

**GUNNISON COUNTY BOARD OF COUNTY COMMISSIONERS
SPECIAL MEETING MINUTES
July 12, 2011**

The July 12, 2011 meeting was held in the Commissioners' boardroom in the Courthouse located at 200 E. Virginia, Gunnison, Colorado. Present were:

Hap Channell, Chairperson
Paula Swenson, Vice-Chairperson
Phil Chamberland, Commissioner

Matthew Birnie, County Manager
Katherine Haase, Clerk to the Board
Others Present as Listed in Text

CALL TO ORDER: Chairperson Channell called the meeting to order at 3:20 pm.

FINANCIAL ASSURANCE AGREEMENT; BEAR RANCH, LLC; SECURE COST OF TWO CENTRAL WASTE WATER TREATMENT FACILITIES TO ALLOW ISSUANCE OF BUILDING PERMITS:

Environmental Health Official Richard Stenson, County Attorney David Baumgarten, Community Development Department Director Joanne Williams, Bear Ranch legal counselor Mike Dawson and Newland Project Resources owner Tom Newland were present for discussion.

Environmental Health Official Stenson illustrated Bear Ranch's proposal to create two divisions of an onsite wastewater treatment facility that would incorporate the 13 previously issued Individual Sewage Disposal System (ISDS) permits. He stated his opinion that it might be preferable for the Ranch to have a State-issued discharge permit, and he confirmed that the proposal would comply with County ISDS regulations.

Environmental Health Official Stenson explained that the Ranch would like for the County to continue to issue building permits even though the State discharge permits have not been issued yet. He explained that the proposed Financial Assurance Agreement states that the Ranch would work with the County if there were any problems obtaining the discharge permits or if there were any problems that would prevent the Ranch from putting in the discharge systems.

Mr. Dawson explained that the proposal includes securing two central systems plus a temporary system that will need to be installed prior to the first of the central systems. The Ranch has agreed to put up 125% of the approximate \$800,000 necessary for the project. The central systems are estimated to cost approximately \$364,000 each, and the temporary system is estimated to cost approximately \$80,000.

Mr. Newland noted that the State review of the application could take up to 120 days.

County Attorney Baumgarten explained that the County had previously executed a similar contract with the Rocky Mountain Biological Laboratory. Although that decision was called into question, it worked well. He stated that he had reviewed the contract and was in agreement with the language. He asked the Board whether or not it would approve building permits before the agreement was funded, but County Manager Birnie recommended against this practice. The Letter of Credit needs to be in place before the issuance of any building permits.

Moved by Commissioner Swenson, seconded by Commissioner Chamberland to approve the Financial Assurance Agreement between Gunnison County and Bear Ranch, LLC, and authorize the Chair's signature. Motion carried unanimously.

PLANNING COMMISSION RECOMMENDATION; GUNNISON ENERGY CORPORATION (GEC); HOTCHKISS WATER STORAGE FACILITY: County Attorney Baumgarten, Community Development Department Director Williams and Assistant Community Development Director Neal Starkebaum were present for discussion. Weston Solutions representatives Ken Miller and Simon Stachnik were available for discussion via teleconference.

Chairperson Channell stated that the many comingled issues would need to be handled separately and specifically. He reminded the attendees that the purpose of the discussion was to address only the flowback pit applications, the subsequent Planning Commission recommendations, and how they align with the County's Temporary Oil & Gas Regulations.

Assistant Community Development Director Starkebaum stated that the Planning Commission took action on 7/1/11 with a unanimous decision and that the subsequent recommendation was forwarded to the Board on 7/5/11. He provided a draft resolution for consideration.

County Attorney Baumgarten confirmed that his office would be able to accomplish the agreement noted in Condition #6 before the next Board meeting.

Chairperson Channell acknowledged that he had struggled with this decision. He continued to say that the Board has familiarized itself with the applications, and that it understands the technical aspects of the

design. He stated that he was informed by the industry experts and by the County's consultant, and that he had received extensive comment from the public and that the comments tended to almost unanimously challenge the industry's statements that oil and gas operations do not cause significant degradation. He stated that he is acutely aware of the growing concern in the United States that there are some places on earth that might have higher values than what can be obtained from development. He stated that GEC is currently using injection wells, and that there is a difference between taking toxic materials and injecting them versus putting them on the surface via an open pit. He stated that he does not want to take any chances and that he will vote to deny the application because of the potential degradation to wildlife, habit, recreation and water resources, and because there is another option currently in use.

Commissioner Chamberland stated his opinion that additional traffic is created by the use of injection wells, and that this should be considered by the Board. He agreed that significant degradation is interpretative to each person, and he felt that the decision before the Board would be difficult. Chairperson Channell agreed that the use of pits would decrease traffic and allow for reuse of water.

Commissioner Swenson restated that the Board had received a lot of public comment and research from all sides of the issue. She stated that her decision would be based on the Planning Commission's diligence and the input provided by the consultant, which was hired and paid for by the industry, but answers to the County. She noted that the Planning Commission decision was unanimous. **Moved** by Commissioner Swenson, seconded by Commissioner Chamberland to adopt the approval of this application by adopting Resolution #2011-25, a Resolution Approving Hotchkiss Water Storage Facility, Major Impact Oil and Gas Operations Permit No. 2011-05, NE1/4 Section 18, Township 12 South, Range 89 West, 6th P.M., Gunnison Energy Corporation and authorize signatures. Conditions #2, #3, #6 and #10 of the draft resolution were discussed. Chairperson Channell asked if there would be consequences if the submittals haven't come in prior to construction, and County Attorney Baumgarten explained that construction shall not begin unless and until these are submitted. County Attorney Baumgarten noted that a clause could be added to each condition, if desired, as it was the intent of the Planning Commission, but Chairperson Channell was in agreement to leave out the clauses since County Attorney Baumgarten confirmed the understanding. Chairperson Channell asked for clarification of Condition #11, particularly whether or not the County's regulations impose fines, and County Attorney Baumgarten confirmed that no such fine would be imposed. Chairperson Channell questioned whether Condition #4 should state "drawdown" or "maintain", and all parties agreed that "drawdown" was appropriate. Chairperson Channell noted Assistant Public Works Director Allen Moores' comment related to the inclusion of as-builts. Assistant Community Development Director Starkebaum agreed to add the language, but Chairperson Channell noted that he only needed the assurance that a set of as-builts would be included. County Attorney Baumgarten was agreeable with this not being detailed within the resolution. Assistant Community Development Director Starkebaum suggested clarification on Condition #8 to add "to the Community Development Department" at the end. The Board also agreed to strike Condition #13 as it was repetitious. Commissioner Swenson amended her motion to include the agreed-upon changes to Conditions #8 and #13. Motion carried. (Commissioners Chamberland and Swenson voted for the motion, while Chairperson Channell voted against the motion.)

PLANNING COMMISSION RECOMMENDATION; SG INTERESTS I, LTD.; MCINTYRE FLOWBACK PITS #1, #2, #3 AND #4: County Attorney Baumgarten, Community Development Department Director Williams and Assistant Community Development Director Starkebaum were present for discussion. SG Interests I, Ltd. Operations and Land Manager Eric Sanford was available for discussion via teleconference.

Assistant Community Development Director Starkebaum provided the Planning Commission recommendation and a draft resolution for consideration.

Chairperson Channell asked Mr. Sanford for more information regarding the temperatures at which use of the piping may have to be suspended. Mr. Sanford stated that the use of the piping will be suspended when it becomes impractical to operate during winter months.

Chairperson Channell stated that his opinions regarding this Planning Commission recommendation are the same as noted above, and that he would be voting against the application.

The Board agreed to add "to the Community Development Department" to Condition #8, remove "for approval" on Condition #9, and delete Condition #13.

Commissioner Chamberland stated his belief that the Board is obligated to protect the environment as much as possible while allowing for the extraction of minerals.

Commissioner Swenson agreed with the previously stated comments. She acknowledged that the County received correspondence from SG Interests and felt that the concerns noted by SG Interests were addressed by the draft resolution. **Moved** by Commissioner Swenson, seconded by Commissioner Chamberland to adopt Resolution #2011-26, a Resolution Approving the McIntyre Flowback Pits #1 and #2, Major Impact Oil and Gas Operations Permit No. 2011-06, Sections 23 & 24, Township 11 South,

Range 90 West, 6th P.M., and the McIntyre Flowback Pits #3 and #4, Major Impact Oil and Gas Operations Permit No. 2011-07, Section 26, Township 11 South, Range 90 West, 6th P.M., SG Interests I, Ltd., as amended and authorize signatures. County Attorney Baumgarten reiterated that, for each instance of "prior to construction", that the intent of the Board is that no construction is to commence unless and until the referenced chore is accomplished. Motion carried. (Commissioners Chamberland and Swenson voted for the motion, while Chairperson Channell voted against the motion.)

Assistant Community Development Director Neal Starkebaum will provide the revised resolutions for signature.

ADJOURN: Moved by Commissioner Swenson, seconded by Commissioner Chamberland to adjourn the meeting. Motion carried unanimously. The meeting adjourned at 4:27 pm.

Hap Channell, Chairperson

Paula Swenson, Vice-Chairperson

Phil Chamberland, Commissioner

Minutes Prepared By:

Katherine Haase, Deputy County Clerk

Attest:

Stella Dominguez, County Clerk

GUNNISON COUNTY BOARD OF COMMISSIONERS TEXT INCLUSION INTO MINUTES

**BOARD OF COUNTY COMMISSIONERS OF GUNNISON COUNTY
RESOLUTION NO. 11-25**

A RESOLUTION APPROVING HOTCHKISS WATER STORAGE FACILITY
MAJOR IMPACT OIL AND GAS OPERATIONS PERMIT NO. 2011-05
NE1/4 SECTION 18, TOWNSHIP 12 SOUTH, RANGE 89 WEST, 6TH P.M.
GUNNISON ENERGY CORPORATION

WHEREAS, Gunnison Energy Corporation has submitted an Oil and Gas Operations application for the construction and operation of the Hotchkiss Water Storage Facility, a Centralized Exploration & Production Waste Management Facility. The Facility will consist of two water storage pits, an upper pit of 322,150 barrels (bbl) or 13,530,300 gallons and a lower pit of 140,500 barrels (bbl) or 5,901,000 gallons, to provide storage, reuse and disposal of produced water for completion/hydraulic fracturing of multiple gas wells. Produced water and flowback fluids will be transported via existing, buried pipelines. Engineering controls to be implemented to aid in monitoring and mitigating potential impacts to surface and groundwater include high level alarms, double liners (60-mil high density polyethylene [HDPE] fabric) separated by a synthetic drainage layer material (such as Geonet®), a sump collection system, and site specific monitoring wells. The pits may be used 24 hours per day, 7 days per week during operations. The site will be manned as needed during normal operations and during completion operations. The facility will operate in a limited capacity during the winter. At completion of the operation, the pits will be closed, the liners removed and the area reclaimed. The use of the Hotchkiss Water Storage Facility is intended to greatly reduce the impacts of truck traffic associated with water transportation and will reduce the numbers of frac tanks required on individual well pads for completion/fracing operations; and

WHEREAS, Section 1-103 E.3. of the *Gunnison County Temporary Regulations For Oil and Gas Operations* defines a process of review of applications for an *Oil and Gas Permit for a Major Oil and Gas Operation*, which included provision of testimony at jointly held public hearings with the Gunnison County Planning Commission on the applications on June 10, 2011, June 17, 2011 and July 1, 2011;

AND WHEREAS, the Board of Commissioners did, on July 5, 2011 receive and review the information within the Planning Commission's Recommendation, and as referenced by the attached July 1, 2011 Planning Commission's Recommendation of the Hotchkiss Water Storage Facility - Major Impact Oil and Gas Operations Permit No. 2011-05, and considered it in evaluating the application;

NOW, THEREFORE, the Board hereby adopts in full the Planning Commission's Recommendation, with these Findings and Conditions of Approval, as amended by the Board:

Findings:

1. Approval is limited to the location and activities described in the application, as amended, for the Hotchkiss Water Storage Facility. 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 Regulations for Oil and Gas Operations*, or as those may be hereinafter amended.
2. That the use of produced water from the existing wells and the reuse of the flowback water for multiple oil and gas operations is an efficient use of water and minimizes the consumption of water for the proposed operations.
3. That the use of the Hotchkiss Water Storage Facility will significantly reduce the truck traffic associated with water transportation for the oil and gas operations.
4. Pursuant to *Section 1-104: Application Submittal Requirements for Oil and Gas Permits, Gunnison County Temporary Regulations for Oil and Gas Operations* "County Regulations", Gunnison County engaged Weaver Boos Consultants, LLC, to review the application, which included an on-site review, an analysis and review of the proposed facility, to opine on compliance with the *Gunnison County Temporary Regulations for Oil and Gas Operations* and provide proposed recommendations.
5. That the review of the State COGCC Regulations by Weaver Boos Consultants, LLC was to inform what the State requirements are and how the facility was to be constructed and operated, not to determine whether the application was in compliance with the State Regulations.
6. Weaver Boos Consultants, LLC, provided final review comments in a Memorandum, dated June 24, 2011 for the Hotchkiss Water Storage Facility. The Memorandum expressed concerns about water quality impacts, Section 1-107G. Those concerns are addressed in land use permit conditions recommended below. Public testimony and other evidence on the record also expressed concerns about water quality.
7. Subject to the land use permit conditions of approval included in this Recommendation, below, the application would comply with *Section 1-107* of the County Regulations.
8. That the County use of a qualified consultant to perform monitoring/inspection of the construction and operation of the Hotchkiss Water Storage Facility is necessary to ensure that the Hotchkiss Water Storage Facility is constructed in conformance with the land use permit conditions imposed herein.
9. 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, references and documents as included therein.
10. This permit may be revoked or suspended if Gunnison County determines that any material fact set forth herein or represented by the applicant was false or misleading, or that the applicant failed to disclose facts necessary to make any such fact not misleading.
11. Approval of this use is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County.

Conditions of Approval:

1. This approval is limited to the location and activities identified in the application, as amended, for the Hotchkiss Water Storage Facility. 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 County Regulations, or as those may be hereinafter amended.
2. Prior to the construction of the Hotchkiss Water Storage Facility, the applicant shall provide copies of all applicable state and/or federal agency permits for the facility, to the Community Development Department.
3. Prior to the construction of the Hotchkiss Water Storage Facility, the applicant shall submit verification of approval from the Colorado Oil and Gas Conservation Commission of the final preliminary closure plan to the Community Development Department.
4. Prior to the construction of the Hotchkiss Water Storage Facility, the applicant shall provide the following information to the Community Development Department. The applicant shall design the capacity of the French Drain system to drawdown the water table beneath the entire pit footprint areas using a worst case hydraulic conductivity of 1.0×10^{-4} cm/sec. Alternatively, slug testing three existing piezometers would provide real world, in-situ conductivity values to be used for French drain design and drawdown computations. Indicate the results of the drawdown computations on the Storage Facility Cross Section A-A' (sheet 4 of 27 in the Form 28, Attachment F Engineering Package).
5. Prior to the commencement of the operation of the Hotchkiss Water Storage Facility, the applicant shall provide the following information to Community Development Department. Indicate how the action leakage rate (ALR) will be adjusted and documented based on the measured fluid accumulation in the initial 72-hour clean water leak test prior to exploration and

- production fluid acceptance. Provide a written description in the operating plan of the daily and metered pump out requirements for all leak detection sumps. Include in the operating plan that the volume of removed fluids will be recorded daily and compared to the ALR on a daily basis. The records shall be kept onsite and made available upon request by the County.
6. Prior to construction of the Hotchkiss Water Storage Facility, the applicant shall execute and fund a Monitoring and Inspection Compliance Agreement, as directed by the Board of County Commissioners and developed by the County Attorney's office and the applicant. The agreement shall constitute the applicant's agreement to fund a County approved inspector to provide inspections/monitoring at identified milestones during the construction and operation of the Hotchkiss Water Storage Facility to ensure compliance with land use permit conditions.
 7. The applicant shall provide copies of all reports to the Colorado Oil and Gas Conservation Commission regarding all water sampling associated with the Hotchkiss Water Storage Facility, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department, for the life of the pit operations through closure.
 8. The applicant shall provide copies of all Sundry Notices submitted to the Colorado Oil and Gas Conservation Commission associated with the Hotchkiss Water Storage Facility, to the Community Development Department, for the life of the pit operations through closure.
 9. Prior to the commencement of operation of the Hotchkiss Water Storage Facility, the applicant shall provide a copy of the final Operating Plan and final Spill Prevention, Containment and Countermeasure Plan to the Community Development Department.
 10. The applicant shall provide copies of all Spill Reports associated with the Hotchkiss Water Storage Facility, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department, for the life of the pit operations through closure.
 11. 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.
 12. 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.

AND WHEREAS, the Board of County Commissioners directed the following:

1. Staff shall provide a scope of work for the monitoring/inspections of the milestones for construction and operation of the Hotchkiss Water Storage Facility by the County's Consultant; and
2. Staff shall provide the Monitoring and Inspection Compliance Agreement for Board review and approval; and

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Gunnison County, Colorado, hereby approves the Hotchkiss Water Storage Facility - Major Impact Oil and Gas Operations Permit No. 2011-05.

INTRODUCED by Commissioner Swenson, seconded by Commissioner Chamberland, and adopted this 12th day of July, 2011.

BOARD OF COUNTY COMMISSIONERS
OF GUNNISON COUNTY, COLORADO

Chamberland – yes; Channell – no; Swenson – yes.

**BOARD OF COUNTY COMMISSIONERS OF GUNNISON COUNTY
RESOLUTION NO. 11-26**

A RESOLUTION APPROVING THE MCINTYRE FLOWBACK PITS #1 AND #2
MAJOR IMPACT OIL AND GAS OPERATIONS PERMIT NO. 2011-06
SECTIONS 23 & 24, TOWNSHIP 11 SOUTH, RANGE 90 WEST, 6TH P.M.
AND
THE MCINTYRE FLOWBACK PITS #3 AND #4
MAJOR IMPACT OIL AND GAS OPERATIONS PERMIT NO. 2011-07
SECTION 26, TOWNSHIP 11 SOUTH, RANGE 90 WEST, 6TH P.M.
SG INTERESTS I, LTD.

WHEREAS, SG Interests I, Ltd. has submitted an Oil and Gas Operations application for the construction and operation of the McIntyre Flowback Pits #1 & #2 and the McIntyre Flowback Pits #3 & #4 and associated surface poly transport pipelines, to provide storage, reuse and disposal of produced water for use in completion/hydraulic fracturing of multiple gas wells in the Bull Mountain Unit and at nearby wells outside the unit. The McIntyre Flowback Pits #1 & 2 consist of two water storage/flowback pits, including an upper pit with a capacity of 40,284 barrels (bbl) or 1,691,928 gallons and a lower pit with a capacity of 38,275 barrels (bbl) or 1,607,550 gallons. The McIntyre Flowback Pits #3 & 4 consist of two water storage/flowback pits, including an upper and lower pit, each with a capacity of 174,659 barrels (bbl) or 7,335,678 gallons. The pits include a liner system that consists of two synthetic liners separated by geonet, which are set on a protective geomat over a smooth, compacted ground surface, a leak detection system consists of a sump collection system, and site specific monitoring wells. The pits may be used 24-hours per day during the warm weather months in which they are operational. The basic plan

for use of the facilities is to transport water to be stored in the pits via poly pipeline on the ground surface. The pipelines can be laid on the ground with minimal ground disturbance. Wherever possible, the pipelines will be laid alongside or over existing disturbance such as along an access road. Most produced water that will be stored in the pits will be piped through SG Interests' existing buried water pipeline gathering system to the Federal #24-2 WDW (05-051-06084, water disposal well) and from there via surface poly pipelines to the pits. Surface poly pipelines that cross sensitive areas will have secondary containment to prevent a leak in a poly line from contaminating surface waters. Booster pumps will be needed at certain points along some of the poly pipeline routes to keep the water flowing at the desired pressure. These points will be determined by field conditions such as topography between the facility and the well location. It will not be possible to connect all wells supplying produced water for storage in the pits via pipe. Some wells will have water trucked from tanks on these locations. The pits will not be used during the winter season and the volumes of water stored in the pits reduced to accommodate snowfall. At completion of the operations, the pits will be closed, the liners removed and the area reclaimed. The use of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 is intended to greatly reduce the impacts of truck traffic associated with water transportation and reduce the numbers of frac tanks required on individual well pads for completion/fracing operations; and

WHEREAS, Section 1-103 E.3. of the *Gunnison County Temporary Regulations For Oil and Gas Operations* defines a process of review of applications for an *Oil and Gas Permit for a Major Oil and Gas Operation*, which included provision of testimony at jointly held public hearings with the Gunnison County Planning Commission on the applications on June 10, 2011, June 17, 2011 and July 1, 2011;

AND WHEREAS, the Board of Commissioners did, on July 5, 2011 receive and review the information within the Planning Commission's Recommendation, and as referenced by the attached July 1, 2011 Planning Commission's Recommendation of the McIntyre Flowback Pits #1 and #2, Major Impact Oil and Gas Operations Permit No. 2011-06, and McIntyre Flowback Pits #3 and #4, Major Impact Oil and Gas Operations Permit No. 2011-07, and considered it in evaluating these applications;

NOW, THEREFORE, the Board hereby adopts in full the Planning Commission's Recommendation, with these Findings and Conditions of Approval, as amended by the Board:

Findings:

1. Approval is limited to the locations and activities described in the applications, as amended, for the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4. 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 Regulations for Oil and Gas Operations*, or as those may be hereinafter amended.
2. Pursuant to *Section 1-107 P.2* of the *Gunnison County Temporary Oil and Gas Regulations*, ("County Regulations") the applicant requested that the County waive *Oil and Gas Operations Standard 1-107 H, WATERBODY SETBACKS*. There is no feasible, economic alternative to the installation of the poly pipeline linear elements that will cross waterbodies between the flowback pits and the well and therefore the waiver of the waterbody setbacks standard for the poly pipeline linear elements is appropriate, with mitigation in sensitive areas as proposed.
3. That the use of produced water from the existing wells and the reuse of the flowback water for multiple oil and gas operations is an efficient use of water and minimizes the consumption of water for the proposed operations.
4. That the use of the McIntyre Flowback Pits will significantly reduce the truck traffic associated with water transportation for the oil and gas operations.
5. Pursuant to *Section 1-104 County Regulations: Application Submittal Requirements for Oil and Gas Permits*, Gunnison County engaged Weaver Boos Consultants, LLC, to review the applications, which included an on-site review, an analysis and review of the proposed pits, to opine on compliance with the County Regulations and to provide proposed recommendations.
6. That the review of the Colorado Oil and Gas Conservation Commission ("COGCC") Regulations by Weaver Boos Consultants, LLC was to inform what the State requirements are and how the facility was to be constructed and operated, not to determine whether the application was in compliance with the State COGCC regulations.
7. Weaver Boos Consultants, LLC, provided final review comments in two Memorandums, both dated June 23, 2011, for the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4. The Memorandums expressed concerns about water quality impacts, Section 1-107G. Those concerns are addressed in land use permit conditions recommended below. Public testimony and other evidence on the record also expressed concerns about water quality.
8. Subject to the Technical Infeasibility Waiver and land use permit conditions of approval included in the Recommendation, below, the applications would comply with *Section 1-107* of the County Regulations.
9. Use of a qualified consultant to perform monitoring/inspection of the land use impacts of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 is necessary to ensure that the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 are in compliance with land use permit conditions of approval.
10. 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 these applications; including all exhibits, references and documents as included therein.
11. 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.

12. 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.

Conditions of Approval:

1. The approval is limited to the locations and activities described in the applications, as amended, for the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4. 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 County Regulations, or as those may be hereinafter amended.
2. Prior to the construction of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall provide copies of all applicable state and/or federal agency permits for the pits, to the Community Development Department.
3. Prior to the construction of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall provide the following information to the Community Development Department: Scaled drawings showing proposed contours, elevations, and topography, including elevations on the contours and spot elevations where relevant, such that the proposed contours and elevations "tie-in" with existing topography and demonstrates that the intended engineered facilities fit with existing topography.
4. The applicant shall provide copies of reports to the Colorado Oil and Gas Conservation Commission regarding all water sampling associated with the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.
5. Prior to the commencement of the operation of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall provide the following information to the Community Development Department: Provide an action leakage rate (ALR) for each pit, that when surpassed, will indicate there is a leak in the primary liner. The ALR should be adjusted based on the results of the initial 72-hour leak test prior to exploration and production (E&P) fluid acceptance. Provide a written description of the daily and metered pump out requirements for all leak detection sumps. Include in the operating plan that the volume of removed fluids will be recorded daily and compared to the ALR on a daily basis. The records shall be kept onsite and made available upon request by the County.
6. Prior to construction of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall execute and fund a Monitoring and Inspection Compliance Agreement, as directed by the Board of County Commissioners and developed by the County Attorney's office and the applicant. The agreement shall constitute the applicant's agreement to fund a County approved inspector to provide inspections/monitoring at identified milestones during the construction and operation of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 for compliance with the County land use permit conditions.
7. The applicant shall provide copies of all reports regarding water sampling associated with the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department, for the life of the pit operations through closure.
8. The applicant shall provide copies of all Sundry Notices submitted to the Colorado Oil and Gas Conservation Commission associated with the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, to the Community Development Department, for the life of the pits operation through closure.
9. Prior to the commencement of operation of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, the applicant shall provide a copy of the final Operating Plan and the final Spill Prevention, Containment and Countermeasure Plan to the Community Development Department.
10. The applicant shall provide copies of any Spill Reports associated with the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department, for the life of the pit operations through closure.
11. Approval of the McIntyre Flowback Pits #1 & #2 and McIntyre Flowback Pits #3 & #4 does not grant or imply any approval of future applications for individual gas wells associated with the McIntyre Flowback Pits.
12. At the time of conversion of the pits to a Centralized Exploration and Production Facility, the applicant shall provide a copy of the COGCC approved final closure plan, to the Community Development Department.
13. 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.
14. 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.

AND WHEREAS, the Board of County Commissioners directed the following:

1. Staff shall provide a scope of work for the monitoring/inspections of the milestones for

- construction and operation of the McIntyre Flowback Pits by the County's Consultant; and
- 2. Staff shall provide the Monitoring and Inspection Compliance Agreement for Board review and approval; and

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Gunnison County, Colorado, hereby approves the McIntyre Flowback Pits #1 & #2, Major Impact Oil and Gas Operations Permit No. 2011-06 and McIntyre Flowback Pits #3 & #4, Major Impact Oil and Gas Operations Permit No. 2011-07.

INTRODUCED by Commissioner Swenson, seconded by Commissioner Chamberland, and adopted this 12th day of July, 2011.

BOARD OF COUNTY COMMISSIONERS
OF GUNNISON COUNTY, COLORADO

Chamberland – yes; Channell – no; Swenson – yes.