**Gunnison County LDG Comments**
**Regulatory Form 2A#2287191**
**SG Interests I Ltd; Borich 11-89-32 #1 Pad; Gunnison County**

**Comments submitted on February 14, 2012:**

COGCC's responses to Gunnison County's LGD Comments are indicated below shown in blue text following each comment. In addition, SG Interests I, Ltd. has addressed each of the comments and their responses are indicated red text below each comment. COGCC has attached the letter from SG Interests I to the Form 2A permit and will also attached this LGD correspondence as part of the permit.

If you have any questions, please do not hesitate to call me at (970) 309-2514 (cell), or email. Thanks.

Dave

**David A. Kubeczko, PG**
**Oil and Gas Location Assessment Specialist**

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**Comment No. 1 - WATER QUALITY.**

Form 2A, at 14, indicates that the proposed site is in a Rule 901.e sensitive area (with distance to the nearest surface water to be 229 feet). The Sensitive Area Determination Checklist indicates:

The proposed location is a sensitive area

There are surface waters adjacent to or within 1/4 mile of the proposed site;

A potential release could reach surface water features;

That (a) release from the facility could impact surface waters by draining into one of the irrigation channels. These channels deliver return flow into Muddy Creek.

That the proposed facility would have pits that will contain hydrocarbons and chlorides or other EP wastes;

That the depth to groundwater is unknown.

Gunnison County requests the Director to conduct further inquiry before approval; Gunnison County suggests that this site be required to be a pitless, closed loop system.

**COGCC Response to Comment No. 1 - WATER QUALITY.**

COGCC is in agreement that this location is in a sensitive area due to close surface water and because of the potential for shallow groundwater being present at this site (COGCC's review indicates that groundwater is likely present at approximately 35 feet below ground surface and has made this change to the Form 2A). COGCC has placed the following COAs on this permit to address nearby surface water and potential shallow groundwater concerns:

**COA 23** - Operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals, and maintained in good condition.

**COA 25** - Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or pit located on the

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well pad or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment must be placed on the well pad in an area with additional downgradient perimeter berming (an increase in the height of the pad perimeter berm can address this requirement). The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material.

**COA 44** - The access road will be constructed to prevent sediment migration from the access road to nearby surface water or any drainages leading to other nearby surface waters.

**COA 46** - The surface soils and materials are fine-grained and highly unconsolidated; therefore appropriate BMPs need to be in place during all drilling and well completion operations. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.

**COA 5** - Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or buried permanent pipelines.

**COA 7** - Location is in a sensitive area because of the potential for shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented.

**COA 8** - Location is in a sensitive area because of the potential for shallow groundwater; therefore any pits constructed to hold fluids (i.e., production pit, frac pit, reserve pit) must be lined.

**COA 11** - Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface pipelines or configuration of the permanent pipeline network.

**COA 58** - Berms or other containment devices shall be constructed to be sufficiently impervious to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.

COGCC believes that the above COAs are sufficient for the protection of both nearby surface water and shallow groundwater at this location. The use of lined pits at similar locations has proven to be effective in protecting surface water and groundwater.

**SG Interests I, Ltd. Response to Comment No. 1 - WATER QUALITY.**

SG Interests agrees to the following COA:

Location is in a sensitive area because of the potential for shallow groundwater; therefore either a lined drilling or closed loop system must be implemented.

SG Interests uses lined drilling pits.

**Comment No. 2 - REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW).**

Request for Colorado Division of Wildlife (CDOW) Consultation. Form 2A indicates that the proposed location is in a sensitive wildlife habitat area. Gunnison County acknowledges the applicant's proposed Best Management Practices (including those that address wildlife habitat), but requests a formal consultation with CDOW to discuss wildlife issues.

**COGCC Response to Comment No. 2 - REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW).**

Per Rule 306. **CONSULTATION.** b. **Consultation with local government**

(1)iLocal governments that have appointed a local governmental designee and have indicated to the Director a desire for consultation shall be given an opportunity to engage in such consultation concerning an application for Permit to Drill, Form 2, or an Oil and Gas Location Assessment, Form 2A, for the location of roads, production facilities and well sites prior to the commencing of operations with heavy equipment.

(2) Within fourteen (14) days of its notification pursuant to Rule 305, the local governmental designee may notify the Commission and the Colorado Department of Public Health and Environment by electronic mail of its desire to have the Colorado Department of Public Health and Environment

consult on a proposed oil and gas location, based on concerns regarding public health, safety, welfare, or impacts to the environment.

Gunnison County does not have the ability to request a wildlife consultation with the Colorado Parks and Wildlife (CPW) through the COGCC. However, the CPW did request a wildlife consultation with the operator for this proposed location, as well as three other proposed locations, that was conducted on February 10, 2012 and attended by SG Interests, CPW, and Gunnison County. COGCC visited these sites separately on March 5, 2012. Please refer to CPW's comment (dated February 29, 2012) on the Form 2A below, and the subsequent email from SG Interests:

*CPW, the operator, Gunnison County, and surface owner's agent have discussed options for avoiding and minimizing impacts to wildlife at an onsite on Feb. 10, 2012. The operator has submitted Best Management Practices (BMPs) and other measures that result in the avoidance or minimization of impacts to wildlife resources at the well location; however, the BMPS submitted by the operator do not address the cumulative impacts of increasing well pad density and ancillary facilities (roads, pipelines, compressors, etc.) on the effectiveness wildlife habitats in the area. There is a growing body of evidence that residual unavoidable adverse impacts to wildlife increase dramatically when well pad densities exceed one pad per square mile and road densities exceed 0.5 mile per square mile. These residual adverse impacts to wildlife occur from reduced habitat effectiveness regardless of the use of Timing Limitation Stipulations on drilling activities or other site specific*

*BMPs implemented by the operator to reduce impacts. The well pad density within SG's Bull Mountain Unit and the surrounding area is increasing and rapidly approaching a density where BMPs alone will no longer be sufficient to maintain existing wildlife populations in the area.*

*CPW recommends that the operator consider a wildlife mitigation plan for the entire Bull Mountain Unit to address the cumulative impacts to wildlife from the ongoing development of new wells, road, pipelines, compressors, and other ancillary facilities proposed for the Bull Mountain Unit. At the onsite, CPW and the operator discussed the disturbance acreage of the access road and pipelines which are not included or addressed on the Form2A. SG indicated that the pipeline route will tie the Borich well into the gathering system at the Jacobs 29-1 well. The pipeline route travels north-south and to the west of the well pad. It is approximately 3 miles in length through undisturbed habitat. These impacts can only be addressed as part of a comprehensive Wildlife Mitigation Plan. The estimated disturbance from the pipeline is nearly 9 times greater than the surface disturbance for the well pad. Routing the pipeline along Highway 133 would have less impact on habitat and wildlife species.*

**SG Interests I, Ltd. Response to Comment No. 2 - REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW).**

SG Interests attended an onsite inspection and consultation with Colorado Parks and Wildlife at this location on February 10, 2012. Their only recommendations for this location, which is to be constructed in agricultural land with low value to wildlife, is that areas disturbed for this project, but not needed for long term operations be seeded with a wildlife-friendly seed mix. This would not apply to areas within the agricultural areas, but those areas outside of the field where the pad will be located. CPW recognizes that use of this seed mix is at the discretion of the landowner.

**Comment No. 3 – IRRIGATION DITCHES.**

At the February 10, 2012 site visit, the applicant indicated that the applicant will block the irrigation ditch on the southern portion of the property, and re-route the irrigation ditch. Gunnison County requests this be made a condition of approval such that:

the blocked ditch be filled and reclaimed;

the nearest portion of any remaining in irrigation ditch in the same drainage be no closer than 500 feet to the site.

**COGCC Response to Comment No. 3 – IRRIGATION DITCHES.**

As the surface, and irrigation ditches, are privately owned, it is up to the operator and surface owner to decide the rerouting, if necessary, and/or closure of any ditches in their surface use agreement (SUA). COGCC has also placed the following COAs on this permit to address nearby surface water:

**COA 23** - Operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals, and maintained in good condition.

**COA 25** - Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or pit located on the well pad or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment must be placed on the well pad in an area with additional downgradient perimeter berming (an increase in the height of the pad perimeter berm can address this requirement). The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material.

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**COA 46** - The surface soils and materials are fine-grained and highly unconsolidated; therefore appropriate BMPs need to be in place during all drilling and well completion operations. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.

**COA 5** - Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or buried permanent pipelines.

COGCC does not believe that a COA requiring closure and/or relocation of the existing irrigation ditch is necessary for this location and that the above COAs are sufficient for the protection of nearby surface water (waters of the state).

**SG Interests I, Ltd. Response to Comment No. 3 – IRRIGATION DITCHES.**

The closure and relocation of any irrigation ditch in the vicinity of the planned project will be according to the surface use agreement between the surface landowner and SG Interests.

**Comment No. 4 - HIGHWAY ACCESS.**

Gunnison County requests the COGCC conduct onsite inspection of the site before and during drilling to ensure the pad and structures are built to standards. Gunnison County requests that the COGCC authorize Gunnison County to inspect the access road and drill pad before drilling equipment is mobilized onto the site.

**COGCC Response to Comment No. 4 - HIGHWAY ACCESS.**

The COGCC conducts the Form 2A permit utilizing our online GIS maps, attachments provided by the operator, and other readily accessible materials. COGCC does not analyze vehicular access to the site, as this is the responsibility of the operator, who is required to obtain any and all permits from either the Colorado Department of Transportation (CDOT) or local governmental agencies (county or city). COGCC cannot enforce local governmental permitting requirements as they often are different from county to county; those are the responsibility of the local governmental permitting agency, CDOT, and the operator. In addition, the following rules address exemptions under the Form 2A permit process:

**303. REQUIREMENTS FOR FORM 2, APPLICATION FOR PERMIT-TO-DRILL, DEEPEN, RE-ENTER, OR RECOMPLETE, AND OPERATE; FORM 2A, OIL AND GAS LOCATION ASSESSMENT.**

**d. FORM 2A, OIL AND GAS LOCATION ASSESSMENT.**

(2) **Exemptions.** A new Form 2A shall not be required for the following:

A. Surface disturbance, other than drilling a new well or constructing a drilling or production pit, occurring at an existing oil and gas facility within the originally disturbed area, even if interim reclamation has been performed;

B. For an oil and gas location covered by an approved Comprehensive Drilling Plan;

C. Gathering lines;

D. Seismic operations;

E. Pipelines for oil, gas, or water; or

F. Roads.

It is COGCC's understanding that SG Interests I, Gunnison County, CDOT, and the surface landowner have been in consultation and discussions to address any issues concerning the access road and where the oil and gas travel activities travel will take place.

**SG Interests I, Ltd. Response to Comment No. 4 – HIGHWAY ACCESS.**

SG Interests will obtain an access permit from CDOT prior to construction of the planned access road. SG will prepare the appropriate application materials requested by CDOT and will comply with the conditions of the access permit once it has been granted. SG Interests has met with and discussed this access road with Gunnison County Road and Bridge and Gunnison County Community Development Department (March 16, 2012). The road construction guidelines that Road and Bridge supplied to SG Interests during this meeting have been provided to SG Interests' civil engineer for consideration in designing this road. This road is being designed and constructed in consultation with the landowner.

Thank you,

David Baumgarten
Gunnison County Attorney
Local Government Designee

Gunnison County
COLORADO

**JAMES O. COCHRAN**
Gunnison County Wildlife Conservation Coordinator
Phone: (970) 641-7604, Fax: (970) 641-3061
Email: jcochran@gunnisoncounty.org
Website: www.GunnisonCounty.org

TO: Neal Starkebaum
Assistant Director
Community Development Department
Gunnison County

FROM: James O. Cochran
Wildlife Conservation Coordinator
Gunnison County

DATE: August 8, 2012

SUBJECT: Sage-grouse Habitat Site Specific Analysis
Sketch Plan Submittal – Sand and Gravel Operation
Gunnison Valley Properties, LLC

Location: 43950 U.S. HWY 50
109 Acres Within a 206.82 Acre Tract in NE4, SE4, NW4. SEC 4, 13 AC+- TRACT IN NE4NE4. SEC 5 T49N R1E
Parcel #378900000057 (entire tract)

Applicant/Proponent: Gunnison Valley Properties, LLC

On January 3, 2012 a Gunnison Sage-grouse Habitat Site Specific Analysis was transmitted to your office in response to a Gunnison Sage-grouse Pre-Application Conference Request submitted by the proponent. No specific intended use was specified in that application, though previous conversations with Mr. Richard Bratton indicated intent to apply for authorizations for a sand and gravel operation at sometime in the future.

I have reviewed the Sketch Plan Submittal dated August 2, 2012 with reference to the January 3, 2012 Gunnison Sage-grouse Habitat Site Specific Analysis. I identified nothing in the Sketch Plan that changed my analysis or findings.

Based upon the information available to me, I find that this project, if approved, will have minimum impacts to Gunnison Sage-grouse or their habitats if the following conditions are applied to the approval:

1) Per Section 11-106 G.3.d.1. of the *Gunnison County Land Use Resolution*, dogs and cats must be kept under appropriate control, by means which may include kenneling or other physically secure methods to ensure that negative effects to wildlife from pets do not occur.

2) Any equipment brought onto the site must be cleaned prior to transport to the site to remove all dirt, plant parts and material that may carry noxious weed seeds onto the property and/or adjacent areas. Noxious weeds shall be those specified as State of Colorado List A, B or C plants. Of particular concern relative to sage-grouse is "cheatgrass", *Bromus tectorum*. "Equipment" does not include pickup trucks, cars or personal vehicles.

3) The property owner shall be responsible for noxious weed control as provided for under Colorado State Law (Colorado Noxious Weed Act, 35-5.5-1-1-119 C.R.S. and any updates/revisions/amendments including regulations promulgated thereunder) and the *Gunnison River Watershed Integrated Weed Management Plan*.

James O. Cochran,
Wildlife Conservation Coordinator
Gunnison County

cc: Applicant
Allen Moores, Gunnison County Public Works Department
J Wenum, Colorado Parks and Wildlife
Nick Gallowich, Colorado Parks and Wildlife
Nathan Seward, Colorado Parks and Wildlife

# City of Gunnison

August 22, 2012

Gunnison County Planning Commission
200 W. Virginia Avenue
Gunnison, CO 81230

Dear Commissioners:

Thank you for providing the opportunity to comment on the sketch plan for the proposed Tomichi Pit. The following comments are based on the submitted application material and its relation to the *Gunnison Three Mile Plan and Urban Growth Boundary, City of Gunnison, Colorado* and the *City of Gunnison Master Plan.* Based on the existing Three-Mile Map, the property is designated as Rural Residential (1 unit per 5-35 or more acres) and is located outside of the Urban Growth Boundary.

The Planning and Zoning Commission recognizes the potential benefits of this proposed use. The Planning and Zoning Commission ask that the following issues be addressed during the review of this LUR application:

- visual impact to the City's entrance with consideration of buffers, screening and other mitigation measures;
- ground water quality issues with industrial operations are of concern because Tomichi Creek is designated as the potential Gunnison Rising domestic water supply;
- coordination between the Colorado Department of Transportation (CDOT), Gunnison County and the City is an essential part of this Three-Mile Plan review and is tied to the upcoming US Highway 50 Access Control Plan being initiated by CDOT and the City;
- the Planning and Zoning Commission believes that the Access Control Plan will have direct bearing on the future access to real property under consideration by this LUR Application; and,
- the application contains very little information regarding air quality impacts. The application does state that water will be used to reduce dust emissions. However, other air quality issues may exist. Temperature inversions in the basin trap emissions from the existing gravel pit operations.

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P.O. Box 239 201 W. Virginia Avenue Gunnison, CO 81230-0239 PHONE: (970) 641-8000 FAX: (970) 641-8051

Please feel free to contact the City's Community Development Director if you have any questions regarding this letter.

Sincerely,

Carolyn Riggs
Chair, Planning and Zoning Commission

CC: City Council

# City of Gunnison

August 22, 2012

Gunnison County Planning Commission
200 W. Virginia Avenue
Gunnison, CO 81230

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SCANNED

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Please feel free to contact the City's Community Development Director if you have any questions regarding this letter.

Sincerely,

Carolyn Riggs
Chair, Planning and Zoning Commission

CC: City Council

COLORADO PARKS & WILDLIFE

300 W NEW YORK • GUNNISON, CO 81230
Phone (970) 641-7060 • FAX (970) 641-7883
wildlife.state.co.us • parks.state.co.us

August 24, 2012

Cathie Pagano
Gunnison County Community Development
221 N. Wisconsin St. Suite D
Gunnison, CO 81230

Re: Tomichi Gravel Pit on Gunnison Valley Properties

Dear Mrs. Pagano:

Thank you for the opportunity to comment on the proposed gravel pit on Gunnison Valley Properties, LLC (GVP) land north of the eastern portion of Tomichi Creek State Wildlife Area. This site is located approximately ½ mile east of the City of Gunnison's Gunnison Rising Annexation.

The gravel pit will occupy approximately 108.92 acres (total surface area) and consist of two large ponds and a disturbed area covering 69.11 acres. When completed and reclaimed in approximately 27 years the ponds will be approximately 49.54 acres in size with another 18 acres of wetland and other habitat being constructed around the ponds.

Colorado Parks and Wildlife (CPW) agrees with the statement by the Gunnison County Wildlife Coordinator, that the project will have minimal impacts to the Gunnison Sage-grouse. It should also have minimal impacts on big-game species such as deer and elk that utilize and travel through the area. The Tomichi Pit project proposal states that the completed site will be reclaimed for wildlife habitat. Part of the reclamation would consist of constructing wetland fringes along the ponds aimed at improving waterfowl use. While increasing habitat quality for waterfowl is typically a goal of CPW, in this case development of additional surface water and wetlands could increase the risk of bird-aircraft collisions because of the proximity to the Gunnison/Crested Butte Regional Airport. CPW believes these ponds/wetlands, once completed, would be far enough from the airport to minimize conflict with aircraft. However, CPW recommends that the proponents and Gunnison County consult with the Gunnison/Crested Butte Regional Airport and the FAA to ensure their concerns with avian species can be addressed.

CPW desires the ability to retain the functional use of its water rights for Tomichi Creek SWA and maintain the viability of Tomichi Creek's aquatic community, sport fishery, and wetlands. Pumping and dewatering operations may lower the water table and affect the wetland functions on areas downstream. GVP's proposal to pump water from the settling pond back out onto the landscape may help sustain the wetland complex currently located on the property, but may also adversely impair water quality through the

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Mark Smith, Secretary • Robert Streeter • Lenna Watson • Dean Wingfield
Ex Officio Members: Mike King and John Salazar

distribution of heavy metals and silt. Further CPW needs to retain the ability to deliver its decreed water for use on the State Wildlife Area for the benefit of wildlife and agricultural operations that are anticipated to continue on the property.

CPW also agrees with recommendations made by Gunnison County concerning the control of noxious weeds as mandated under Colorado State Law. CPW recognizes that disturbance of soils generally increases the potential for noxious weeds and the inherent spread through waterways. The Tomichi Creek State Wildlife Area property located directly downstream may be negatively impacted by any weed issues which are generated from the Tomichi Pit operation. CPW is currently conducting noxious weed management to improve the riparian vegetative community allow Tomichi Creek. Further noxious weed infestations will hinder these efforts. Therefore CPW recommends a noxious weed management plan be developed and implemented for the pit operations and permitted area.

Thanks again for the opportunity to comment on the Tomichi Gravel Pit. Please feel free to contact out office at (970) 641-7060 if you desire any additional information or clarification.

Sincerely,

J Wenum
Area Wildlife Manager-Gunnison

Cc: Tom Spezze, SW Region Manager
Nick Gallowich, DWM-Gunnison East
Nathan Seward, CPW Wildlife Biologist
Dan Brauch, CPW Aquatic Biologist

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