



DELTA COUNTY, COLORADO

PLANNING AND COMMUNITY DEVELOPMENT

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Staff Report

TO: Board of County Commissioners

FROM: Delta County Planning Department

RE: **SD13-002 Hamilton 33-33-a Oil Well**
Applicant: Fram Americas, LLC
Landowner: 7H7 Properties Hamilton, LLC

The following memo was sent to all property owners within 1000 feet of the property line on which the proposed development is located:

Pursuant to the Delta County Specific Development Regulations you are hereby notified that Fram Americas, applicant and 7H7 Properties Hamilton, LLC, landowner, have applied for approval of an oil well on an existing oil and gas well pad site. The oil well will be located in the NW1/4 of Section 33, Township 13 South, Range 95 West, of the 6th Principal Meridian with a physical location west of Orchard City on the Hamilton Ranch, address is 18065 Oak Creek Road, Eckert, CO.

Note: This well pad site was previously approved under SD06-009 Aspen Operating LLC for a gas well in 2006.

The following information was taken directly from the application provided by the applicant:

Because of indications of oil in the existing Hamilton 3-33 well, the proposed well will be drilled on the existing Hamilton 3-33 well site. The well will be drilled to a depth of approximately 3,296 total vertical feet. Surface water will be protected by setting surface casing to a depth of 500 feet.

In the spring of 2013, Fram will begin reconstruction of the well pad with drilling to commence approximately 30 days thereafter. Fram will use local labor for reconstruction. It will take about 15 days to drill and complete the well. Should the well prove capable of producing commercial amounts of oil, Fram will prepare a subsequent plan of operation to drill and test additional wells on up to four additional pads (Note: If this occurs an additional application well be required and subsequent approval from the County Commissioners – Staff).

Reconstruction of the existing well site does not require the removal of any trees. Soon after completion, Fram will begin Interim reclamation. Interim reclamation will include re-grading and re-seeding of all edges of the pad not necessary for operations. The seed mix will be approved by the county and the surface owner and will be designed to quickly provide groundcover thereby reducing the potential for erosion.

From State Highway 65, access to the well location is in a Westerly direction along North Road approximately 2.2 miles to the junction of Oak Creek Road; then in a Northwesterly Direction along Oak Creek Road approximately 2 miles to the private access road then approximately 1.3 miles to the proposed well pad. No modifications to the access will be

necessary. During reconstruction, drilling and completion, Fram expects approximately 40 heavy loads during mobilization and demobilization of the rig. Other light pickup size vehicle traffic is expected to be approximately 98 round trips. Fram does not expect the development to have a material adverse impact on roads.

The Well plan is will be filed with the COGCC. Upon receipt of approval, from the State, the County will be forwarded copies of the official approval. If it is determined any additional permits are necessary, these permits will also be submitted.

The well is not located within wildfire hazard area. Safety is of the utmost importance for Fram Operating, LLC. Personal are trained in the use of fire suppression devices. If the Local Fire District determines that additional mitigation is necessary, the operator commits to work with the Fire District and County to address concerns.

This application is under consideration for administrative approval and no public hearings are scheduled at this time. The application will be heard by the **Board of County Commissioners at a date TBD.**

Any written comments on this proposed development for the Board of County Commissioners must be received by the Delta County Planning Department no later than **April 12, 2013** at the Delta County Courthouse, 501 Palmer Street, Suite 115, Delta, Colorado 81416 or e-mail to planning@deltacounty.com or by faxing to 874-2500. If you have any questions please feel free to call the Planning Department at 874-2110. The information contained in this notice is as updated as the Delta County Assessor's ownership records indicate at the time the application was processed.

Staff Recommendation:

Staff has received no comments from adjacent property owners concerning this proposed development, therefore is recommended that this application be approved administratively with the following conditions of approval:

Conditions of Approval:

1. The Delta County Local Government Designee (LGD) shall have access to the well site for the purpose of determining compliance with these conditions. The Local Government Designee shall comply with all safety requirements and shall preserve the confidentiality of any proprietary information which becomes known to him. Delta County shall also comply with confidentiality requirements, as defined and to the extent stated in the Colorado Oil and Gas Conservation Commission (COGCC) rules and regulations. To the extent Fram Americas, LLC is required to communicate information to Delta County, which must remain confidential, such communication will be submitted through the County Attorney.
2. Fram Americas, LLC, shall apply for and receive an address from the County for the well site, and the well site shall be incorporated into the E911 Emergency Reporting System. The County may require a gate at the access off of the County road, provided that the gate shall not jeopardize access to emergency vehicles.
3. Fram Americas, LLC, agrees to provide on-site orientation at the drill site for personnel from the Fire District and/or the Delta County Hazardous Material Team. Fram Americas, LLC, agrees to furnish equipment (spill kit) to contain spills including drilling, completion and testing fluids on land and in watercourses to the Fire District personnel and/or the Delta County Hazardous Material Team in the event of a truck accident, spill and/or fire. Fram Americas, LLC, will coordinate with the Fire District and/or the Delta County Hazardous Material Team to provide orientations and maintain previously provided equipment.
4. Fram Americas, LLC, is required to provide an emergency preparedness plan to include the following: (a) Name, address and phone number, including a 24-hour emergency number of at least two persons responsible for emergency field operations; and (b) 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. The plan shall include all Material Safety Data Sheets (MSDS) for chemicals and materials that may be used during construction, drilling and production including hydraulic stimulation (fracturing). The Emergency Response Plan shall be deemed approved at the expiration of five (5) working days following its filing with the Delta County Emergency Preparedness Coordinator (Tele.: 874-2004), or within five (5) working days of the approval of this agreement, whichever is later, unless the Emergency Preparedness Coordinator advises Fram Americas, LLC, of any substantive deficiencies within that time. Fram Americas, LLC, shall make arrangements to have in place a communication system whereby personnel at the well site will be able to communicate with Delta County Dispatch. Fram Americas, LLC, will coordinate with the Delta County Emergency Preparedness Coordinator to update any existing plans or agreements.

5. Fram Americas, LLC, has agreed to meet initially with representative from Delta County Fire Protection District #3 and the Delta County Hazardous Materials Team to discuss issues of mutual concern regarding the safety of the facilities. The wells may be located in a wildfire hazard area. Fram Americas, LLC, shall provide Fire District #3 (Cedaredge) with the fire mitigation plans for the well site, including detailed information as to fuel location, hazardous materials and proposed methods of fire suppression, including the use of foam during construction, completion, rework, or any other time a rig or treatment equipment are on the well site. Fram Americas, LLC, agrees to meet with the representative on a regular basis to update any changes to the Mitigation Plan. Due to the fact this is a potential production well, Fram Americas, LLC, shall agree to supply funding to allow more fire district personnel to attend appropriate fire and emergency training related to oil and gas activities.
6. Reimbursement of the costs of responding to and fighting any fire and/or emergency situation at the well site requiring the presence of the Fire District shall be governed by § 30-10-513.5, C.R.S.
7. Fram Americas, LLC, shall notify the County with respect to the following events:
 - a. Upon the commencement of final reclamation of the well site or upon a request for waiver of final reclamation pursuant to Section 1001.C. of the Rules of the Oil and Gas Conservation Commission.
 - b. With respect to any sale, lease or other reassignment of the operating interest in the proposed gas wells to another party, within thirty (30) days after the transfer.
 - c. Any permits obtained by Fram Americas, LLC, from federal and state agencies pursuant to their regulations, e.g., stormwater discharge permit, including copies of said permits, as well as copies of written notices of any alleged violations of federal or state law received by Fram Americas, LLC, concerning oil and gas operations in Delta County.
8. If an off-site staging area is required during the drilling, completion, and production of the wells, the area shall be constructed and protected in the same manner as the access road. If such staging area is accessed off a County road in a different location from the well access then an additional access permit shall be obtained prior to the use of the area. The staging area will be authorized for a period of one (1) year, but if required beyond that period, Fram Americas, LLC shall file an application for its continuation under the Specific Development Regulations at least ninety (90) days before the year expires.
9. Fram Americas, LLC, will provide to Delta County the haul routes for this well. It is recommended that the Applicants meet with the Board of County Commissioners to establish by mutual agreement an appropriate bonding requirement in relation to the impact on the designated haul routes. If an agreement is not reached, the Board of County Commissioners should establish the appropriate bonding requirement. No other haul route using roads maintained by Delta County as part of the Delta County road system may be used for heavy truck traffic without written consent of the Board.
10. Fram Americas, LLC, agrees to control fugitive dust emissions from Fram Americas, LLC, activities on all access and County roads used as haul routes during the construction, reclamation of the drill pad, drilling, completion, operations, and testing of the well.

11. The site plan for each well as approved as part of the APD issued by the COGCC shall be attached to this Development Agreement and recorded in the Office of the Delta County Clerk and Recorder.
12. The operations shall be conducted in such a manner that liquid and solid wastes and other nuisances are confined to the site or disposed of in compliance with any applicable county regulations so as to avoid any adverse impact on adjoining lands. An adequate container is required at each drill site to handle municipal solid waste and construction debris. All other solid waste if intended for disposal at the Delta County Landfill will require approval of the Delta County Solid Waste Coordinator prior to disposal.
13. A noxious weed survey and mitigation plan for the well site shall be submitted to and approved by the Delta County Weed Coordinator (Tele.: 872-1000) prior to commencing operations. The noxious weed mitigation plan shall be deemed approved at the expiration of five (5) working days following its filing with the Delta County Weed Coordinator, or within five (5) working days of the approval of this agreement, whichever is later, unless the Weed Coordinator advises Fram Americas, LLC, of any substantive deficiencies within that time.
14. In order to mitigate the impacts of the heavy truck traffic on the residents that live along County roads used as haul routes, the applicant will use reasonable efforts to minimize heavy truck traffic between the hours of 11:00 p.m. and 6:00 a.m. In addition, Fram Americas, LLC, will use reasonable efforts to avoid scheduling heavy truck traffic on County roads when in the reasonable opinion of the County Road Foreman there is a high probability of damage to such roads because of seasonal conditions, such as spring thawing. Such restrictions shall not apply to Fram Americas, LLC, unless they are also applied to similar truck traffic using the same roads. Fram Americas, LLC, will not use roads closed by the County during fall and winter without entering into an agreement with the County to maintain and repair such roads or pay the County to do so. A winter road maintenance agreement shall be agreed upon and completed with Delta County prior to commencing operations on the well, this agreement shall include all involved residents and the BLM.
15. When staging (in or out) or at any time the operations require heavy truck traffic on a County or public road, Fram Americas, LLC, will notify the Sheriff and/or the Town of Orchard City Manager as appropriate, in advance as to date, time and place, and utilize proper signage and flaggers so as not to unreasonably impede the flow of traffic.
16. Chemical toilets shall be allowed and shall be pumped and maintained in a sanitary condition by a Delta County Licensed Contractor.
17. Provide a copy of the surface use plan, which will detail the means by which Fram Americas, LLC, will manage and control runoff, stormwater, and implement erosion control measures.
18. The Applicant will provide the following site security:
 - a. Security arrangements, including fencing and locked gates for oil and gas facilities shall be as mutually agreed between the operator and the surface owner.
 - b. Operator may be required by the County to construct a gate at the point of access to the County Road, so long as emergency vehicle passage is not restricted.
 - c. Open-ended discharge valves on all storage tanks, pipelines, and other containers shall be secured where the facility site is unattended and/or accessible to the general public.

Any changes/alterations to this development shall be submitted to the Delta County Planning Department for approval. If the impacts for any changes/alterations are significant, a new application shall be submitted and full review with approval from the Delta County Board of County Commissioners and a new Development Agreement will be required prior to any construction or expansion of the operation.