

The Planning and Zoning Commission of Rio Grande County met on December 10, 2012 at 1:30 p.m. Members present were Chairman Dwight Freeman, Grover Hawthorn, Mike Mitchell, Leonard Brown, and Gene Glover. Vern McCallister Jr. was absent. Bill Dunn, Rio Grande County Attorney, Rose Vanderpool, Land Use Administrator and Linda Slade, Clerk of the Board were present.

Chairman Freeman called the meeting to order with the following statement. "Welcome to the Planning Commission public hearing of Conditional Use of Petroleum Field Services on behalf of First Liberty Energy. Everyone please bear with us as we find our way thru new regulations. Welcome Gene Glover, new Planning Commission member, replacing Pam Bricker Commissioner elect. Welcome George Monsson, attorney with Oil & Gas experience, employed by Rio Grande County. This hearing is designed procedure to keep order in the process, no interruptions or shouting."

The order will be: 1. Applicants presentation; 2. Questions by Planning Commission; 3. Public comment for or against; 4. Applicant rebuttal; Land Use response.

Chairman Freeman asked how many of you plan to speak today? Raise your right hand and "Do you solemnly swear that the testimony you give in this hearing will be the truth?" The following persons were sworn in: Jack Martz, Charles Spielman, Cristine Canaly, Tom Wolter, Susan Constance, Terry Hance and Jim Kuehn.

The Chairman can set time limits on presentations, and if limited you can submit in writing. Planning Commission will come up with recommendations or a continuance of this public hearing. Recommendations are approve, partially approve, approve with conditions or deny.

Criteria for review: 1. Suitability of location-size, design, operation noise, air, water, residence, odor, residuals. 2. Adequacy of roads, traffic volume, weight, dust, site, characteristics, topography, historical archeology. 3. Compatibility with surrounding area.

Factions represented here today; Applicant who has been approved by COGCC; Public; Planning Commission; COGCC, State Drilling authority.

Mr. Monsson will enlighten us, in a minute on who has what authority, who governs what, who governs who; above ground and below ground.

I spoke earlier of time limits; I also reserve the right to abbreviate testimony that gets too far beyond the governing scope of this Planning Commission.

Chairman Freeman turned the meeting over to Mr. Monsson. Mr. Monsson started out by giving his resume which includes 16 years as the Morgan County Attorney, and 20 years' experience in Oil and Gas regulations and that he had been a geologist before. Mr. Monsson explained that the County has limited local government control while the State has Land Use Regulations but both can regulate. The County regulates above the ground while the State regulates below the ground. Mr. Monsson informed the public that there had been a hydrologic study done by Rio Grande County but the final results have not been released and since the Planning Commission had access to the study he recommended they not consider the information they have seen as First Liberty Energy has not had time to review it.

Chairman Freeman asked Rose Vanderpool, Land Use Administrator if she had received the application from First Liberty Energy, Inc. "I have reviewed the conditional use application submitted on October 10, 2012. I deemed the application complete with regards to all criteria per the Rio Grande County Oil and Gas Regulations (Article XII. Addendum) as well as Article XII Conditional Use process (pg.) (72-77) to have met. I would like to point out that "I deemed the application to be complete but it does not mean that everything has been addressed satisfactorily or in regards to other department opinions or criteria." (i.e. Road and Bridge or Emergency Response portions of the application or other regulatory agencies that I sent a copy to for review and comment.) (To which as of date, I have not received comments from those agencies.)

At this time, after all testimony is heard, it will take time to absorb all the information. So, it would not be out of character to table your decision so that we can be precise with the decision whether to approve with or without conditions or deny the application with clear strong evidence that supports a denial."

At this time new member Gene Glover recused himself as he feels he is too new to be making any decisions but will be looking on from the audience.

Chairman Freeman asked Karen Spaulding, Beatty & Wozniak, and P.C. who represents First Liberty Energy, Inc. to make her presentation.

Per the Rio Grande County Oil and Gas Regulations Section 6.1.29 requiring a liner, First Liberty Energy was asking for a waiver. Ms. Spaulding withdrew First Liberty Energy, Inc. request to not put a liner under the drill rig as the ground is unstable and First Liberty Energy Inc., felt it in their best interest to put the liner in and shore up the ground for prevention purposes.

Ms. Spaulding explained that Basin #1 location was roughly 5.3 miles N/NW of Del Norte and W/SW of intersection County Road 66 and 66A. The elevation was 8,180' and is located East of the San Juan Mountains in a semi-arid sparse vegetated area of rolling upland hills and ranching operations. It is also 5 miles South of the Rio Grande River.

Ms. Spaulding presented pictures facing North, South, East and West of the drilling site. The location preparations include constructing an access road off 66A that would be 25' wide gravel to grade. The well site pad will be fenced with signage that reads "Do Not Enter" and will be graded flat. There will be a surface water drainage system-into swale around the site. Storm water management plan will be administered by Peterson Energy. Soil stockpiles will be 12' to 15', netted, sloped 2:1 and seeded.

Ms. Spaulding explained suitability and that there has been 6 P/I'd wells in a five mile vicinity and there are no water bodies in the vicinity. Old Woman Creek is about 800'; the area is relatively flat and is not prime farmland near Del Norte. The proposed site is not in a platted subdivision, not in a FEMA flood plain area and the nearest residence is 1900'.

Regarding access to the well site it will minimize traffic through Del Norte by using paved roads, i.e. 285, 160, 17, and 15. There will be two low traffic gravel roads CR 66 and CR 66A with the site 600' from CR 66A which would have a road built to access. The County Director of Public Works, Patrick Sullivan will approve all routes with the driller and all pre-existing road conditions will be documented for First Liberty Energy, Inc. to repair.

The drilling phase would take approximately 3-5 weeks and would include bringing in a mobile drill rig, flatbed trucks for

hauling heavy equipment, tanks, separators and pumping equipment. There will also be pickup trucks and tankers hauling 30-40 truckloads of water and a demobilize rig.

Mr. Dunn asked which way the trucks would leave the site and Mr. Monsson replied where ever the nearest pipeline is which could possibly be west.

Ms. Spaulding explained that during the production phase the traffic would be much less. There would be a pickup operator that would be in 2-3 times per week, a tanker truck to haul out once a week and a tanker truck to haul water once a week.

Ms. Spaulding explained the Basin #1 Well site characteristics drilling phase that the footprint of disturbance will be temporary. There will be about 3.67 acres involved during drilling and 1.84 after drilling and reclamation. Produced water will be hauled off site, drill cuttings will be hauled to the San Luis Valley Regional Solid Waste Authority. The dust will be controlled with water tankers and sound emissions will be regulated by COGCC Rule 802. Separator and tanks will have secondary containment including berm and line.

The Environmental Protections in place for Basin #1 Well will be domestic well testing (4) per APD, closed loop drilling so there will be no reserve pit, surface casing to 1200' where the deepest water well is 884'. Mr. Monsson replied that the production casing could go down to 9000' if necessary. There is a drainage and erosion control plan in place and noxious weed control will be in place for the life of the well. Air quality is controlled by CDPHE Reg. 7; EPA New Service Performance Standards. Odors and dust is controlled by COGCC Rule 805, and the current plan does not include hydraulic fracturing. In the instance they needed to frack they would have to notify Ms. Vanderpool and the COGCC within 48 hours.

During the production phase Ms. Spaulding informed the Planning Commission that there would be a smaller footprint as there is only a well head, separator and tanks. The area will be have a berm with liner, the equipment will be painted per County Regulations to blend into the landscape, the land will be re-vegetated to reduce larger drilling footprint and they will continue to control noxious weeds.

The compatibility of the area is a stable geologic zone with no faults or other hazards, it is in a remote site 5.3 miles from Del Norte and it has adequate road access. It is not in an

ecologically or culturally sensitive zone and has had prior Oil and Gas development in the area.

Ms. Spaulding discussed public concerns including the 200,000 gallons of water that is permitted for industrial use. Clean air would be regulated by CDPHE Reg.7; EPA New Service Production Standards and domestic water well testing per APD after drilling. Lastly there is no hydraulic fracturing planned.

Chairman Freeman asked Ms. Spaulding to explain the casing from top to production stage. Mr. Monsson explained the difference size pipe used for the project. The final production well piping is approximately 4" to 5" in diameter. Mr. Freeman inquired of Ms. Spaulding what conditions the COGCC had required. The following were those conditions: Casing to 1200', test 4 domestic wells before starting, fenced in area around drill site, closed loop drilling and finally reclamation of the area.

Chairman Freeman asked if the process for this operation will be 24/7 and Ms. Spaulding replied it would. Once the drilling starts it will continuance but the period from 7 p.m. to 7 a.m. the decibels are monitored by the COGCC. Chairman Freeman asked what powered the pumper jack if oil was found and Ms. Spaulding informed the public it will be powered by a gas generator.

Chairman Freeman introduced Todd Wright, Emergency Manager for his input on the proposed application. Mr. Wright has reviewed related sections of Article XII Oil and Gas Operations and in reviewing First Liberty Energy, Inc. Emergency Response Plan he felt there needed to be some clarifications and asked the Planning Commission to table this application until a later time.

Mr. Wright's comments follow:



Office of Emergency Management
Todd Wright, Emergency Manager
925 6th. Street, Room 207
Del Norte, Colorado 81132
rgcoem@riograndecounty.org
Mobile: 719-588-1608
Fax: 719-657-2514

December 10, 2012

To: Rose Vanderpool, Land use Administrator
Rio Grande County Planning & Zoning Committee

Re: First Liberty Energy Inc
Oil & Gas Operations Permit
Special Review / Conditional Use Application
Rio Grande County – Colorado
Application Date 10 October 2012

I have reviewed the above-described Conditional Use Application in conjunction with the following

1. The Rio Grande County Land Development Code Article XII Oil & Gas Operations
2. Consultation with the following agencies:
 - a. Del Norte Fire District/Department
 - b. Rio Grande Hospital
 - c. Rio Grande County Sheriff's Department
 - d. SLV HazMat Team
 - e. Colorado State Patrol
 - f. La Plata County Office of Emergency Management

My annotated review December 10, 2012 is attached. Emergency Management related sections of Article XII - Oil & Gas Operations section of the Rio Grande County Land Development Code are in italics. My comments follow each section as "NOTES" in Bold.

Based on deficiencies within the Emergency Response Plan and on the need for clarification of other items, I recommend the Planning & Zoning Committee table consideration of this application till a latter time.

Respectfully submitted:

A handwritten signature in cursive script, appearing to read "Todd Wright".

Todd Wright
Emergency Manager

Annotated Excerpts from:

Rio Grande County Land Development Code
Article XII
Oil & Gas Operations

6. Applications Submittal Requirements for an Oil and Gas Operations Permit

6.1. The applicant shall submit/provide:

6.1.24. Emergency Response Plan: *An emergency response plan that addresses fire protection and wildfire mitigation (with the consultation of the local fire department jurisdiction) and hazardous spills. Include the name and contact information for the applicant's incident commander, proposed signage, access/evacuation routes, and health care facilities anticipated to be used. The plan must be approved by the County's Emergency Management and shall include a provision for the oil and gas operator to reimburse the appropriate emergency response service providers for costs incurred in connection with an emergency.*

NOTES:

- 1) Although the Operator spoke to the chairman of the Del Norte Fire District Board of Directors, the conversation was brief and not sufficiently substantive to satisfied the above required consultation which should include the Fire Chief and/or his delegate and should do so prior to acceptance of their proposed fire protection and wildfire mitigation plan. This consultation allows a two-way dialogue to assure a meeting of the minds regarding the expectations and the capabilities of both parties including appropriate response, specialized monitoring, etc.
- 2) The application does not include the name and contact information for the applicant's incident commander at this time. Question if there will be one person to fill this position or if it will be a roster of qualified persons who may be on site at any given time. Details may be worked out during consultation discussed in 6.1.24, 1 above>
- 3) Signage requirements have not been addressed.
- 4) Access/evacuation routes have not been included. Should be delineated in Map (Site Plan) per section 9.1.2 discussed below.

- 5) Anticipated Health care facilities have not been addressed.

- 6) The Emergency Response Plan (ERP) does not include a provision to reimburse appropriate emergency response service providers for costs incurred in connection with an emergency. Although applicant acknowledges the ERP does not preclude local regulatory requirements, they preface the entire ERP with the WARNING the Emergency Response Plan is to be used as a guideline only (p Ji, ¶1). Again, in Part 3 they state "First Liberty Energy cannot and does not guarantee, warrant or represent the accuracy of, or accept any responsibility for the use of any information contained herein" (p Jvii, ¶15). Although The Emergency Manager understands the flexible necessity of an ERP, the provision for Cost Reimbursement should be more specific and not limited by general references as those noted above.
 - a. This language should be modified to take ownership and responsibility in their own plan

 - b. Language must be added to the ERP to satisfy the requirements of 6.1.24 of the Rio Grande County Land Development Code.

 - c. Language added to satisfy the requirements of 6.1.24 should be reviewed and approved by the County Attorney in context of the entire application.

 - d. It is the opinion of the Emergency manager applicable cost reimbursements are for multi-agency and/or multi-jurisdictional incidents that are unusual and infrequent not in the common scope of local agency response.

8. Rights and Responsibilities.

8.8. Environmental Quality Standards

8.8.7. Pits (for Special Exceptions)

8.8.7.4. All substances intended for placement in the pit must first be tested for radioactivity, and be cleaned of residual oil, grease and toxic substances. No radioactive or other hazardous materials may be placed in pits.

NOTE: County Emergency Management expects all testing to be completed by the Operator at their expense.

8.8.8. Fracturing (“fracking”)/Cavitation

8.8.8.2. *The permit holder shall provide a list, including Material Safety Data Sheets, of all chemicals, additives and organics used on site to the Rio Grande County Office of Emergency Management. This information will be held in strictest confidence and shared with other relevant local emergency response personnel only on a “need to know” basis.*

NOTE: See note for 8.9.8 below.

8.9. Roads and Access

8.9.8. Hazardous Materials: *Full disclosure, including Material Safety Data Sheets (MSDS) of all hazardous materials that will be transported on any public or private roadway within the county for the oil and gas operation must be provided to the Rio Grande County Office Emergency Management. This information will be held in strictest confidence and shared with other emergency response personnel only on a “need to know” basis.*

NOTE: The language in 8.9.8 requires MSDS sheets for Hazardous Materials “that will be transported.” In other words, MSDS sheets for all Hazardous Materials must submitted to the Rio Grande County Office of Emergency Management prior to transportation to the site therefore prior to their use.

9. Public Health, Safety & Welfare Protections.

9.1. Emergency Preparedness and Response Plan: *An applicant for an oil and gas operations permit is required to provide an emergency preparedness and response plan that fulfills all the requirements of the plan adopted by the county. This plan must be reviewed by the Rio Grande County Office of Emergency Management, which will make its’ recommendations to the relevant Planning Commission(s). The plan shall be filed with the county and updated on an annual basis or as conditions change (e.g. turnovers in responsible field personnel, change in substances used). The emergency plan shall, at a minimum, consist of the following information:*

9.1.1. *Name, address and phone number, including a twenty-four hour emergency number of at least two (2) persons responsible for emergency field operations.*

9.1.2. *A printed map, including GPS coordinates, showing the names, location and description of all minor and major facilities, including the size and type of all pipelines and isolation valves (note: isolation valves shall not be operated by anyone except the owner of the pipeline). The as-built facilities map that includes the information regarding the location of isolation valves, shall be held confidentially by*

the county's Emergency Management Officer or other county designee, and shall only be disclosed in the event of an emergency. The Office of Emergency Management shall deny the right of inspection of the as-built facilities map to the public to C.R.S. § 24-72-204 (3)(a)(IV).

NOTE: This section actually refers to two separate maps (plans).

- 1) The first map is a site map including GPS coordinates showing the names, locations, and description of all minor and major facilities including the size and type of all pipelines and isolation valves. This is similar to a "Site Plan" indicating the intended development including all utilities or other structures that may be impacted by an incident that should be protected and given special consideration as potential hazards. This map, plan, must be submitted with this application and has not been submitted.**
- 2) The second map is an "AS BUILT" submitted after completion of the development indicating the actual location of the completed project. This map is not yet due.**

9.1.3. A written response plan for the potential emergencies that may be associated with the operation of the facilities. This may include any or all of the following: explosions, fires, gas or water pipeline leaks or ruptures, hydrogen sulfide or other toxic gas emissions, or hazardous material vehicle accidents or spills.

Notes:

- 1) The Emergency Response Plan (ERP) describes an Incident Command Structure (ICS) Organization. Although this may be sufficient for Level 1 and possibly level 2 emergency, for any incident which requires the assistance of outside agencies this ICS may be incorporated into a Unified Command Structure at the discretion of the County Emergency Manager and/or the County Sheriff to include the Operator's Incident Commander overseeing operations specific to the well operations.**
- 2) ERP Part 6 – Incident Command Structure (ICS) Organization**
 - a. All Contact information submitted within Part 6 of the ERP are blank and should be completed prior to any work and updated in conjunction with changes in personnel. This may vary depending on the resolution to 6.1.24, 2 above.**

3) ERP Part 11 – Typical Equipment Requirements

- a. Operator should, at their expense, provide any specialized equipment identified in training, item 4) a. below, not currently owned by the agencies trained listed in 4) b. below.

4) ERP Part 12 – Safety Plan

- a. A Safety Officer/Director should be named including contact information. This information should be included in the ICS described in Part 6 of the ERP.
- b. Should include a list of potential hazards including but not limited to the following including the Operator's estimated probability of occurrence.
 - i. explosions
 - ii. fires
 - iii. gas or water pipeline leaks or ruptures
 - iv. hydrogen sulfide
 - v. other toxic gas emissions
 - vi. hazardous material vehicle accidents or spills
- c. In accordance with the ERP's statement that "all personnel working in and around E&P operations must be skilled and experienced," the well operator must provide training to include a minimum of a representative from each of the following agencies prior to operation.
 - i. Del Norte Fire Department
 - ii. Del Norte Community Ambulance
 - iii. Rio Grande Hospital
 - iv. Rio Grande Sheriff's Office
 - v. San Luis Valley HazMat Team
- d. Sufficiency of Training will be determined in part based on:
 - i. 4) a. above and the resulting comfort level of agencies trained.
 - ii. Application should include proposed training by description and hours.

5) ERP Part 17 – Reportable spills/Releases

- a. All reportable spills/releases described in the Emergency Response Plan must be reported the County Office of Emergency Management

immediately after the proper regulatory authorities have been notified.

- b. In consulting with another Colorado County with experience with Oil & Gas Wells, they were adamant that all adjoining wells to be monitored throughout the project be monitored before any drilling to provide a baseline to compare against future testing. Rio Grande County Emergency Management agrees and supports this be done.

6) ERP Part 17 – Emergency Contact Information

- a. Include the Rio Grande County Office of Emergency Management into the contact list.
 - i. Sheriff's Dispatch 719-657-4000
 - ii. Mobile 719-588-1608

9.1.4. A fire prevention response and safety plan.

NOTE: See 6.1.24, Note 1 above.

9.1.5. Project-specific emergency preparedness plans are required for any project that involves drilling or penetrating through known or likely zones of hydrogen sulfide gas, as determined by the county's office of Emergency Management Officer prior to beginning field operations.

NOTE: The Rio Grande County Emergency Management Officer is not qualified to express an opinion on 9.1.5 and therefore does not express one. However, the Emergency Management Officer intends to rely on the information requested in 9.1.3, Note 4.a above regarding the Operator's estimated probability of occurrence.

9.2. Inspections.

9.2.1. Twenty four-hour contact: The applicant shall provide the telephone number of a contact person whom may be reached twenty four (24) hours a day for purposes of being notified of any proposed county inspection under this section or in case of emergency. Any permitted oil and gas operation site may be inspected by Rio Grande County at any time, to ensure compliance with the requirements of the approved development plan, provided that at least one (1) hour notice is given to the contact person at the telephone number supplied by the applicant. Calling the number (or leaving a message on an available answering or voice mail service) at least one hour in advance of the proposed inspection shall constitute sufficient prior notice if the

Ms. Spaulding was allowed to answer the above questions and informed the Commission that all of the blanks would be completed as soon as the application was approved and before any work started. The well testing is ready to be completed within three days of the Board of County Commissioners approval. Ms. Spaulding apologized for not meeting with Mr. Wright and Gilbert Trujillo, Fire Chief. Mr. Dunn asked how long First Liberty Energy, Inc. had been in business and Ms. Spaulding was unsure but will get the answer for Mr. Dunn. Mr. Monsson asked the contractor name and Ms. Spaulding did not know but will get back to Mr. Monsson on that.

Chairman Freeman read a letter from Nathan and Amy Arnold as they were not able to attend the meeting due to employment

obligations. The letter follows:

Recd 11/27/12

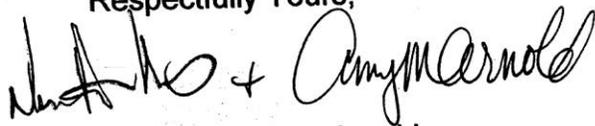
November 23, 2012

Rio Grande County Planning Commission:
925 6th Street
Room 208
Del Norte, Co 81132

Regretfully we will not be able to attend the meeting due to employment obligations. As homeowners near the proposed drilling site, we are very concerned about the potential negative impacts on our small artesian water well. We chose to live in Rio Grande County for its natural beauty, wide open spaces and small town agricultural lifestyle. Having a well drilling rig in our backyard drastically changes our serenity within Rio Grande County. It is our hope that the drilling permit be denied. If the permit were to be issued, we hope Rio Grande County implements the strictest rules, regulations and restraints upon the drilling company. Also we would hope that the drilling be carried out in the most responsible way possible to ensure that our quality of life is not changed or interrupted. If the permit is issued, there is a great probability that we will be forced to relocate. Any possibility of us selling our home would be greatly reduced and devalued with an operating drill rig within 1500 feet of our property. As this is a concern to us, we implore those with the power to deny the permit. Our future is in your hands. Please protect the citizens of Rio Grande County.

PLEASE DENY THE DRILLING PERMIT!!!

Respectfully Yours,



Nathan and Amy Arnold
900 County Rd 66A
Del Norte, CO 81132
719-688-5411
719-680-8487

Chairman Freeman asked Pat Sullivan, Road and Bridge Supervisor if he had seen any documentation from First Liberty Energy, Inc. Mr. Sullivan reported a two mile stretch of the road by John Callisons is in pretty bad condition. Mr. Sullivan met with the contractor about the roads but has not seen the official review.

Ms. Spaulding presented pictures of the roads in question to Ms. Vanderpool for Mr. Sullivan to review or any other individual who would like to see them.

Chairman Freeman opened the meeting for Public Comment. Chairman Freeman asked for those in favor of First Liberty Energy, Inc. to speak first.

Charles Spielman from Monte Vista who is on the Rio Grande Basin Roundtable and President of the Monte Vista Economic Development committee is in favor of the economic development and benefits economically it would bring. Mr. Spielman expressed his concerns about why they were not testing the Mancos layer.

Mr. Spielman felt that the conventional drilling was of little value to First Liberty Energy, Inc. and Rio Grande County. Mr. Spielman felt they should be looking at the Mancos shale and testing it. The hydrological study that had been complete should be used because what they do down hole, beyond our prevue has great concerns on the limits of economic value to not frack.

Jack Martz owns 315 acres north of the site and 80 acres south of the site and is in favor of the project. Mr. Martz believes the economic development would benefit schools and taxes for Rio Grande County. Mr. Martz believes First Liberty Energy, Inc. is a respected company and will obey the regulations set forth.

Christine Canaly opposes the project. Ms. Canaly is a public lands advocate and Director of the San Luis Valley Eco System Council. Ms. Canaly has been responding to Oil & Gas hearings since 2006. Ms. Canaly cited many parts of the proposal and had many questions about First Liberty Energy, Inc. plans. Ms. Canaly wanted questions asked about 6.1.10.5, Conservation; 6.11, Site plan information where the berm is mentioned and no fencing is mentioned; 6.1.3.4 Future development plans as we will not know if it is commercially viable, also future development plans; 6.1.4 Water and several heavy trucks to mitigate; 6.1.6, Waste management; 6.1.2, Water quality analysis; 6.1.2.1.3 Storm water non-point source reviewed and looked at very carefully in case of spill; 6.1.2.9, Technical feasibility waiver. Ms. Canaly handed out an excerpt from the Denver Post. Ms. Canaly mentioned there was an artesian well that was at 1400'. Mr. Monsson replied that it probably was an unregistered well with the State of Colorado so it did not show up in the study.

Ms. Canaly questioned Peterson Energy Management regarding them having a conflict of interest. Since Peterson Energy Management

works for First Liberty Energy, Inc. Ms. Canaly felt that Peterson Energy Management looked at the log in the area and not the well drilled in the aquifer.

Ms. Spaulding replied to Ms. Canaly that they had withdrawn their requested waiver, Section 6.1.29 and will be installing the liner under the drilling rig and that there would be secondary containment around production facilities.

Mr. Monsson replied to Ms. Canaly that downhole authority is a very gray area of the law. Preventing water pollution is an issue of local government regulation. Mr. Monsson wants Rio Grande County to look hard at the regulations and the conditions that exist.

Ms. Canaly recommended the Planning Commission table their decision today.

Ms. Spaulding replied the Peterson Energy Management report looked at logs for abandoned wells in the Conejos formation. First Liberty Energy, Inc. would be responsible for any road damages incurred from the traffic. The fencing in question by Ms. Canaly is in the proposal and the way it is drilled there would be no oil in the aquifer. Finally, Ms. Spaulding reiterated that there is no fracking planned.

Tom Wolter who lives South of Del Norte believes that everything run at the State level and limits what the County can do. Mr. Wolter believes that Rio Grande County is unique with the rest of the state. Mr. Weems, Allen Davey, Davis Engineering, Inc., and Robert Kirkham stated that the aquifer be taken from the COGCC and mitigated at the local level if the casement is not done to the recommendation of 4000' to 5000' instead of the 1200'. Mr. Wolter informed the Commission that they had trouble containing the water in the Jynnifer #1 Well. Mr. Wolter wondered if someone who was aggrieved would find it worthwhile to take the County to court.

Chairman Freeman asked Mr. Monsson what happens when the County overrules the State. If the County would impose conditions on this oil well the applicant could make decision to challenge or comply. The cost of the challenge would be very costly for the County and everything is driven by finances.

Ms. Spaulding replied everything is regulated by COGCC and since this is a conventional drill there will be no contamination to the aquifer.

Mr. Wolter asked Chairman Freeman what happens if they hit deep water, does the water go to Oil and Gas. Ms. Spaulding replied all water is owned by the State. Mr. Monsson replied that there are local control issues coming up in the legislature right now. Ms. Canaly replied they have been working on those regulations for 20 years. Ms. Spaulding informed the public that all water in regulation is a tributary to the Rio Grande River.

Ms. Spaulding reiterated that all applicable drilling through the Conejos formation would not cause contamination to the water.

Mr. Wolter was concerned about the high salt, high sulfide and hydrocarbons which could cause radon and how it would affect the landfill where it will be dumped. Mr. Wolter said Mr. Mosley, the landowner had a Mechanical Integrity Test done, that there was no signage and the tanks were leaking. Ms. Spaulding replied that Mr. Mosley was not responsible for the cleanup, it was the driller. Mr. Mosley was trying to clean up what he can.

Chairman Freeman asked what the cuttings included. Mr. Monsson replied it was just fine gravel, water and drilling mud or clay. Normally there are no chemicals used unless they hit a particular hard spot and there might be some lubricant used. Ms. Vanderpool has a Landfill Board meeting and will discuss with the Board if they feel there needs to be any testing done.

Susan Constance lives on County Road 13, Del Norte wanted to know if the production of the well would be a lucrative situation for the County and how the taxes would benefit the County. Ms. Spaulding answered that First Liberty Energy, Inc. reports to the State the number of barrels and the driller is charged a severance tax that is allocated back to the County by the State. There would be other fees collected that would generate revenue for the County like overweight vehicles and property taxes.

Ms. Constance inquired if the Applicant helps pay for the additional training the Emergency Response Team would need in the event of an emergency. Ms. Constance asked Ms. Vanderpool what she meant when the application was complete as there were gaps that needed to be filled in. Ms. Vanderpool replied that her part was complete but she had sent information to other entities that had not responded and those would be addressed before it was finalized.

Ms. Constance wondered why OSHA was not directly listed and Ms. Spaulding replied that their proposal included all State and Federal regulations be followed and OSHA is a Federal regulatory organization.

Pat Perry, Public Health Nurse inquired if the surrounding wells would be tested afterward for a follow up assessment. Mr. Monsson replied that Oil and Gas Commission is meeting now and a draft has sub-regulations for testing 6-18 months after and 5 years after that. If regulation is adopted Oil and Gas Commission will look at diagnostics in test results. Ms. Spaulding also said they would do subsequent testing.

Terry Hance thanked the Commission and all present. Her husband had worked in Garfield County drilling and was against the proposed project. Ms. Hance said there was filth in Garfield County and did not want to see that happen here. Ms. Hance felt that oil and gas drilling was dirty and needed a professional way of monitoring the air, noise and safety of the community. Ms. Hance questioned the ability of Emergency Response to be ready in time of need. Ms. Hance wondered if they closed the drilling down seasonally to not damage roads or other environmental issues. Ms. Spaulding replied that the drilling was on private land and not Federal or BLM so there were no environmental issues. Ms. Spaulding assured Ms. Hance that all precautions were in place with the berm and liner on site to avoid human error.

Jim Kuehn thought Mr. Wright had a valid point for Emergency Preparedness and wondered who was the first contact in case of an emergency? Ms. Spaulding replied that First Liberty Energy, Inc., will take care of any emergency notifications during drilling and that after the drilling is complete Ms. Vanderpool will be contacted.

Mr. Kuehn asked who looked after the guidelines for air quality. Mr. Dunn answered that the State does but a complaint has to be filed first and that any incident has to be reported to the County or State within 48 hours.

Ms. Kuehn stated that the South Fork Chamber asked if the vote by the Commission will have an effect on the drill taking place. Chairman Freeman replied "Yes we decide". Ms. Vanderpool then went over the process that the Commission only makes the recommendation to the Board of County Commissioners and the Board of County Commissioners make the final decision to drill or not to drill. Mr. Kuehn had concerns if there was a Response

Manager in place. Ms. Spaulding replied that First Liberty Energy, Inc. will respond to any emergency and is responsible for all clean-up. Mr. Kuehn asked even in the middle of the night if there is an explosion. Ms. Spaulding commented she was not aware of any explosions occurring with this type of drilling.

Mr. Kuehn asked who monitors the air quality around the well site and Mr. Monsson replied that mostly it is monitored by complaints to the State Department of Health. Any emergencies have to be reported to the State and County within 48 hours of happening. Mr. Kuehn asked Ms. Spaulding if First Liberty Energy, Inc. is a responsible driller. Ms. Spaulding replied "yes". Mr. Kuehn asked what do you base this on. Ms. Spaulding did not know exactly how long her client had been in business. Mr. Kuehn asked the Planning Commission if their votes had any bearing on if this drilling would take place or not. Chairman Freeman replied "yes". Ms. Vanderpool informed Mr. Kuehn that no public official can benefit financially by making a decision. Mr. Kuehn was questioning Mr. Brown about his business. Mr. Kuehn thanked the Commission for entertaining his questions.

Ms. Spaulding was asked if she had any final comments and replied. It had been a long day and thanked the Commission for the time to present for First Liberty Energy, Inc. Ms. Spaulding will get the Emergency Response information to Ms. Vanderpool immediately and said she was available anytime for questions.

Chairman Freeman went over the procedure for a motion to go forth, table the results or deny the request.

Mr. Hawthorn made a motion to table any action contingent on the hydrological study, and more Emergency Response Plan information. Mr. Hawthorn's motion died for a second.

Mr. Monsson told the Commission that they could pass it on to the County Commissioners contingent the County Commissioners get the information on the hydrological study and the Emergency Response Plan.

Mr. Brown moved to approve the application and proceed with a motion that the Emergency Response Plan be completed, Road and Bridge be involved, water well testing done and the hydrological report be completed. Mr. Mitchell seconded the motion; the motion carried.

The next meeting of the Planning Commission will be January 16, 2013 tentatively.

