GUNNISON COUNTY, COLORADO
COMMUNITY DEVELOPMENT
DEPARTMENT STAFF REPORT
for MINOR IMPACT OIL AND GAS OPERATION
SG Interests I, Ltd.
Sperry/Clinger 11-90-1 Gas Well Project

Oil and Gas Operation Permit Applicant: SG Interests I, Ltd.
Application No: OG2012-09
Date Submitted July 13, 2012
Date application
scheduled with Planning Commission: August 3, 2012
Prepared by: Neal Starkebaum
Assistant Director

APPLICANT:	SG Interests I, Ltd.
SURFACE OWNERS:	Sperry Land Company 3797 County Road 265 20215 F Road Delta, CO, 81416
MINERAL OWNERS:	Clinger Trust, Loni Deal and Sperry Land Company
REPRESENTATIVE:	Catherine Dickert, Environmental and Permitting Manager, SG Interests I, Ltd.
PROJECT DESCRIPTION:	The applicant requests an Oil and Gas Operations permit for the Sperry/Clinger 11-90-1 gas well project, which includes the construction of a 2-acre well pad and access road to accommodate five gas wells, and installation of gas and water flowlines, to connect to the existing SG Interests gathering 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.
WELL LOCATION:	The well pad is located in northwest Gunnison County, legally described as HES 68 in Sections 11, 12 and HES 137 in Section 11, all in , Township 11 South, Range 90 West, 6th P.M., west of Highway 133
AGENCY AND DEPARTMENT REFERRALS:	• Gunnison County Public Works • Gunnison County Emergency Management • Colorado Parks and Wildlife
STATUS OF APPLICATION:	• Scheduled work session with Planning Commission on August 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 wells.

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, private ranch road, from CR 265. A new road of approximately 1500 feet will be constructed from the ranch road to the well pad. The application has been submitted to the Gunnison County Public Works Department for comment.
C. PUBLIC ROADWAY AND TRAFFIC IMPACTS. **1. INGRESS AND EGRESS.** Ingress and egress points to public roads shall be located, maintained and improved	☐ Yes ☐ No ☒ TBD	An access permit will be required by the Gunnison County Public Works Department, as applicable.

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 ☒ NA	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 March 2012. A copy has been sent to the Colorado Parks and Wildlife.
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 land will continue to be used for agricultural purposes.
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. The sampling is from seven 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	The well pad, access road and pipeline route are within 500 feet of Spring Creek.
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 pad is located on private property. No cultural resource survey was performed. As the property is private, the County cannot require a cultural resource survey to be performed.
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 moderate to high fire hazard area, according to County Wildfire mapping. See comments from applicant and the Emergency Response Plan, submitted with application.
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 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.	☐ 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.
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:	☐ Yes ☐ No ☒ TBD	The well pad, access road and pipeline route are within 500 feet of Spring Creek. The applicant is requesting a technical infeasibility waiver.
1. CONFLICT WITH STATE OR FEDERAL REGULATION. Conduct of the Oil and	☐ Yes ☐ No ☒ N/A	

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		
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	☐ Yes ☐ No ☒ NA	
a. The waiver will not cause substantial injury to the owner or occupant of adjacent land(s); and	☐ Yes ☐ No ☒ NA	
b. The waiver will not cause substantial injury to the environment**.**		