lands; and the waiver will not cause substantial injury to the environment. Therefore, the granting of a technical infeasibility waiver for the pipelines is appropriate.

17. The applicant submitted a *Wildlife and Vegetation Assessment Report*, prepared by Rocky Mountain Ecological Services, Inc. dated December 2011, which included several recommended actions to provide mitigation for impacts to wildlife, which have been incorporated as conditions of approval.

18. 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 these applications; including all exhibits, references and documents as included therein.

DECISION:
The Gunnison County Planning Commission, having considered the submitted applications, all exhibits, documentation and public testimony, and having reached the above Findings, hereby approves SG Interests I, Ltd. Eck 12-90-1 Gas Well Project; Oil and Gas Operations Permit No. OG2012-02 with the following conditions:

13. This permit is limited to the description of the SG Interests I, Ltd. Eck 12-90-1 Gas Well Project. 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 Oil and Gas Regulations*, or as those may be hereinafter amended.

14. The applicant shall provide copies of any Spill Reports, associated with the Eck 12-90-1 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.

15. The applicant shall provide copies of reports to the Colorado Oil and Gas Conservation Commission regarding water quality sampling, associated with the Eck 12-90-1 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.

16. The access road shall be maintained in compliance with the Stormwater Management Plan.

17. All disturbed wetland areas shall be adequately fenced to exclude livestock until such time that the reclamation has been established.

18. Gas and water pipeline crossings of wetland areas shall be double lined.

19. All trash shall be placed in bear-proof dumpsters.

20. The applicant shall employ best management practices to ensure that generators and other loud equipment do not impact wildlife.

21. Nothing in this decision is or shall be construed to be a limitation on Gunnison County participating in any future regulatory process for said wells.

22. 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.

23. 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.

24. 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.

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SG INTERESTS- FEDERAL 12-89-7; The Planning Commission (Commission) conducted a work session to discuss the request for the Federal 12-89-7 gas well project, including five gas wells, located in northwest Gunnison County, in Section 7, Township 12 South, Range 89 West, 6th P.M., west of Highway 133.

With a quorum present Commissioner Reed opened the work session.

SG representatives Eric Sanford and Catherine Dickert were present for the work session.

Reed discussed the aspect of County review and classification of applications, with the Commission and staff. He said the County regulations are not written to deal with current applications; they were written to address one pad, one well, and maybe a pipeline. He was concerned that now the Commission is dealing with five wells on a pad. Reed distributed information on administrative and minor review, noting with a literal reading each application would be a major impact. There are twenty wells in process now. He requested staff prepare a formal interpretation of the regulations, in writing- explaining why each of these would be reviewed as a minor impact; copied to the BOCC. Starkebaum said the applicants will be drilling only one well at a time, so it adheres to the criteria for a minor impact project.

Commissioner Wilcox is pleased now you can do multiple wells on one pad, reducing the impacts. He said it is a great improvement.

Reed said the application is not clear. He reiterated his request for a clear interpretation in writing, with a copy sent to the BOCC.

Sanford explained they will use an approved primary access. There is also a secondary access. The pad will be oddly shaped to take advantage of the topography. The road will be rerouted to go along the edge of the pad. The pipeline will come out of well head. The pipeline will go from section seven along the existing road way. They will use a separate pipeline, but they will meet and become one pipeline. They are requesting a Technical Infeasibility Waiver; addressing where the pipeline comes within 500 ft. of a water body.

Dickert said there will be a maximum of five wells on this pad. There is no water body within 500 ft. of the well pad. The total acreage is approximately 2.7- acres.

Reed asked about the topography from the well pad to Highway 133. Dickert explained the pipeline right-of-way, when looking toward the highway, there is a spot where one could see a car on the highway for approximately two seconds. The tanks will be below the cut and not visible. The location was chosen using Lidar. She added the location meets s all the criteria from the Scenic By-way Plan.

Seitz asked if the tanks will be painted; Dickert said they would and the colors are determined on a on a site specific basis.

The Commission directed staff to schedule a public hearing and prepare a draft decision of approval, to be reviewed at the work session immediately following the public hearing, on the same day.

The Commission directed staff to pattern the draft on the previous applications.

The public hearing and review of draft decision will be conducted on May 4, 2012.

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SG INTERESTS – FEDERAL 11-90-9; The Gunnison County Planning Commission (Commission) conducted a work session, to review the request for the Federal 11-90-9 gas well project, including five gas wells, located in northwest Gunnison County, in Section 9, Township 11 South, Range 90 West, 6th P.M., west of Highway 133.

With a quorum present Reed opened the work session.

SG representatives Eric Sanford and Catherine Dickert were present for the work session.

Sanford explained the location is accessed off of a Forest Service road; it crosses Henderson Creek, and will enable the tying into the existing pipeline. The location was chosen because it is the flattest area, and it is a hidden location because of the topography. SG has a permit to use the Forest Service road. There will also be a new road which will be approximately 1,500 ft. long, on a gentle grade, on a side slope; it will not require a lot of cut. The existing bridge was built to Forest Service specifications, for larger equipment. The road is not open to the public; it is for SG use only. There is a locked gate.

Dickert said there had been an onsite with the Forest Service and the COGCC in the Fall of 2011. In response to the on-site visit SG slid the pad down to the south because of a long term vegetation site. The site will be sprayed because of a thistle weed problem. There is also native vegetation on the site.

Rubingh asked if there is a public comment period if the site is located on Forest Service land; Dickert said there will be a comment period.

The commissioners discussed the recommendation of the biologist Eric Pederson. Pederson suggests using enclosures for noisy equipment on site. Dickert and Sanford noted enclosing the very large equipment would be very difficult, if not impossible. They said ordinarily mufflers are used on the equipment. The commission requested clarification from biologist Eric Pederson.

The Commission directed staff to schedule a public hearing and prepare a draft decision of approval, to be reviewed at the work session immediately following the public hearing, on the same day.

The site visit will be conducted April 27, 2012, and the public hearing and review of draft decision will be conducted on May 4th, 2012.

END OF DAY DISCUSSION;

- BOCC conducted another work session on the proposed Oil and Gas regulation amendments.
- BOCC next work session is May 8, 2012 on the amendments
- The North Fork gas leases EA public comment period is almost over. The BOCC has approved a draft letter in response to the EA.

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Reed adjourned the meeting at 2:50 P.M.

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/S/ Beth Baker
Community Development Department Services Manager
Gunnison County Community Development Department