

**GUNNISON COUNTY PLANNING COMMISSION**  
**PRELIMINARY AGENDA: Friday, May 4<sup>th</sup>, 2012**

- 8:45 a.m.**
- **Call to order; determine quorum**
  - **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/work session/possible 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, 6<sup>th</sup> P.M., west of Highway 133
- 9:45 a.m.**     **SG Interests I, Ltd.,** public hearing/work session/possible 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, 6<sup>th</sup> P.M., west of Highway 133
- 10:30 a.m.**    **SG Interests I, Ltd.,** work session/possible 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, 6<sup>th</sup> P.M., west of Highway 133
- 11:15 a.m.**    **Alfred Braun Hut,** work session/no action, request for new backcountry hut for public use. The hut will be approximately 848 square feet in size and accessed via ski, snowshoe or other non-motorized access. The hut will be open to the public only from November to May and will be closed during the remaining months. The project site is located on US Forest Service land near Taylor Pass, within Section 14, Township 12 South, Range 84 West
- Lunch**
- 1:00 p.m.**     **Jacob Schloesser,** work session/possible direction to staff, amended application for a light industrial use – woodworking operation in a detached structure, with outside storage; located at 318 Pine Street, Lot 2, Ragged Meadow, approximately 2 miles west of the Town of Marble
- End of Meeting**
- Report of actions taken by BOCC.
  - 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**

**GUNNISON COUNTY PLANNING COMMISSION**

**Regular Meeting**

**May 4, 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

**Vice-Chairman-** Jim Seitz

**Commissioner-** Kent Fulton

**Commissioner-** Susan Eskew

**Commissioner-** Warren Wilcox

**Alternate Commissioner-** AJ Cattles

**Alternate Commissioner-** Jeremy Rubingh

**Director of Community Development-** Joanne Williams

**Assistant Director of Community Development-** Neal Starkebaum

**Planner-** Cathie Pagano

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With a quorum present Vice-Chairperson Jim Seitz opened the regular meeting of the Commission. Seitz noted Chairman Ramon Reed had recused himself from the SG application discussions, and on the advice of County Attorney David Baumgarten has not indicated why he is doing so.

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**Unscheduled Citizens:** Sandy Shea expressed his concern that the County needs to look at the cumulative impacts of oil and gas development to afford citizens the assurance the impacts are being considered during County reviews. SG representative Eric Sanford suggested the most appropriate place for the discussion should occur is with the Board of Commissioners as they consider changes to the County's oil and gas regulations. Commissioner Warren Wilcox agreed. Commissioner Jim Seitz agreed the cumulative impacts are of concern.

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**SG INTERESTS –FEDERAL 12-89-7:** The Planning Commission (Commission) conducted a public hearing, to review 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, 6<sup>th</sup> P.M., west of Highway 133.

With a quorum present Vice-Chairman Jim Seitz opened the public hearing.

Assistant Director of Community Development Neal Starkebaum confirmed adequate public notice; the applicant has submitted the certified mailing receipts, and the Planning Office had the notice published in the newspapers.

SG Interests (SG) representative Eric Sanford was present for the discussion, and SG representative Catherine Dickert participated in the discussion by phone.

**Applicant's Presentation:**

Sanford noted the parcel is an "odd" shape; the road will be moved about 150' and will be fenced. There will be two access points, the existing Hotchkiss Road, which will be the primary area for all operations and emergency access. They will use an easement held by SG. The secondary access will be from "the Narrows," which will be used during dry conditions. Sanford said the Public Works department has not officially conducted an onsite review of the accesses, but is familiar with it. Starkebaum said the County has been told that SG will not allow the public to access the site.

Sanford indicated the Planning Commission does have the right, from SG's perspective, to go on-site, but the private landowners may not agree.

Sanford said the proposed well project will be adjacent to existing pipeline; they have an agreement in place with Hotchkiss Ranches, and it ties in with the previously reviewed SG Interests' Eck Well location.

Sanford indicated SG is continuing to work with the Colorado Division of Parks and Wildlife (CDPAW) to develop a wildlife mitigation plan; which is a combination of time and level of activity restrictions for certain designated habitat. Qualities of habitat are tied to levels of activity during certain seasons; habitat treatment to improve long-term elk and mule deer habitat will likely be an element of that.

Seitz noted there has been some public concern about multiple wells being approved at one time. Sanford said SG is applying through its Bureau of Land Environmental Assessment to use three rigs at one time, including one for which they have requested use during the winter. SG is agreeing to restrict activity to a limited percentage during the winter season,

based upon an assessment of impact. The rig used during the winter may move to different locations, but the overall percentage will remain limited.

Rubingh inquired if CDPAW is considering this area in an overall plan so impacts to the area, rather than just individual well locations can be considered. Sanford said the question would need to be posed to CDPAW. Rubingh also asked if there is a State policy and/or standards in place for wildlife habitat mitigation, and if there is research available about mitigation of impacts to wildlife relative to this industry.

Dickert said the agency has been describing populations of species, and looking at actual numbers of elk, stands of vegetation, and considering existing operation elements; some habitat restoration is also being considered outside the actual permit operational area. Details of impact measurement are in process, she said. Sanford indicated the Bureau of Land Management (BLM) Environmental Assessment (EA) includes site-specific information about road locations, 55 locations of well pads, and similar data. SG has provided its Laser Imaging and Data Ranging (LIDAR) mapping to BLM's third-party consultant to inform the EA.

Starkebaum told the Commission combining multiple wells on pads is a design and use the County has encouraged oil and gas industry planners to do, to allow a better review of cumulative impacts and to actually minimize those impacts to land and infrastructure. He added he has spoken with Public Works representative Allen Moores who had no comments about this application, given the accesses proposed for this well project are existing.

Starkebaum said he had asked a representative of CDPAW to attend this meeting; none were available. Starkebaum suggested it would be useful to have a representative of CDPAW attend a future meeting to provide information about CDPAW. Wilcox asked if additional wells could be located on the pads; Sanford indicated should additional wells be desired on the same pads in the future, a separate Environmental Assessment would be required.

Sanford indicated there has been no comprehensive assessment of well potential outside the Bull Mountain Unit. Sanford said there are no pads that SG is reclaiming at this time.

Starkebaum noted that this is an exploration activity, but not all are producing at this time.

Fulton asked what criteria exist for SG to determine drilling will occur in the winter. Sanford responded the EA allows activity to occur within a finite period of time, so drilling in winter would allow SG to achieve the number of wells to be drilled within the time permitted by the EA. If all allowed wells could be drilled in the summer, it would not be likely winter drilling would occur. If the wildlife habitat mitigation is put into place, it will also affect accessibility by season, and decisions about whether winter drilling would occur.

#### **Public Comments:**

Gunnison County resident Sandy Shea asked if the Commission needs to visit these sites before taking action. Seitz said he has personally been to the general area, and he now has a general feeling. In some cases, the Commission uses staff observation; Public Works Allen Moores in some cases and staff's reports provide good information to the Commission. Fulton noted the Commission also sees photographs and maps, in the context of having been to several sites they provide the Commission a good understanding of the area. Starkebaum said he has been to the site of this application and the photographs and other documents that have been presented as part of this application are accurately representative.

Seitz said the graphics currently submitted as part of the applications contain considerable detail and are greatly improved over earlier applications. He added Public Works representative Allen Moores had not expressed concerns about the site.

Shea asked if the County has oversight over relocation of the road by 150'. Starkebaum noted current proposed changes to the County's oil and gas regulations will require increased County review and standards for roads over private property, based upon U.S. Forest Service standards for roads constructed on Forest Service property.

Shea asked if any of the wildlife review and mitigation plan has considered fisheries. Sanford indicated the review has included fisheries assessment, but the mitigation plan has focused on big game. Starkebaum said CDPAW has conducted sampling on specific drainages affected by proposed well siting. Shea also asked if there has been discussion with CDPAW about relocating wells to avoid impact to wildlife. Sanford responded CDPAW is not looking at individual sites, and location is dependent upon location of the resource, and discussion has not included prohibition by the agency of locating in a certain area. Sanford said relocation of a well site is a consideration, they are not considering moving well site locations while CDPAW and SG is working on the area wildlife mitigation plan.

Shea said he is concerned about the Commission's taking action on well applications while the mitigation plan is being formulated. Starkebaum indicated the County has to rely on CDPAW comments for individual applications while the agency is working on the mitigation plan.

Shea asked at what point exploration becomes development/production to assess total impacts of truck traffic and similar issues.

Wilcox expressed the opinion that an operator will develop its plan in the most efficient way, to minimize new construction and other costs, and most of what the County would like to see is going to be in the best interest of the operator's development as well.

Sanford indicated the information disclosed by SG within the EA is the best-known information about development within the five-year timeline considered by the EA.

Shea asked if the County has a requirement for distances between well pads. Starkebaum indicated the State has purview, and so the County does not.

Rubingh asked if the wildlife mitigation plan is a legal issue for SG, and if CDPAW recommendations for this particular well will be adhered to. Sanford said when leases are sold they include generalized stipulations; the CDPAW wildlife mitigation plan provides more specificity for restrictions on timing and activity. Sanford said any stipulation or conditions of approval are complied with.

There being no further discussion, the public hearing was closed.

The Commission discussed the staff draft for Planning Commission decision on this application.

Vice-Chairman Seitz seated Commissioner Cattles on this issue and for the Federal 11-90-24 gas well project later this morning,

**MOVED:** by Wilcox and seconded by Fulton to approve OG-12-00007/ Federal 12-89-7 Gas Well Project as amended. The motion passed unanimously, with Chairman Reed having recused himself.

**PROJECT SUMMARY:**

The applicant requests an Oil and Gas Operations permit for the Federal 12-89-7 Gas Well Project, which includes the construction of a well pad, five gas wells 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:**

Hotchkiss Ranches, Inc.  
c/o Brian K. Farmer  
P.O. Box 479  
Hotchkiss, CO 81419

**MINERAL OWNER:**

Dept. of Interior - Bureau of Land Management  
2465 S. Townsend Avenue  
Montrose, CO 81401

**PROJECT LOCATION:**

The gas well project is located west of Highway 133, on the Hotchkiss Ranch, within Section 7, Township 12 South, Range 89 West, 6<sup>th</sup> P.M. Specific location of the site is identified on a map in the Community Development Department file.

**ACCESS:**

The applicant states primary and winter access to the well project will be via an existing improved private road, from Highway 133, with a secondary access from the north on the private Narrows Road, from County Road 265. No additional improvements are necessary to the existing road access from the south.

Additionally, 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.

**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 proposed pipeline alignment will generally follow the existing road, to connect with the planned Eck 12-90-1 well pipeline gathering system. The applicant submitted a request for a technical infeasibility waiver for the pipeline construction. The pipeline will be within 500 feet of waterbodies (three wetland areas) along the pipeline alignment. The proposed pipeline construction 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:

April 6, 2012

May 4, 2012

**SITE VISIT:**

The applicant indicated that the land owner refuses to permit access to the public for the site visit. No site visit was conducted by the Planning Commission. The Commission members indicated that they were comfortable with not conducting a site visit, as several had been by the proposed site previously, were familiar with the general area and the photos in the application were representative of the site.

**PUBLIC HEARING:**

A public hearing was held by the Planning Commission on May 4, 2012. At that time Sandy Shea asked the Commission several questions about site visits, road standards, review of potential wildlife and fisheries impacts, wildlife impact mitigation and authority for spacing between well pads.

A letter was received from Sandy Shea, dated April 12, 2012, identifying concerns about planning for gas well operations in Gunnison County.

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. Federal 12-89-7 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 (three wetland areas) within 500' of the proposed pipeline route.

5. The applicant submitted a request for a technical feasibility waiver for the pipeline alignment. The pipelines will be within 500 feet of waterbodies (three wetland areas) along the route. The 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 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.
6. The applicant submitted a *Wildlife and Vegetation Assessment Report*, prepared by Rocky Mountain Ecological Services, Inc. dated February 2012, which included several recommended actions to provide mitigation for impacts to wildlife, which have been incorporated as conditions of approval.
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. Federal 12-89-7 Gas Well Project; Oil and Gas Operations Permit No. OG2012-07 with the following conditions:

1. This permit is limited to the description of the SG Interests I, Ltd. Federal 12-89-7 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 Federal 12-89-7 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 Federal 12-89-7 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 trash shall be placed in bear-proof dumpsters.
6. The applicant shall employ best management practices to ensure that noise produced by generators and other loud equipment do not impact wildlife.
7. 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.
8. 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.
9. 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.
10. 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 11-90-9;** The Planning Commission (Commission) conducted a public hearing, to review 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, 6<sup>th</sup> P.M., west of Highway 133

Chairman Ramon Reed recused himself from all SG Interests agenda items, for the entire day.

Seiz said the Commission conducted a site visit of this site last week.

With a quorum present Vice-Chairman Jim Seitz opened the public hearing.

Assistant Director of Community Development Neal Starkebaum confirmed adequate public notice; the applicant has submitted the certified mailing receipts and the proof of posting, and the Planning Office had the notice published in the newspapers.

SG Interests (SG) representative Eric Sanford was present for the discussion, and SG representative Catherine Dickert participated in the discussion by phone.

#### **Applicant's Presentation:**

Sanford said this is the formerly-approved Henderson 6-11 well site. The proposal is for five well pads. The proposed locations have been sited because of topography, parcel boundaries, and because the SG geologist has recommended the location based upon location of the resource.

Starkebaum noted copies of Form 2A from the Colorado Oil and Gas Conservation Commission (COGCC) had been submitted to the Commission this morning.

Fulton asked if comments have been received from biologist Eric Pederson; Dickert indicated they have not, but she will obtain them.

Eskew said she wished the Commission had a copy of a map of severe winter elk range habitat that CDPAW's representative Brian McGehee had available when the Commission conducted its onsite visit last week.

Sanford indicated the wildlife mitigation plan is intended to mitigate the impact of this well.

Starkebaum noted McGehee's written response identifies the site is located within an elk "winter concentration level," which is a level of impact lower than severe winter habit.

Sanford said the location is close to a road SG already plows, so the location is appropriate.

Starkebaum pointed out the proposed pad is 500' from Henderson Creek. Sanford said SG has no geologist's report indicating the alternate location would not be appropriate.

Sanford said visual issues were also considered and the proposed site accomplishes a preferable location. The location has considered a number of issues.

#### **Site Visit Observations:**

- **Wilcox-** This is an area of slumpy, sticky mud that if major equipment were to be supported, would have to be in a cut. The site is fairly level, away from water; the road does not seem to be overly steep or have problems with snowmelt. His personal experience is once animals become used to human activity they become numb to it, and it allays some of his concern. Because of activity there, wildlife probably has some capacity to be used to human activity there.
- **Cattles-** He was shocked to see going over a hill into the basin could affect the stream. He would tend to want to move the well location to the other side of the hill. The visual impact would be limited because it would be a more concentrated area. There would be more cut and fill, but it could conserve some elk habitat.
- **Rubingh-** He thought more research might be done on this location; agreed with the statements made by Cattles.
- **Eskew-** She agreed with Cattles. She thinks noise and traffic might be disturbing to elk, and more consideration of site location might be appropriate.
- **Seitz-** He said after looking at the hillsides there would be less cut and fill by the bowl. The basin is wholly in sight as one goes the down road, so he is unsure how the activity on this location might affect the elk. He had asked Sanford if the stockpiled area has been considered for another area of containment so the drainage might be contained within the basin. Sanford indicated there may be berms placed on the down side of the pad, and

another containment area would be within 500' of the creek, which would not be allowed by County's requirements.

**Commissions Comments:**

Cattles expressed concerns about pushing elk onto more private land; the elk are a sustainable resource, both issues which ought to be considered in the site location. Sanford indicated about 90 percent of the Bull Mountain Unit plan is ranching. CDPAW takes into account the mitigation plan, by allowing a percentage of activity within a certain season, and the activity will be moved around over the years, changing the affected ranches from year to year.

**Public Comments:**

Gunnison County resident Sandy Shea noted elk are an indicator species. He said where the elk go, so do the prey. He said he hoped the Commission would delay its action until the wildlife mitigation plan is complete, possibly as a way to spur SG to get the agreement signed with CDPAW.

Starkebaum noted the application is as proposed, and SG has not proposed a change in location. Sanford indicated SG is unwilling to change the site location based upon one location. Seitz noted comments from CDPAW are only recommendations.

Sanford requested recognition this is subject to State and Federal permitting requirements. He added this location is outside the wildlife mitigation plan. The County also has the opportunity to respond as the Local Government Designee (LGD) on the wildlife issue. Starkebaum clarified that the comments from CDPAW were not available when the Gunnison County LGD made comments regarding this proposal.

Rubingh said the CDPAW comments have been received on this application, which provides the opportunity to strengthen the ongoing attempt by the involved agencies and industry to cooperatively work together.

Cattles added it's difficult to move ahead without knowing what the wildlife mitigation plan includes, but he was encouraging more of a cooperative effort and more information made available about the mitigation plan.

Seitz noted without the presence of the County Attorney, the Commission may need to delay its decision. Rubingh inquired what additional information would be available if action were delayed, as the reality of having the wildlife mitigation plan is questionable. Starkebaum said because the County has been in litigation about this, the County Attorney would be requested to attend the next meeting of the Commission.

Sanford indicated additional information about noise will be forthcoming. Relocation of the site will not be proposed, partially because both State and Federal applications would have to be amended. He does not know if the wildlife mitigation will be signed within the next two weeks.

Starkebaum noted staff had previously been directed by the Commission to draft a decision document for approval. Comments from the CDPAW have provided information which was not available at the time.

The Commission continued the public hearing to May 18, 2012, at 10 a.m.; they requested the presence of the County Attorney, noting it would possibly include an executive session.

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**SG Interests- Federal 11-90-24:** The Planning Commission conducted a work session to discuss 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, 6<sup>th</sup> P.M., west of Highway 133.

Chairman Ramon Reed recused himself from all SG Interests agenda items, for the entire day.

With a quorum present Vice-Chairman Jim Seitz opened the work session.

SG representative Eric Sanford was present for the discussion, and SG representative Catherine Dickert participated in the discussion by phone.

The Commission reviewed the draft decision document.

**MOVED;** by Fulton and seconded by Wilcox to approve OG-12-00004/ Federal 11-90-24 as amended. Commissioner Cattles was seated for the vote by previously noted designation of the Vice-Chairman, Chairman Reed had recused himself. . The motion passed unanimously.

**PROJECT SUMMARY:**

The applicant requests an Oil and Gas Operations permit for the Federal 11-90-24 Gas Well Project, which includes the construction of a well pad, two gas wells, construction of a new road 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:**

Nick Hughes  
708 1250 Road  
Delta, CO 81416

**MINERAL OWNER:**

Dept. of Interior - Bureau of Land Management

**PROJECT LOCATION:**

The gas well project is located west of County Road 265, within Section 24, Township 11 South, Range 90 West, 6<sup>th</sup> P.M. Specific location of the site is identified on a map in the Community Development Department file.

**ACCESS:**

The applicant states access to the gas well project will be via an existing private road, from CR 265. A new access road of approximately 1.6 miles will be constructed from the exiting Narrows Road.

Additionally, 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.

**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 provided a letter, dated March 22, 2012, stating that the well pad and pipelines are not within 500 feet of any waterbodies. However, the applicant has submitted a request for a technical infeasibility waiver for the road construction for access to the gas well project. The road alignment is within 500 feet of a waterbody (unnamed creek) where the road will intersect with the Narrows Road. The proposed road improvements do 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:  
March 16, 2012  
May 4, 2012

**SITE VISIT:**

No site visit was conducted by the Planning Commission.

**PUBLIC HEARING:**

A public hearing was held by the Planning Commission on April 6, 2012. At that time Sandy Shea asked several questions about the operation.

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. Federal 11-90-24 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 identified waterbodies (wetlands) within 500' of the proposed road.
4. The applicant submitted a request for a technical feasibility waiver for the road alignment. The new road will be within 500 feet of a waterbody (unnamed creek) where it intersects with the Narrows Road. The proposed road 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 access the well pad 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 location is appropriate.
5. The applicant submitted a *Wildlife and Vegetation Assessment Report*, prepared by Rocky Mountain Ecological Services, Inc. dated January 2012, which included several recommended actions to provide mitigation for impacts to wildlife, which have been incorporated as conditions of approval.
6. 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. Federal 11-90-24 Gas Well Project; Oil and Gas Operations Permit No. OG2012-04 with the following conditions:

1. This permit is limited to the description of the SG Interests I, Ltd. Federal 11-90-24 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 Federal 11-90-24 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 Federal 11-90-24 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 trash shall be placed in bear-proof dumpsters.
6. The applicant shall employ best management practices to ensure that noise produced by generators and other equipment does not impact wildlife.

7. 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.
8. 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.
9. 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.
10. 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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**Alfred Braun Hut:** The Planning Commission (Commission) conducted a work session to review the request for new backcountry hut for public use. The hut will be approximately 848 square feet in size and accessed via ski, snowshoe or other non-motorized access. The hut will be open to the public only from November to May and will be closed during the remaining months. The project site is located on US Forest Service land near Taylor Pass, within Section 14, Township 12 South, Range 84 West.

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

Planner Cathie Pagano reported the U.S. Forest Service has already approved this use; a copy of the approval is included in the information provided to the Commission.

Al Byer said the Alfred Braun non-profit hut system has been in operation for six years. They are affiliated with the Tenth Mountain System. There is a growing demand by back-country ski users. The proposed hut would provide an additional staging spot for the Elk Mountain Traverse event.

Al Byer said there is a gap in the hut system, and this location was chosen on that basis. It is not visible from the top of Taylor Pass or from the road. It will provide a nice link between the Gunnison area and White River. There is no road going to the hut site, and no new roads or trails proposed. A photovoltaic system will provide the lighting. A woodstove will provide the heat; the non-profit skids the wood supply in by snowmobile.

Reed asked for clarification of whether the hut is or is not above timberline. Pagano and Byer indicated the location appears to be "right on the line." Reed responded the Environmental Assessment (EA) states the hut will be above tree-line. Because it is at or near timberline, Reed suggested, based upon satellite photos available from Google, the *Land Use Resolution* be considered, though its standards would not cause the use to be deterred or denied. Applicant representative Byer distributed photos of the site to the Commission.

Reed asked how snowmobilers would be aware this is a non-motorized area. Byers indicated the hut information page on the Tenth Mountain website identifies this as a non-motorized area, and small green signs will be posted on the property on non-permanent posts which are removed in the summer. Its operation is primarily on an honor system; any enforcement is accomplished by the U.S. Forest Service. During the summer the hut and its wood storage shed are locked; outhouses are unlocked.

High Country Citizens' Alliance (HCCA) representative Matt Reed noted though there may be some wildlife impact, HCCA supports this kind of use.

A public hearing will be scheduled for June 1, 2012; the Commission directed staff to draft a decision for approval.

It was noted there is a concern about time, due partially to a need to schedule helicopter use for construction materials. Because of publication timing constraints, no earlier hearing date is possible. Pagano suggested the applicant submit its Building Permit application so that review can be accomplished in tandem with this process.

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**Schloesser – Light Industrial Use Request;** The Planning Commission (Commission) conducted a work session, to discuss the amended application for a light industrial use – woodworking operation in a detached structure, with outside storage; located at 318 Pine Street, Lot 2, Ragged Meadow, approximately 2 miles west of the Town of Marble.

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

Commissioner Cattles was seated for this issue.

Assistant Director of Community Development Neal Starkebaum acknowledged that several written comments have been received by the Department and distributed to the Commission.

**Site Visit Observations:**

- **Seitz** -noted the weather was not good on the visit. He indicated he had heard very little and was amazed at the sounds he did not hear and was expecting to hear. He noted as a woodworker himself, he had noticed the level of insulation that reduced the sound.
- **Eskew** -said she has good hearing, and does not like noise. She had listened intently while the machinery was operated. She said the sounds of birds, the stream and others talking were louder than sounds coming from inside.
- **Rubingh**- said his observations were similar, he thinks the noise issue can be put to rest -[based upon what was heard onsite].
- **Cattles**- observed the place does not look like an industrial facility, it looks like a barn.
- **Wilcox** -said he is a little hard of hearing, and the operation was hard to hear. He could hear the sounds of the birds above the sounds of the operations.
- **Reed**- agreed with those comments.

Starkebaum read through the list of written comments received by the Community Development Department and the Planning Commission. All written comments can be found in the Community Development file.

Reed initiated discussion of sections of the *Land Use Resolution* that are applicable to this application.

The Commission reviewed the *Gunnison County Land Use Resolution* (LUR) locational standards; they considered the alternative locational standards, because this site is not located within a Three-Mile Area.

Commissioner Kent Fulton excused himself from the discussion, because he was not on the site visit. He remained at the table.

Seitz noted information had been submitted about other available properties in the area and because of cost or location they were not a reasonable alternative. Reed noted there are no industrial or light industrial areas within the Town of Marble. This is a rural area which does not have typical urban facilities available in the area.

Wilcox said he has a hard time seeing this site is being used as an industrial use.

Rubingh acknowledged the correspondence received relative to the application provides some clarity. He noted comments concerning water requirements, this is a light industrial use which requires no water. He also noted the operation is not a sawmill. Reed said and Rubingh agreed a condition can be placed on any approval that there be no processing of raw materials as part of the operation. Seitz asked Schloesser if the machinery is set up to saw round logs; Schloesser answered it is not.

Seitz read from a letter in the record dated July 2009 from Schloesser which stated the milling activity can be done in Denver. In response to other questions, Schloesser said most of his jobs are offsite, with one or two employees, who are independent contractors, and the business is not set up to have more employees.

Starkebaum noted neighbors' concerns about the business growing in the future, and asked Schloesser asked if he were agreeable to place threshold limitations on the business so if it is sold the neighbors would have assurance of the level of activity. Schloesser indicated that would be fine.

Seitz said visual concerns are also an issue. He noted the LUR currently does not limit storage. Starkebaum corrected the statement, noting the amount of storage is limited by how much has been proposed in the application submittal. Reed suggested one condition might be that the area be limited to one acre of the 10 which are included in Schloesser's parcel.

