

Conditions of Approval for Application 16-015, Fortuna Oil & Gas, LLC

The Huerfano County Planning Commission recommends the Approval of Conditional Use Permit Application 16-015 for Fortuna Oil & Gas, LLC subject to the following conditions;

- Property owners shall identify water wells to be tested within two (2) miles of the well pad, both before and after drilling operations. Certified letters requesting the identification of wells shall be sent by Applicant. Acceptable water samples shall be obtained no less than (3) weeks prior to the commencement of drilling in cooperation with the property owners.
- Permit expires when exploration is complete. A new application for production phase will be required.
- Source of water and amount necessary shall be provided to the County prior to the commencement of drilling operations.
- Supply a copy of the mineral lease between Operator and State of Colorado Land Board prior to the start of drilling.
- Applicant must provide prove of approval from the holder of the Conservation Easement, Colorado Cattlemen’s Association prior to the commencement of drilling.
- Berm must utilize a HEC-2 measurement for a height on the berm. Must be completed prior to the commencement of drilling.
- All cuttings and produced water shall be disposed of using an approved site located outside of Huerfano County. No cutting pits, trenches or piles to be located on drill site. Huerfano County must be notified of the name and location of the approved disposal site prior to the commencement of drilling operations.
- No produced water shall be disposed of in Huerfano County.
- Local Office of the NRCS shall approve the re-vegetation and noxious weed plan prior to the commencement of construction.
- All rigs shall be cleaned and washed prior to entering the County. County Staff must inspect all rigs prior to entering any County Roads.
- Drilling site must be inspected by the Local Office of the NRCS prior to any construction activity for noxious weeds.
- \$135,000 Security Bond shall be provided to the Public Works Director prior to the commencement of well construction activities. Bond will be held until such time road conditions are met and work inspected and approved by County staff.
 - 1).** – The operator shall employ a contractor responsible for road maintenance on County Road 310 before the well construction begins. This will include grading/shaping the road and the placement of Magnesium Chloride on approximately six (6) miles of County Road 310.
 - 2).** – The operator is responsible for working with their contractor to keep the road in a condition conducive to vehicular travel. County verified complaints regarding the road (washboards, etc.) will be addressed by the contractor within 24 hours of a complaint being received. For road conditions deemed serious, the contractor shall respond to immediately.
 - 3).** – The operator upon well completion shall employ a contractor to grade/shape approximately eight (8) miles of County Road 310. Once the work is accepted by County staff,

the operator shall employ a contractor (preferably a local contractor) to place Class 6 road base on approximately eight (8) miles of County Road 310 at a depth of 6" per County Road Standards. Once gravel is placed the contractor or their designee shall apply magnesium chloride as approved by County representative. This work shall be completed within six (6) months of well completion or the Security Bond will be forfeited in its entirety.

4). – A County Road Access Permit will be required.

5). – If the well proves to be a producing well an additional road maintenance plan to include road improvements should be anticipated.

- \$5,000 Security Bond shall be provided for noxious weed mitigation, bond to be held until all noxious weeds are ratified, bond shall be submitted to County Staff prior to the commencement of construction activities.
- All lighting must comply with the Huerfano County Dark Sky Regulations.
- All trash must be stored in bear proof containers.

Currently, the Emergency Response Plan outlines Combustible Gas Release (propane tank) and Hydrocarbon Vapor Cloud Release (propane tank), it is staff's recommendation for an inclusion as listed below;

1). - Make an inclusion into the Emergency Action Plan for a Methane Gas release to include control measures if it is encountered.

- Storm water Construction Permit from the Colorado Department of Public Health and Environment must be submitted to staff prior to the commencement of construction activities.
- All chemicals must be stored in an approved chemical containment facility, covered, secured and locked.
- Staff must be in receipt of complete insurance policy which includes the County, it's officers, employees and Contractors as insured parties, and further indemnifies them against claims by other parties. Staff shall be in receipt of the policy prior to the commencement of construction.
- Applicant must submit a COGCC approval. Staff must be in receipt of approval prior to the commencement of construction.
- Local government representatives may conduct on-site inspections.
- A \$7,500 Bond must be submitted to staff for the purpose of Site Reclamation.
- The August 31st Emergency Response Plan must be amended to include items listed below and must be submitted to staff prior to the commencement of construction.

- Operations shall begin within one year of CUP approval
- Notify the LGD of any of the following forms at time of filing with the COGCC
- Form 4 sundry notice
- Amended form 2 or 2A
- Form 10 change in operator
- Form 15 pit permit
- Form 18 complaint
- Form 31 or 35 pertaining to injection wells
- Form 19 spill notice
- Form 27 site investigation and remediation workplan This form shall be submitted to the Director for approval prior to the initiation of site investigation and remediation activities.

- Form 27 is intended to be used whenever possible.
- Form 28 E&P Waste Mgmt Permit Before any person shall commence construction of a centralized E&P waste management facility, such person shall file with the
- Director an application on Form 28
- Form 5 & 5A (once confidentiality period is expired)
- The operator shall notify the local emergency dispatch and the local governmental designee of any flaring. Notice shall be given prior to the flaring if the flaring can be reasonably anticipated, and in all other cases as soon as possible but in no event more than two (2) hours after the flaring occurs.

AMENDMENTS TO THE AUGUST 31, 2016 EMERGENCY RESPONSE PLAN

FORTUNA OIL & GAS 16-015

- Table of Contents must include page referencing numbers as well as numbered pages in the Emergency Response Plan.
- **Emergency Response & Evacuation A.3=** What is the Contingency Plan and where can it be located?
- **Personnel Responsibilities, 3.1 Unified Command=** What does membership entail?
- **3A= Does Fortuna have a list of contractors or necessary resources?** Fortuna must provide list of contractors and necessary resources to staff prior to the commencement of construction.
- Fortuna Oil & Gas must submit to staff a site plan which includes the location of the drill site, all on-site structures and their uses, chemical storage location, designated mustering point, first aid stations, command center. Must be submitted prior to construction.
- Is there an evacuation route? Evacuation route must be included in the Emergency Response Plan.
- **Operations Team Leader=** Is the Operations Team Leader on-site? If not, where are they responding from?
- If on-site, include name and contact information to County Personnel and include in the Emergency Response Plan's Emergency Phone List.
- **HSE Representative:** What is the HSE? Who is the HSE for this project?
- **Command Center:** In a power outage, what is the verified means of communication?
- **Fire Fighting Philosophy:** Fortuna Oil & Gas, LLC must provide all necessary firefighting means.
- Fortuna Oil & Gas, LLC will be required to have two (2) 500 Barrel water tanks on-site, at all times, designated for the sole purpose of firefighting. Highlighted section under subsection "A" must be removed from the Emergency Response Plan.
- Applicant must provide Huerfano County and County Office of Emergency Management with radio frequencies. Will County be able to access the frequency?
- **Subsection "C"-** Who will provide service/care? Who is Search & Rescue, part of Fortuna Oil & Gas team?
- **Night Shifts, Weekends, Holidays-** What are the hours of operation? Applicant must provide Huerfano County with hours of operation to include nights, weekends, and holidays. Also include the total number of staff members during the hours of operation.

- **Responsibilities-** HSE Staff, are they on-site at all times or do they leave?
- **Personal Injury or death “B”-** Huerfano County must be notified of any death.
- **Spills-** Other entities to include in spill response notification must include appropriate authorities. i.e., State, Federal and Local Governments.
- **Hydrocarbon Vapor Cloud Release-** Add #13 to include the Notification of appropriate State, Federal and local government entities.
- Make an inclusion of procedures for methane gas if encountered.
- **Additional Transportation Available Locally-** Where is Fortuna’s Emergency Response Team responding from? What is the response time?