



hydrogeological report be completed. Mr. Mitchell seconded the motion; the motion carried".

Ms. Vanderpool received a letter from James Horn, Colorado Department of Transportation, on December 21, 2012. Mr. Horn had no opinion on approval of a conditional use permit. Mr. Horn had some concerns that First Liberty Energy, Inc. did not adequately address the access and transportation routes to and from the drill site. He noted table 21 does identify crew trucks, but does not identify vehicle type and how many are oversize/overweight or the time of day the vehicles will egress/ingress onto the highway. Mr. Horn also noted State Hwy 112 has no auxiliary lane onto CR 15. Lane warrants at this location may need to be met if additional drilling activity increases.

Ms. Vanderpool went over the letters she has received in regards to First Liberty Inc's drilling permit. Ms. Vanderpool has received letters from Pat Perry, Public Health Agency on January 15, 2013; The Del Norte Fire Protection District on January 15, 2013; Rio Grande County Road & Bridge where Mr. Sullivan had taken pictures every 1/8 mile, on January 14, 2013; Todd Wright, Emergency Response Director, which the Planning Commission requested on January 15, 2013. Also, Ms. Vanderpool entered into the record the Rio Grande County Hydrogeological report that was received in final form on December 21, 2012. Ms. Vanderpool has received from Jim Clare, San Luis Valley Regional Landfill, information in regards to Hazardous Waste Procedures and Process and also stating they could accept the materials from the drill site and have had the training to test and handle the materials. First Liberty, Inc. submitted their supplemental information to Rio Grande County on January 8, 2013.

Chairman Shriver then asked First Liberty Energy, Inc. for their presentation.

Karen Spaulding, First Liberty, Inc. Attorney, Beaty and Rozniak introduced herself and Andy Peterson from Peterson Energy. On October 10, 2012 First Liberty, Inc. filed their application with the Rio Grande County Land Use office and the application was accepted by the Planning Commission. Mr. Todd Wright added four comments regarding emergency preparedness. Per Section 7.6.6 of the Land Use Codes there are four areas of concern. They are suitability of well, adequacy of the road, site characteristics and compatibility. Suitability is there are six P & A wells within five miles of Basin 1 well site which are from the 1980's and one from the early 1990's so the area has

been drilled for oil & gas before. There are no bodies of water in the area. Old Woman's Creek is approximately 800 feet away from the drill site and it is intermittent, and the vacant land is flat. Paved roads are 285, 160, 17 & 15 and 66 and 66A. On CR 15 off of Hwy 112 there is a construction company using the road for hauling heavy loads along with a sawmill. Truck use was described in book under Schedule 2 with a general timeline of units used. Site characteristics footprint is larger to begin but will reduce as drilling is complete. Everything from the well will be hauled off-site. Dust control by water tanks, no fumes or odors. The County and Colorado Oil and Gas Conservation Commission (COGCC) have comparable regulations as well. Sound emissions should not be a problem as it is a remote site. A closed loop drilling rig will be used but the application does allow for reserve pit lined. No hydraulic fracturing is planned but if hydraulic fracturing is used the COGCC and Ms. Vanderpool will receive notification 48 hours prior. Equipment or tanks will be painted to blend in with the landscape. Re-vegetation and control of noxious weeds will be addressed and the site will be fenced according to COGCC and Land Use Codes. It is a compatible site geologically with no faults and sits approximately 5.3 miles from Del Norte. The site is not an ecological or culturally designated sensitive zone. Water used will be from a decreed industrial well. First Liberty Energy, Inc. has been in business since 2002 and have drilled 34 oil & gas wells in the state of Oklahoma and all are producing at this time.

Ms. Spaulding introduced into the record the President of First Liberty Energy, Inc. as Dan Beecroft and Randy Say as the Chief Geologist and the company man that lives in Arvada, CO., Mr. Peterson has thirty years of experience in oil & gas drilling and is the Vice President of Operations. Since you asked for a storm management plan, per your code, Section 6.1.13 we will put a small statement in our plan but until we know if the well will be a producing well or not, we cannot get specific. Future plans are if there is good production there could be more wells drilled according to COGCC and the Land Use Administration guidelines. The initial ground water testing has been done. One of the wells had been cemented and abandoned but the other three have been tested and you have reports in your supplemental information. Ms. Spaulding informed the Board there were undetected amounts of methane, propane and the VOC's in three wells and a slight detection of methane gas in two of the three wells and all of the wells were above normal in PH. Two other tests will be done after the well is drilled at the six to twelve month period and after 60-72 months. Regarding the storm

water management plan, Mr. Peterson will discuss so Ms. Spaulding passed. There will be Material Safety Data Sheets (MSDS) given to the board for the cement and mud used. The emergency response plan was provided to Mr. Wright and Mr. Peterson will address that more. Site plan has everything but GPS coordinates but they are listed on page four of the County application. Hydrogeological study was provided and Mr. Peterson will respond to that. Ms. Spaulding has given the Board Mr. Peterson's Curriculum Vitae and at end of this hearing, they will ask for approval of First Liberty Energy Inc. permit to drill Basin #1 well according to Section 7.6.5.2.

Andy Peterson, 5154 W Eisenhower Blvd, Loveland, CO., Mr. Peterson graduated from Colorado School of Mines with a degree in Petroleum Engineering and is a registered professional engineer in Colorado. Mr. Peterson gave a presentation to the audience and the Board. His presentation is on file in the Land Use Office.

Bill Dunn, County Attorney, asked if they pull the drill out of the hole, is it hard to clean up? Mr. Peterson replied it is mostly water and benzonite gel which are not hard to clean up. Farmers in Weld County and parts of the Front Range sometimes use this mud to treat soil that does not hold water well.

Chairman Shriver asked if they could use only a closed loop drill here as there had been no mention of using reserve pit drilling in any of the other meetings. After checking with Mr. Beecroft, they decided they were okay with closed loop being the only option of this permit.

Chairman Shriver then asked if there was anyone in the audience that wanted to give testimony today and if they did please stand and be sworn in.

Chairman Shriver noted that on December 12, 2012, the Rio Grande Inter-basin Roundtable met and requested the Board delay the conditional permit for 30 days due to the hydrogeological study being released. On January 7, 2013, the Board held an informational meeting with the Rio Grande Inter-basin Roundtable to inform them of the hydrogeological study. As Chairman Shriver is a member of the Roundtable and she abstained from voting.

Neutral Response:

Mike Gibson, from the Rio Grande Inter-basin Roundtable and San Luis Valley Water Conservation District, Alamosa, CO, 81101. Mr.

Gibson asked the Board to address local issues, water quantity and quality of aquifers, sub-districts and surface water. Mr. Gibson had concerns about the contamination of the aquifer as it is very big for farmers and Colorado Water Conservation Board. The Hydrogeological Study recommends the surface casing go through the Conejos formation and hope it will be considered by the Board and CCGOC. It is impossible to predict what the well will produce. Mr. Gibson recommends to the Board there be careful consideration to the aquifer and that the well be cased thru the Conejos layer. Regarding surface water, 40% of wells have contamination.

Support:

Jack Martz, lives between Del Norte & South Fork and has known the Mosley family for 25 years. The Mosleys own their mineral rights and land and have complied with all requests and the economic growth this could bring to Rio Grande County could be beneficial. We own 385 adjoining acres and would not support if I felt this could be dangerous.

Gale Heersink, Monte Vista, CO expressed support for the drilling and felt the permit should be allowed as long as they follow all the precautions they have described.

Charlie Burd, Monte Vista, CO is in support of the economic benefits and safeguards they are proposing to protect the water. Mr. Burd commented if domestic and irrigation wells had half the controls this well does we would be good.

Bo Ward, Monte Vista, CO supported the growth and advancement this would bring for Rio Grande County and these opportunities do not happen very often. Mr. Ward thought this was a good opportunity for families to advance themselves or better themselves.

Non-supportive response:

Christine Canaly, P. O. Box 223, Alamosa, CO is with the San Luis Valley Economic Council and has been working with Oil & Gas issues since 2006. Due to the awareness and dedication, we now have Oil & Gas regulations and a hydrogeological study in place. Ms. Canaly gave a copy of the study she quoted to Ms. Vanderpool and it was marked into the record.

Nicole Langley, who lives at the Sangre de Cristo Ranches, P. O. Box 521, Ft. Garland, has been a Roundtable facilitator for

several years. Ms. Langley spoke against only economic development. Too deep or deep enough is the question. Ms. Langley endorses the idea for jobs and economic reasons but the aquifer is too precious for any risk. If First Liberty, Inc. has the budget for Case 2 or Case 3, forget Case 1.

Tom Wolter, Del Norte, is against the Hughes well, but does not have a problem with the 1<sup>st</sup> well as long as they case to 4000'. Mr. Wolter believes casing should go thru the aquifer. Reports from the Jennyfer well say they will hit water, as well as the Hughes well. Economics will not be a big asset to Rio Grande County as most of workers will come and go and not live here. Mr. Wolter submitted the recommendation to the Board along with comments from Susan Constance for the record. Mr. Wolter asked about what was the "Community Development Charge-Back Agreement"? Ms. Vanderpool explained it was an agreement between Rio Grande County and the drilling company. Should the County have to hire experts for engineering, consulting and legal services in reviewing the development proposal, the drilling company would reimburse the County for its expenses. Mr. Monsson explained that he bills the County and is paid by the County. The drilling company then reimburses the County for this expense. Mr. Wolter wanted to know if this was a form of money laundering.

Terri Hance, 1613 Cattle Drive Road, Del Norte, CO, lived, and her husband worked, in Garfield County. Drilling companies bring in their own help so there is not economic growth for the community. There may not be contamination in our generation but there is a problem for future generations with contamination. There are problems listed on the COGCC website that show there are issues from drilling. The Board needs to think of all the ramifications from drilling.

Jim Kuehn 142 Wild Horse Lane, Del Norte, CO advises the Board to do their homework and look into other sites where drilling has been done. He agreed with the comments made by Terri Hance that the County does not want to be a Guinea pig. To consider the statistics in Weld County like how many emergency calls they have had.

Neutral Response:

Charles Spielman, 200 Truman Avenue, Monte Vista. Mr. Spielman has studied the hydrogeological study and recommends that Rio Grande County, COGCC and proponents work out a plan to benefit the county while minimalizing the risks. Mr. Spielman would like

to see another meeting to look at the Mancos formation. Any decision should be so that something good can happen.

Maureen Smith, CR 14, Del Norte, CO is a 27 year resident with husband Travis ranching on San Francisco Creek. Ms. Smith thanked the Rio Grande County Commissioners and also past Commissioner Murphy for completing the study that was funded by the Colorado Water Conservation Board. Ms. Smith would like the Board to adopt the 4000' casing to protect Conejos, 1000' setback from any stream or water source, consider onsite geologist to monitor drilling, to be paid by First Liberty, Inc. Ms. Smith would like to see more interest and more sampling from previous drill sites. Ms. Smith hopes Rio Grande County stays strong with regulations and no open pit drilling. Ms. Smith does not believe there would be an economic boost, as tax revenues mainly would be used for road repairs. Ms. Smith would like to encourage the State that the County has site specific regulations and the COGCC has a broad blanket and does not know the specific needs of Rio Grande County. Be diligent in the process in site specific and county implementation of rules and regulations and the hydrogeological study in place.

Applicant response:

Karen Spaulding appreciated all the time the Planning Commission has given in Rio Grande County. But the mineral interest owner do have the right to proceed. Application submitted in October 2012 and they have tried to get everything to Rio Grande County that was necessary. Economics of drilling deal with the depth when they get to that point as required by the COGCC. Per your request for master plan, it is not required by the COGCC. Ms. Spaulding does not feel there is a need to delay this permit because of the hydrogeological study. First Liberty Energy, Inc. will abide by COGCC and Rio Grande County rules and regulations.

Chairman Shriver asked Ms. Spaulding if First Liberty Energy, Inc. had any other sanctions against them. Ms. Spaulding indicated she knew they had drilled 34 wells in Oklahoma, and did not know about any sanctions. One would have to go on-line to the Oklahoma Oil & Gas web site to check.

Commissioner Bricker understands the eagerness of First Liberty Energy Inc. to get started. Since this is the first well to be drilled Commissioner Bricker would like First Liberty Energy, Inc. to understand a one-size does not fit all. The Rio Grande County Board of Commissioners needs to look at all aspects of this for the community and not a decision she would like to

rush. The Board received most information just this week and have not had enough time to review it. She agrees with Mr. Speilman about continuing this hearing, not enough time to digest information received.

Commissioner Davie did not know what depth the Conejos formation is and would like Mr. Monsson to write COGCC to get special field rules on drilling thru the Conejos. He would like to comeback in 30 days and add it as a condition of approval.

Ms. Vanderpool had concerns that during the Planning Commission meeting there was no mention of reserve pit.

Chairman Shriver voiced publicly that she is a firm believer in property rights and Mr. Mosley owns the property rights that he is entitled to use. Chairman Shriver is not opposed to oil & gas drilling but this could be the first one in Rio Grande County so we need to look and consider all aspects. Economic development could be a positive for the County but agriculture is a big industry here already so we do not want to jeopardize that to bring in a new industry. The Board has received lots of new information and some actually in the last few days so they need some time to review it. The Board is trying to be sure to do our due diligence.

Commissioner Bricker moved to exclude any further public comment to further discuss and close hearing and ask questions of the new materials received. The Board agreed to continue this deliberation until February 13, 2013, at 2:00 p.m. Commissioner Davie seconded the motion. Roll call was taken, Commissioner Davie, Yes; Commissioner Bricker, Yes; Chairman Shriver, Yes. The motion carried.

Chairman Shriver brought up discussion with the other Commissioners about the possible need for COGCC to review the hydrogeological study since it was recently released. There could be new scientific data in the study that COGCC could use in its due diligence review that it might make a change in its permit approval.

Commissioner Davie moved to have Mr. Monsson write the letter to the COGCC asking it to review the hydrogeological study and reconsider the permit application and any approved conditions based upon the new study. Commissioner Bricker seconded the motion. Roll call was taken. Commissioner Davie, Yes; Commissioner Bricker, Yes; Chairman Shriver, Yes.

Public Hearing was closed.

Attest:

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Karla L. Shriver  
Chairman of the Board

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Linda Slade  
Clerk of the Board