

STATE OF COLORADO)
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County of Garfield)

At a special meeting of the Board of County Commissioners for Garfield County, Colorado, held at the Grand Valley Recreation Center (Battlement Mesa) at 398 Arroyo Drive, Parachute, Colorado on Tuesday, the 15th day of December A.D. 2015, there were present:

John Martin, Commissioner Chairman
Mike Samson, Commissioner
Tom Jankovsky, Commissioner
Tari Williams, County Attorney
Kelly Cave, Assistant County Attorney
Jean Alberico, Clerk of the Board
Kevin Batchelder, County Manager

when the following proceedings, among others were had and done, to-wit:

RESOLUTION NO. 2016-03

A RESOLUTION OF APPROVAL GRANTED TO BATTLEMENT MESA LAND INVESTMENTS (SURFACE OWNER) AND URSA OPERATING COMPANY (OPERATOR) FOR A SPECIAL USE PERMIT FOR EXTRACTION AND PROCESSING OF NATURAL RESOURCES TO DEVELOP 28 NATURAL GAS WELLS ON A WELL PAD (KNOWN AS THE "D PAD") LOCATED IN THE EAST ½ OF THE NW ¼ OF SECTION 18, TOWNSHIP 7 SOUTH, RANGE 95 WEST OF THE 6TH P.M., IN THE BATTLEMENT MESA PLANNED UNIT DEVELOPMENT, GARFIELD COUNTY

PARCEL NO# 2407-081-00-152

Recitals

A. The Board of County Commissioners of Garfield County, Colorado, "Board" received a request from Battlement Mesa Land Investments (surface owner) and Ursa Operating Company (operator), collectively referred to herein as Applicant, for a Special Use Permit for Extraction and Processing of Natural Resources in the Battlement Mesa Planned Unit Development (PUD) to develop 28 natural gas wells on a well pad known as and referred to as the D Pad hereinafter, as further described in Exhibit A, Site Plan.

B. The D Pad is located on an a 1,248.87 acre parcel of land owned by Battlement Mesa Land Investments legally described as shown in Exhibit B. The D Pad location and disturbance elf will be approximately 7 acres.

C. The subject property and D Pad are located within unincorporated Garfield County in

the Low Density Residential sub-zone of the Battlement Mesa Planned Unit Development located east of the Town of Parachute, Colorado accessed by County Road 307 (known as River Bluff Road).

D. Extraction and Processing of Natural Resources may be permitted in the Low Density Residential sub-zone of the Battlement Mesa Planned Unit Development with a Special Use Permit.

E. The Board is authorized to approve, deny or approve with conditions a Special Use Permit through a Major Impact Review process pursuant to the Garfield County Zoning Resolution of January 2, 1979 (and zoning amendment adopted on October 15, 1979 in Resolution 79-132) processed as Major Impact Review pursuant to the Garfield County Land Use and Development Code of 2013, as amended.

F. The Planning Commission opened a public hearing on the aforementioned application on September 23, 2015 and continued the public hearing to October 28, 2015. The Planning Commission then closed the public hearing on October 28, 2015, and moved to recommend approval with conditions to the Board of County Commissioners by a vote of 6 to 1.

G. The Board of County Commissioners opened a public hearing on the 15th day of December, 2015 for consideration of whether the proposed Special Use Permit should be granted or denied, during which hearing the public and interested persons were given the opportunity to express their opinions regarding the request. This public hearing was continued to both December 16th and December 17th, 2015.

H. The Board of County Commissioners closed the public hearing on the 17th day of December, 2015 to make a final decision.

I. The Board of County Commissioners, on the basis of substantial competent evidence produced at the aforementioned hearing, has made the following determinations of fact:

1. That proper public notice was provided as required for the hearing before the Board of County Commissioners.
2. The hearing before the Board of County Commissioners was extensive and complete, that all pertinent facts, matters and issues were submitted and that all interested parties were heard at that hearing.
3. That for the above stated and other reasons the proposed Special Use Permit for *Extraction and Processing of Natural Resources* for Battlement Mesa Land Investments (Surface Owner) and Ursa (Minerals Lessee & Operator) is in the best interest of the health, safety, convenience, order, prosperity and welfare of the citizens of Garfield County.

4. That a waiver from Section 7-107 Access & Roadways (reduction of cross-slope from 3% to 2% for a gravel road) is granted.
5. That with the adoption of Conditions of Approval, the application is in general conformance with the 2030 Comprehensive Plan, as amended.
6. That with the adoption of the Conditions of Approval the application can adequately met the requirements of the Garfield County Zoning Resolution of January 2, 1979 (and zoning amendment adopted on October 15, 1979 in Resolution 79-132) and the Garfield County Land Use and Development Code of 2013, as amended.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Garfield County, Colorado, that:

- A. The forgoing Recitals are incorporated by this reference as part of the resolution.
- B. The Special Use Permit for Extraction and Processing of Natural Resources in the Battlement Mesa Planned Unit Development (PUD) to develop 28 natural gas wells on a well pad known as and referred to as the D Pad is hereby approved subject to compliance with the following conditions:
 1. That all representations of the Applicant, either in testimony or the submitted application materials, shall be considered conditions of approval unless specifically altered by the Board of County Commissioners.
 2. If future extraction and processing activity (additional to what is being permitted herein) would be proposed, an amended Special Use Permit shall be required prior to that activity occurring on the site.
 3. The Operator (Ursa) acknowledges that the County has performance standards in place that could lead to revocation of the Special Use Permit if violations of the permit occur.
 4. Operation of the facility must be in accordance with all Federal, State and Local regulations and permits governing the operation of this facility.
 5. The County commits to notifying the operator of any compliance concern. This may include direct notice by Garfield County to other affected permitting agencies if necessary depending on the compliance concern.

6. The County can request a site inspection with reasonable notice to the Operator. Full access to any part of the site will be granted. On request, all paperwork must be shown. The County cannot request a large number of inspections that would interfere with normal operation without cause.
7. All extraction and processing activities shall be required to comply with the following performance standards:
 - a. Volume of the sound generated: Every use shall be so operated that the volume of sound inherently and recurrently generated does not exceed 70 dB(A) from 7:00 AM to 7:00 PM and 65 dB(A) from 7:00 PM to 7:00 AM, measured 350 feet from the edge of the pad. As set forth in COGCC Regulation 802(b), the noise levels shall be subject to an increase by 10 dB(A) for a period not to exceed 15 minutes in any one (1) hour period and cannot exceed 65 dB(A) for shrill or periodic impulsive noise. Complaint protocols shall be governed by COGCC Rule 802(c);
 - b. Vibration generated: every use shall be so operated that the ground vibration inherently and recurrently generated is not perceptible, without instruments, at any point of any boundary line of the property on which the use is located;
 - c. Emissions of smoke and particulate matter: 1) every use shall be so operated so as to comply with all Federal, State and County air quality laws, regulations and standards, and 2) applicant Operator will have water trucks onsite for dust abatement during construction;
 - d. Emission of heat, glare, radiation and fumes: every use shall be so operated that it does not emit heat, glare, radiation or fumes which substantially interfere with the existing use of the adjoining property or which constitutes a public nuisance or hazard. Flaring of gases, aircraft warning signals, reflective painting of storage tanks, or other such operations which may be required by law as safety or air pollution control measures shall be exempted from this provision;
 - e. Storage area, salvage yard, sanitary land-fill, and mineral waste disposal areas:
 - i. Storage of flammable, or explosive solids, or gases, shall be in accordance with accepted standards and laws and shall comply with the National Fire Code;
 - ii. At the discretion of the County Commissioners all outdoor storage facilities for fuel, raw materials and products shall be enclosed by a fence or wall adequate to conceal such facilities from adjacent property;
 - iii. No materials or wastes shall be deposited upon a property in such form or

- manner that they may be transferred off the property by any reasonable foreseeable natural causes or forces;
- iv. All materials or wastes which might constitute a fire hazard or which may be edible by or otherwise be attractive to rodents or insects shall be stored outdoors in accordance with applicable State Board of Health Regulation;
- f. Water pollution: in a case in which potential hazards exist, it shall be necessary to install safeguards designed to comply with the Regulations of the Environmental Protection Agency before operation of the facilities may begin.
8. All lighting, except as demonstrated for safety reasons, shall be directed inward and downward and be shaded in order to prevent direct reflection on adjacent property and residences in the area. LED lights will be used when possible and practical. Workers will be advised when moving light plants to ensure that the light is focused directly on the work being done. Most lighting will be below the sound wall. Drilling mast lighting that is above the sound wall will be downcast and/or shielded to reduce fugitive light outside sound wall and well pad. Safety considerations will take precedence.
9. The construction of the D Pad shall be limited to the hours of 7:00AM to 7:00PM, with the exception of emergencies and episodic events beyond Ursa's control. Drilling may occur continuously 24 hours a day. Well completion activity shall be limited to occurring between 7:00AM and 7:00PM. Once the wells are in production, vehicle trips to the pad shall be limited to the hours of 7:00AM to 7:00PM, with the exception of emergencies and episodic events beyond Ursa's control.
10. Operator will comply with COGCC Series 1100 rules and associated guidance which requires at least one annual pressure test be performed. Operator shall utilize only welded and flanged connections for all buried flowlines. The Applicant shall bed and partially backfill flowlines on the pad with non-native backfill to eliminate the corrosive soil concern. Operator will line all flowline trenches with a bentonite liner at least 6 inches in depth.
11. Operator shall comply with the CDPHE regulations and air quality permit conditions for emission controls considering technically and economically feasible BMPs. All facilities onsite shall be subjected to an instrument-based leak detection and repair (LDAR) inspection at least monthly during drilling and completion and quarterly during production. If a leak over 10,000 ppm hydrocarbons is discovered, the first attempt to repair the leak shall be made as soon as reasonably possible and in accordance with state law.
12. The Operator shall comply with COGCC green completion practices and EPA's natural gas STAR program to reduce VOC emissions to the lowest level technically possible for the wells on the D Pad. Additionally, the Applicant commits to using carbon blankets over

thief hatches on temporary tanks to reduce odors.

13. Once construction begins, the Operator shall treat all List A, B C noxious weeds within pad site perimeter and along access road according to Ursa's noxious weed management plan. This shall include three treatments annually by a licensed and certified herbicide applicator.
14. The Operator shall commit to ensuring truckloads of dirt, sand, aggregate materials, drilling cuttings, and similar materials are covered to reduce dust and PM emissions during transport.
15. The Operator shall provide a formal update to the Board of County Commissioners on a quarterly basis as to the progress of the project, including but not limited to, 1) advancement and utilization of odor and emissions technology, 2) Operator's technologies utilized to reduce emissions and odors on the well pad(s), and 3) review of complaints from neighboring property owners and Community Count's 24/7 response system. This update shall be coordinated through the Community Development Department specifically including the Oil and Gas liaison's office. Updates shall begin at the beginning of construction and continue throughout drilling and completion operations and cease once the pad is in full production operations.
16. No Special Use Permit shall be issued to the Applicant/Operator (and no activity shall occur on the site) until all required local, state and federal permits, except those permits which are obtained only after construction is complete, have been obtained and tendered to the County Community Development Department. A violation of any of the terms and/or conditions of these local, state and federal permits shall also be considered a violation of the Special Use Permit. The Air Quality permit shall be submitted as soon as it is received.
17. The Operator will provide a draft site specific SPCC plan for D Pad within 30 days of installation of tank containment structures. The Operator shall provide a final site specific SPCC plan for the D Pad wells pad within six months of installation of the tank containment structures per EPA regulations. The site specific plan shall include information on storage tank sizes and the volume of secondary containment is calculated.
18. Prior to the issuance of the Special Use Permit, the Applicant should provide a discussion, calculations, and details for the proposed release structures from the detention pond.
19. Prior to the hearing before the Board of County Commissioners, the Applicant should evaluate if a culvert is necessary at the driveway intersection with River Bluff Road. It appears from the topography that grading of the area to drain may also be necessary to get runoff to drain to the existing culverts.
20. The Applicant (Ursa Operating Company LLC) shall provide a one-time contribution of

\$50,000 to Garfield County (unless said \$50,000 payment has previously been paid for the B Pad Special Use Permit), prior to the issuance of the Special Use Permit, for site-specific air quality monitoring program designed, owned and operated by Garfield County. The sampler will collect a suite of 78 volatile organic compounds (VOCs) based of the EPA's TO-12 method which include the BTEX compounds. Results of the air monitoring will be publically available and reported to the BOCC on a regular basis. The Applicant shall provide the Garfield County Environmental Health Department with at least 2 weeks advance notice prior to drilling and completions activity. Permission shall be granted to Garfield County by the land owner (Battlement Mesa Partners) for the location of the sampling unit. A letter of agreement to the terms of the program shall be executed prior to the issuance of a special use permit.

21. The Application proposes a significant landscaping program; as a result, the Applicant should provide more information regarding the ongoing irrigation for this plan.
22. Applicant agrees and commits to a three year time frame which includes placing up to 28 natural gas wells into full production. This time frame will commence at the start of construction of a well pad.
23. The preferred/primary haul route for this Special Use Permit is the Upper Route (I-70 exit 75). The Lower Route (I-70 exit 72) shall be a secondary route.
24. All drill cuttings shall be disposed of in accordance with state law/COGCC regulations.
25. Sound barriers shall be included around the well pad and internal completions equipment. Additional sound walls closer to residential units shall be available upon mutual agreement between the Operator, landowner, and homeowner(s).
26. Silica proppant shall be utilized only with silica controls including dustless silos or equivalent technology.

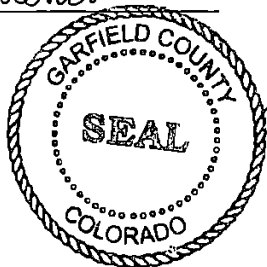
Dated this 4th day of January, A.D. 20 16.

ATTEST:

Jean M Alberico
Clerk of the Board

GARFIELD COUNTY BOARD OF
COMMISSIONERS,
COUNTY, COLORADO

[Signature]
Chairman



Upon motion duly made and seconded the foregoing Resolution was adopted by the following vote:

- COMMISSIONER CHAIR JOHN F. MARTIN _____, Aye
- COMMISSIONER MIKE SAMSON _____, Aye
- COMMISSIONER TOM JANKOVSKY _____, Aye

STATE OF COLORADO)
)ss
County of Garfield)

I, _____, County Clerk and ex-officio Clerk of the Board of County Commissioners, in and for the County and State aforesaid, do hereby certify that the annexed and foregoing Resolution is truly copied from the Records of the Proceeding of the Board of County Commissioners for said Garfield County, now in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said County, at Glenwood Springs, this ____ day of _____, A.D. 20 ____.

County Clerk and ex-officio Clerk of the Board of County Commissioners

_____.



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01/05/2016 04:19:45 PM Jean Alberico
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Exhibit B: Legal Description

East ½ of the NW ¼ of Section 18, Township 7 South, Range 95 West within the Battlement Mesa Planned Unit Development, a parcel having 1248.87 acres (PID: 2407-081-00-152).

Section: 8 Township: 7 Range: 95 ALL THAT PROPERTY LOCATED IN SEC 5, 6, 7, 8, 9, 10, 16, 17, 18, 19 IN 7-95. ALSO THAT PROPERTY LOCATED IN SEC 13 & 24 7-96 ALL WITHIN THE BATTLEMENT MESA PUD. EXCEPT A TR CONT 6.20 AC DESC IN REC #502259. EXCEPT TOWN CENTER FL #5 AS DESC IN REC #513419 CONT 22.370 AC. ALSO A TR OF LAND CONT 18.574 AC +/- AS DESC IN BNDY LINE ADJ BK 1703/327, 330 EXCEPT A TR OF LAND CONT. 37.65 AC +/- AS DESC ON THE FINAL PLAT, STONE QUARRY COMMONS, A RE-SUB OF LOTS 5-1 & 5-2 OF BATTLEMENT MESA PUD REC #691907. EXCEPT A TR OF LAND CONT 35.461 AC +/- AS DESC IN WD BK 1877/16 EXCEPT A TR OF LAND CONT 35.33 AC +/- AS DESC IN SWD BK 1947/706. EXCEPT A TR OF LAND CONT. 11.81 AC +/- AS DESC IN THE TOWN CENTER, FLG #6, BATTLEMENT MESA PUD, REC # 743233 & GWD #743971. EXCEPT FOR 6 TRACTS OF LAND - PARCEL 1, 57.68 AC +/-: PARCEL 2, 76.26 AC +/-: PARCEL 3, 52.80 AC +/-: PARCEL 6, 35.67 AC +/-: PARCEL 7, 56.17 AC +/- AND OLD HIGH SCHOOL PARCEL, 41.35 AC +/- AND DESC IN SWD REC #740298, & TOTALING 319.93 AC +/-

Practical Description: The proposed D Pad location is on a 7 acre portion of the 1248.87 acres adjacent to and southeast of River Bluff Road (CR 307) in the Battlement Mesa PUD. The proposed site is west of the Valley View Village residential area and south of the Willow Creek Village residential area.