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| **TO:** | **Planning Commission** |
| **SUBJECT:** | ***DRAFT* Planning Commission Decision**<br>**SG Interests I, Ltd.**<br>**Borich 11-89-32 Gas Well Project**<br>**Minor Oil and Gas Operation**<br>**File No. OG2012-08** |
| **PREPARED BY:** | **Neal Starkebaum, Assistant Director**<br>**Gunnison County Community Development Department** |
| **DATE:** | **September 7, 2012** |
| **APPLICANT:** | **SG Interests I, Ltd.**<br>**1485 Florida Road, Suite C202**<br>**Durango, CO 81301** |

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**PROJECT SUMMARY:**
The applicant requests an Oil and Gas Operations permit for the Borich 11-89-32 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.

**SURFACE OWNERSHIP:**
Roberts Land and Cattle LLC
304 Highway 133
Carbondale, CO 81623

**WELL LOCATION:**
The project is located east of Highway 133, on land legally described as being located in Section 32, Township 11 South, Range 89 West, 6$^{th}$ P.M. Specific location of the site is identified on a map in the Community Development Department file.

**ACCESS:**
The access is from State Highway 133. The application has been submitted to the CDOT for comment. The applicant has submitted an “Access Road Layout and Grading” prepared by Bell Consulting, LLC, dated 3-1-12.

**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 access road, and gas and produced water pipelines. The access road will cross a wetland and 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 provided a Preconstruction Notification to the U.S. Army Corp of Engineers for the pipelines and access road.

**WORK SESSIONS:**
Work sessions were held by the Planning Commission on:
July 20, 2012
August 3, 2012
September 7, 2012

**SITE VISIT:**
The Planning Commission attended a site visit to the well pad on August 3, 2012. The site visited is located on private lands on which the owner will not allow public access. Therefore, only two Planning Commission members, at a time, visited the site. The Commissioners related their observations at the August 17, 2012 meeting, noting that the pad site and access road seems reasonable for the requested Oil and Gas Operation.

**PUBLIC HEARING:**
A public hearing was held by the Planning Commission on August 17, 2012. At that time, Gunnison County resident Ralph E. Clark III (Butch) referenced a June 11th a letter which includes references dealing with planning for sites and access to sites, in terms of road utilization.

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. Borich 11-89-32 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. The access road is solely for access to the Oil and Gas Operation and agricultural activities. Any future requested residential use of the road shall require compliance with the *Gunnison County Standards and Specifications for Road and Bridge Construction*.

3. 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.*

4. The applicant has indicated that the source of water for the Operation will be obtained from the Muddy Creek, via a surface pipeline, routed through a cattle underpass, under Highway 133.

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

6. The applicant submitted a request for a technical feasibility waiver for the access road, and gas and produced water pipelines. The access road will cross a wetland. The gas and water pipeline route will cross wetland areas between the well pad and the closest gathering system pipelines. The proposed road, and 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 road, 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 road and pipelines is appropriate.

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 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. Borich 11-89-32 Gas Well Project; Oil and Gas Operations Permit No. OG2012-08 with the following conditions:

1. This permit is limited to the description of the SG Interests I, Ltd. Borich 11-89-32 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.

2. The applicant shall provide copies of any Spill Reports, associated with the Borich 11-89-32 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 reports to the Colorado Oil and Gas Conservation Commission regarding water quality sampling, associated with the Borich 11-89-32 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.

4. The access road is solely for access to the Oil and Gas Operation and agricultural activities. Any future requested residential use of the road shall require compliance with the *Gunnison County Standards and Specifications for Road and Bridge Construction*.

5. If there are changes in the current water supply source for the Operation that requires a significant increase in truck traffic, the Planning Commission may require additional review for the future wells.

6. 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.

7. 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.

8. 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.

9. 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.