

- The table below (compiled from the County's grant applications) shows recent examples of the County's own estimates of the total number of employees supported by CBM development. Although we think the numbers shown may overstate the industry's direct employment, they support our contention that the industry's beneficial impact on employment and the economy in general is much larger than is conveyed in the CIR.

Oil and Gas Employment Numbers Contained in La Plata County Energy Impact Grant Applications:

| YEAR | Energy Production Employees residing within the jurisdiction | GRANT APPLICATION |
|-------------|---|------------------------------|
| 1988 | 901 | overlay grant/economic grant |
| 1989 | 990 | overlay grant/economic grant |
| 1990 | 1496 | overlay grant/economic grant |
| 1991 | 1417 | overlay grant/economic grant |
| 1992 | 1451 | overlay grant/economic grant |
| 1993 | 1546 | overlay grant/economic grant |
| 1194 | 1886 | Grader Grant |
| 1994 | 1630 | overlay grant/economic grant |
| 1995 | 1724 | Grader Grant |
| 1995 | 1711 | overlay grant/economic grant |
| 1996 | 1830 | overlay grant/economic grant |
| 1997 | 1953 | Grader Grant |
| 1997 | 1850 | overlay grant/economic grant |
| 1998 | 1927 | Grader Grant |
| 1998 | 1869 | overlay grant/economic grant |
| 1999 | 2079 | overlay grant/economic grant |
| 2000 | 1907 | Grader Grant |
| 2000 | 2130 | overlay grant |

In addition to the direct and contract CBM employees, there are a substantial number of employees in non-basic industries supported by CBM-related spending. The CIR should include realistic estimates of total employment and income resulting from CBM activity and the Section 3.2 narrative should describe the economic linkages and the multiplier effect. Without these estimates, the reader of the CIR receives an incomplete and misleading understanding of the relative importance of the CBM industry to the La Plata County economy.

Property Values

Section 3.2.7 (Pages 3-50 through 3-54) of the Draft CIR goes to some length to estimate the monetary *costs* to property owners associated with property value impacts of Coal Bed Methane. A balanced impact report should also include estimates of the *benefits* of

CBM development to La Plata County property owners. The CIR says that La Plata County has the fourth lowest property tax mill levy of the 63 counties in Colorado (Page 5-18). Revenues from CBM development account for a substantial portion of the reduced mill levy rate that La Plata County property owners enjoy. As discussed in our comments on the Local Government revenue section above, the average residential property owner would have had to pay an additional \$600 in property taxes to receive a similar level of services. While this amount may vary from year to year, the CBM-related reduction in property taxes for all La Plata County taxpayers is substantial.

Estimate Of Impacts Of Existing CBM Development To Residential Property

In Section 3.2.7.3 (Pages 3-53 & 54), the Draft CIR concludes that properties with CBM wells near but not on the property experienced a net reduction in value of \$200, or less than one percent of total value. This estimated reduction in value is more than offset each year by the reduction in property taxes described above (\$600 in 2001 alone).

The Draft CIR also provides an estimate of the net effect of CBM wells on the value of properties on which a well is located. The CIR estimates the overall average effect as a reduction in value of about 22 percent or \$68,100. The CIR should acknowledge that owners of properties on which CBM wells are located receive compensation in the form of damage payments from the operators, which are based in part on the value of the land removed from other uses. Data obtained from the assessor's records provides additional information and is used in the negotiated process with surface owners. Many companies have a success rate of between 99% and 100% in addressing damages and use when negotiating Surface Use Agreements or other rights-of-way. Landowner damage payments offset any reduction in the value of a property where a CBM well is located.

The County's own right-of-way acquisition process provides a similar example of property value compensation. When the County widened Florida Road, it compensated property owners for rights-of-way and subsequent effects on property values.

Further, in the property value analysis (Section 3.2.7, Pages 3-50 through 3-54), the construct of the distance to nearby wells for homes on adjacent properties seems questionable. First, according to Table 1, it seems there are only 5 or 6 home sales that have a well within 550 feet but not on the property. This is a small sample on which to base the conclusion regarding a potential positive impact that offsets the negative effects of wells located further away. Second, why was the distance of 550 feet selected? Given the 160-acre spacing requirement (about 1/4 mile), the use of 1,320 feet for the outer ring seems logical. But why not then use 1,000 or 650, or 1,300 feet and then conduct a sensitivity analysis.

3.4.5 Landscape Viewshed Sensitivity and Evaluation and Results Of the Evaluation Of Landscape Viewsheds, through Noise. Pages 3-75 through 3-85.

Because of the recent Court of Appeals ruling, *Town of Frederick v. North American Resources Company*, "the local imposition of technical conditions on well drilling where

no such conditions are imposed under state regulations, as well as imposition of safety regulation or land restoration requirements contrary to those required by state law, gives rise to operational conflicts and requires that the local regulations yield to the state interests. *Bowen/Edwards*, supra, 803 P.2d at 1060, such is the case with the setback, noise abatement, and visual impact provisions invalidated by the trial court here.” Thus, the ordinance sections that the trial court invalidated are preempted on the bases of operational conflict.

There is no page number, but this error can be found immediately after Page 3-75 with Photograph #6. The separator has been mislabeled as a wellhead.

Methane Seepage

Section 3.6.2.1, Pages 3-87 to 3-88. This section makes no reference to the water well sampling program required under the infill order issued by the COGCC in 2000 for the 160-acre infill wells. This order requires that the nearest two wells within a ½ mile be identified and sampled prior to and after completion of all new infill wells. At last count, hundreds of water wells have been sampled and the total grows daily. This program should be referenced in this subsection.

Dying Vegetation

Section 3.6.2.3, Page 3-89. The comment is made in the 5th line that “areas of affected vegetation appear to be expanding over time and more plants are showing indications of stress” along the outcrop. This is not a true statement. Pedestrian surveys have been conducted over the last three years and no trend has been observed regarding stress on vegetation. This can be confirmed by reviewing the reports prepared by LT Environmental, the company conducting the pedestrian surveys, and submitted to the County, the COGCC and the BLM.

Chapter 5- Impact Analysis For the Anticipated CBM Development

Land Use Impacts

Page 5-2, second paragraph under this subsection. The statement that drilling would be limited to a 2-month period is incorrect. The drilling phase should take from 7-12 days. This paragraph also refers to “decommissioning/reclamation would occur over a 5-year period over the entire study area”. This statement is misleading. Most of the wells will be abandoned over a larger span than just 5 years. This could be spread over a period of 10-15 years and should be reflected in the final document.

Private Lands

Page 5-4, third paragraph. A total of 433 acres is presented as long-term disturbance on private lands from CBM development in the study area. The entire study area of private land holdings totals 60,492 acres as shown in Table 5-2. The long-term disturbance

acreage represents less than 1% (0.716%) of the total private land in the study area. This percentage should be included in this paragraph to give a better perspective on how small long-term CBM development will be when compared to the total private land in the study area.

Social and Economic Impact

A comment was made in Chapter 3 regarding the need to show a more complete picture of the contribution of CBM to the La Plata County economy. One alternative for doing so would be running the IMPLAN model. Unfortunately, the findings of the IMPLAN modeling process being conducted for the EIS were not available in time for inclusion in the draft. However, the final CIR should include these findings, to provide a more complete assessment of the effects of current and future CBM development on the local economy. Limiting the discussion of economic effects of the Northern San Juan Basin CBM project to basic employment and direct earnings does not allow consideration of the flow of capital and labor expenditures through other sectors of the economy and the local and regional economic activity that results from CBM development.

It should be noted that the IMPLAN model could be used to estimate the indirect and induced employment and income effects of the industry's annual property tax payments as they ripple through the local economy. This would be a useful exercise for both baseline and impact assessments.

Impacts From Eventual Decline In Gas Revenues

While the conclusion of Section 5.2.5.8 (Page 5-24) appears reasonable given the net revenue projections shown in graph 5-7, its validity and the subsequent usefulness of the CIR to county officials may be undermined by questions regarding the underlying CBM production and net revenue projections. *The Northern San Juan Basin CBM Project County Goals and Objectives for the Impact Analysis Process (Appendix A)* identifies the following specific issue as a key impact topic: "What will the eventual decline in gas revenues mean for the maintenance of service levels?" (Appendix A, B.7.b.i.)

The CIR attempts to address this question using linear regression analysis (Graph 5-5 and Graph 5-7), which illustrates an apparent trend of increasing net revenues for the County. In fact, the relationship shown implicitly illustrates the increase in capital spending by the County because the graphs only portray the County's operating expenditures, not total expenditures. Furthermore, the CIR acknowledges that linear analysis "...does not reflect the anticipated spike, potential leveling off and gradual decline in well production associated with CBM-related activities. Likewise the projection does not reflect a gradual decline in production of existing wells."

While linear regression analysis is a useful tool, its utility for budgeting purposes is limited. This is particularly true when the regression equation specifies time, expressed in years, as the only independent variable (by definition, a single variable linear equation cannot portray a major change in direction). It seems critical for County officials,

residents and the industry to understand the anticipated production curves for existing and planned CBM wells, and the strengths and eventual limitations of this important revenue source. Similarly, they need to know when local shares of federal mineral royalties and other CBM-related revenues may diminish. This is particularly important for the Northern San Juan Basin CBM project, because the change in well density from 320-acre spacing to 160-acre spacing will result in new and extended production curves for both planned and existing wells.

To be useful as an impact assessment tool, and to fully understand the eventual decline in gas revenues and the implication for maintenance of service levels, the CIR should provide estimates of production, property tax and other CBM-related revenues based on reasonable production decline curves. The CIR states that production decline curves are "difficult to quantify given the variables associated with CBM such as the extent of existing gas reserves and the rate at which wells extract gas." (Page 5-25) In fact, the information and methods for providing reasonable estimates of production from existing and planned CBM development are available. In 1990, La Plata County commissioned the development of a model to analyze future CBM production and the fiscal implications of what was even then recognized as an eventual decline in production. An update of that model was completed in 1997. The CIR contractor was provided copies of the report and model documentation but did not use it for this analysis or even convey the essence of its conclusions in the CIR.

As with any modeling exercise (including the models developed for the CIR), the parameters that drive the model are subject to change. The model could have been re-calibrated to reflect updated production decline curves for both existing and anticipated CBM development. However, even in its existing form, it would have provided a better basis for assessing the fiscal implications of an eventual decline than the unrealistic, upward trending linear regression presented in the CIR. **Having an understanding of the general shape of the production curve and the factors that drive the curve would better inform and prepare County officials and residents regarding the need for their revenue projections as time passes.** Thus, we recommend that the La Plata County CBM model should be re-calibrated and run to provide updated projections. Morris Bell with the COGCC has agreed to assist the County with this data to enable the County to arrive at a reasonable forecast of decline.

We believe it is important to provide alternatives and financial strategies to manage the future decline in production. The CIR should provide recommendations that the County invest the tax surpluses from this year and near future years proactively. Counties in New Mexico have taken proactive steps in mitigating future falls in gas revenues. Such options should be investigated and presented in the final CIR.

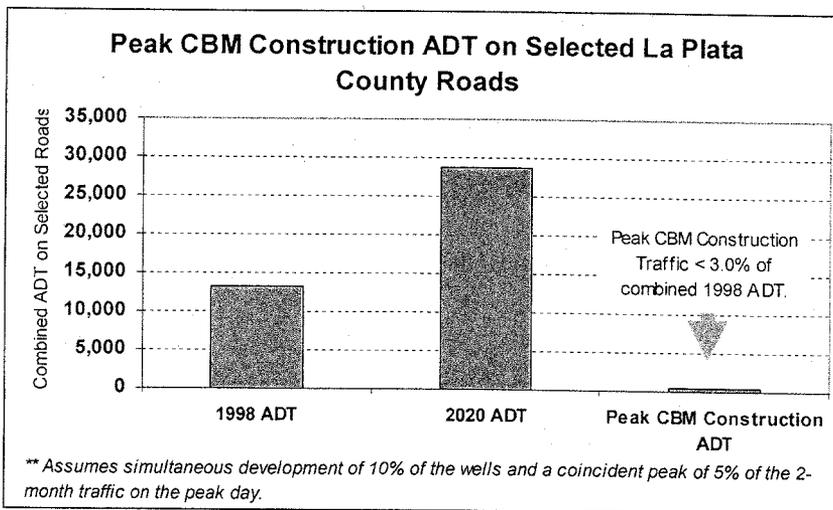
Traffic and Transportation

As in other topic areas, the characterization of the traffic impacts related to the CBM industry suffers from a combination of questionable assumptions, faulty analysis and careless presentation resulting in a dramatic overstatement of the CBM traffic impacts.

For example, the annual workover is assumed to require 6 days, when in fact, most workovers are simple pump changes or minor well stimulations that are normally completed in 1 or 2 days. Consequently, the number of maintenance trips is overstated.

An example of a more critical problem occurs with respect to the estimation and presentation of future construction traffic impacts of CBM well development in sections 5.3.2.2 and 5.3.2.3, Pages 5-30 to 5-47. For example, Table 5-13 details the consultant's estimates of construction traffic, by road segment. Two lines of that table (Page 5-43) address traffic on CR 228, projecting total construction related traffic of 7,326 trips associated with the projected development of 22 new wells. That total appears in Table 5-11 (Page 5-33) in a column labeled, **Daily Construction Trips for Anticipated CBM Facilities**, with a sub-heading, **Average Daily Trips**, which is then the basis for estimating a 1,960 percent increase over 1988 ADT. The discussion preceding the table and the Executive Summary refer to the traffic increases of 2,000 and 1,800 percent, respectively.

Note, however, the discussion and Footnote 3 of Table 5-11 (Page 5-33) stating that the trips for each well would occur over a 2-month period at some unspecified time during the 10-year construction period. Reporting the 7,326 trips as ADT, therefore, not only assumes all 22 wells are developed simultaneously, but also that they are completed in a single day. That logic is clearly flawed. Revising the analysis to reflect a more realistic development scenario, with traffic distributed over the development period, would dramatically lower the percentage increase in average daily traffic volumes compared to either the 1998 and 2020 projections. It is quite probable that a revised analysis would



show that none of the identified roads would experience an increase in excess of the 25 percent increase defined in the CIR as representing a significant impact and may, in fact, show that the roads would fall below the 10 percent threshold defined for being a perceivable impact.

Furthermore, even in the event that this threshold was exceeded, it would occur for a very short period of time only once or twice over the 10-year period. When examined in a regional context, using the roads highlighted in the draft CIR, the relative impact diminishes even further. The accompanying figure (above) illustrates the difference in anticipated impacts achieved with a corrected analysis for the selected La Plata County roads identified in Table 5-11. Furthermore, the problems involving the incorrect

derivation of the ADT associated with construction traffic appears to have been carried forward into section 5.3.2.4, Road Maintenance and Table 5-14 (Page 5-49).

Given the problems with the draft CIR, the analysis clearly needs revision, with the text and Executive Summary revised accordingly. Because such impacts are at the crux of many of the suggested mitigation measures, it is important that they be corrected. At a minimum, the analysis should be revised and an errata or addendum sheet prepared and distributed to all recipients and posted to the website.

We also point to the lack of attention given to the implications of future residential growth and development in the area as a cause of traffic impacts. The fact that such growth will occur is acknowledged in Section 3, the implications of that growth on average daily traffic are apparent in Table 5-11, and the figure shown above, e.g., the combined average daily traffic on the selected roads shown as increasing from about 13,200 ADT to almost 28,800 ADT. What the analysis fails to discuss, in the same light, as the CBM traffic is the construction-related traffic impacts. According to the U.S. Census Bureau, just over 6 months of time is required for construction of a new single family home. The number of laborers on-site varies over time from one to as many as 10 or 12. In addition, the movement of construction equipment, concrete and gravel deliveries for sidewalks, driveways and foundations, and building materials (wallboard, lumber, roofing, etc.) involve many medium and some heavy duty trucks, though admittedly these involve loads smaller than the largest gas drilling rigs. Nevertheless, even modest average daily and peak traffic levels associated with future residential construction would yield traffic impacts considerably higher and over a more extended duration than those associated with the future CBM development.

The table below shows permits issued by the County.

COUNTY PERMITS

| Year | Residential, Two or More, Mobile Home and Commercial County Building Permits | Oil and Gas Well Permits |
|------|--|--------------------------|
| 1994 | 744 | 40 |
| 1995 | 751 | 20 |
| 1996 | 666 | 71 |
| 1997 | 642 | 40 |
| 1998 | 585 | 82 |
| 1999 | 710 | 62 |
| 2000 | 613 | 73 |
| 2001 | 544 | 98 |

County Weed Management

Page 5-51. This subsection does not contain a reference to a "Weed Management Plan" that CBM operators must maintain with the County regarding weed control. This plan will contain specifics on how a company will control weeds; however, the efforts of the

companies are controlled by individual landowners. Individual landowners are notified before weeds are sprayed to determine their acceptance. In some cases, areas along roads will not be treated depending upon the preference of the landowner. This section should be modified to include the reference that operators are currently working with the County with weed management plans, but work within the limits imposed by landowner preferences for chemical weed control.

Visual Resources and Noise

Sections 5.4 through 5.5 (Page 5-52 through top of Page 5-69). (See note referencing Court of Appeals ruling, *Town of Frederick v. North American Resources Company*, under Noise, Lighting, Visual Obstruction/Degradation on Page 2 of this Attachment A.) The County does not have jurisdiction for noise standards for oil and gas operations, the COGCC does. Therefore, any discussion of impacts must acknowledge this fact. Secondly, the presentation of offsite noise levels presented in this subsection does not account for mitigation that would be required under COGCC Rule 803. If a facility exceeds 50 dBA, mitigation in the form of sound reduction would be required. Therefore, presenting calculated numbers for offsite impacts at a variety of distances without taking into account required mitigation is not only misleading, but provides inaccurate information regarding actual noise levels. The charts need to be re-done reflecting noise levels offsite based upon the 50 dBA standard.

Page 5-64. The second paragraph of this section contains a reference to a USDI (1981) report on noise. We are not familiar with this report, including the location and type of pump jack engines deployed. A better reference for noise levels for pump jack engines can be found in the HD Mountain EIS published in 1990 by the BLM and the Forest Service (Table 4-16, page 139-140). In this document are different noise levels deploying a variety of mufflers deployed in the study area.

Page 5-64. The third paragraph includes a reference that "Caterpillar engines, model 3516, will be installed at compressor stations.....". Our company is one of the entities planning on installing compressor stations at possibly two new sites in the study area. At this moment, it is unknown exactly what type of compressors will be used. For example, a Waukesha 7042 could be used, with lower sound emissions compared to that of the Caterpillar. There are also engineering design modifications that can be accomplished with a compressor engine that will further reduce sound levels that are not discussed in this subsection. Consequently, this paragraph is speculative and may not represent actual sound levels for a site.

La Plata County Oil and Gas Setbacks

Page 5-70, La Plata County Oil and Gas Setbacks should be removed. (See note referencing Court of Appeals ruling, *Town of Frederick v. North American Resources Company*, under Noise, Lighting, Visual Obstruction/Degradation on Page 2 of this Attachment A.)

Public Health and Safety

Page 5-71, Section 5.6.3, first paragraph. The first paragraph, first sentence, of this subsection contains speculative statements and inaccurate conclusions. The first sentence states that CBM development would increase the potential for methane gas seepage to occur near residences. The only areas that seepage of methane has been identified are locations in close proximity to the Fruitland Outcrop. To imply that residences in the entire study area are subject to seepage is a gross overstatement of the situation. The second sentence concludes that development may cause environmental changes such as seeps and fires at the outcrop. Seeps, due to CBM development, have not been categorically proven. Even if you rely only on the COGCC 3M study, the only areas the model concludes that methane seepage may increase is at locations where the rivers intersect the outcrop. The reference to fires is also inappropriate. There has never been a fire, either surface or in the subsurface, in the study area due to CBM development. Even those fires that exist in the subsurface on the Southern Ute Indian Reservation have nothing to do with CBM development as concluded by the experts working for the Tribe. Further, the fourth sentence makes reference to “the increased risk of toxic gases and odors (that is, hydrogen sulfide gas).” There is no hydrogen sulfide gas produced from CBM wells in the study area. This misleading statement should be eliminated from the final document.

The last paragraph on page 5-71 discusses a 1.5 mile buffer. The report states residential developments within this 1.5 mile buffer are anticipated to be at risk for public health and safety impacts related to CBM. The CIR should be revised to include the fact that there has been no documented cases of seepage anywhere except at the outcrop.

6.0 Minimizing Impacts From Anticipated CBM Development

COGCC Permit

Page 6-6. The chart (Table 6-2) summarizes the setbacks, comparing those of the County and those of the COGCC. It is very important that certain words be added to the COGCC requirements. The setback from the COGCC is based on a distance from the wellhead; thus the words “from the wellhead” should be added at the end of each category for the COGCC. Additionally, because of the recent Court of Appeals decision, this chart should be modified to identify operational conflicts, and all mitigation recommendations/options can be deleted from the final CIR. (See note referencing Court of Appeals ruling, *Town of Frederick v. North American Resources Company*, under Noise, Lighting, Visual Obstruction/Degradation on Page 2 of this Attachment A.)

Federal Permits and Surface Operating Standards

Page 6-7, first full paragraph. The statement that federal surface operating standards for oil and gas are generally considered routine industry practices is not entirely true. Operators are familiar with many of the standard federal conditions of approval, but many are only applicable to federal laws that do not always apply to private land. An

example are archeological resources and some aspects of the Endangered Species Act. Further, some of the standards are specific to a certain BLM office, but not applicable to another. In essence, these are site specific, not generic as this comment implies. This sentence should be removed from the final document.

Mechanisms For Surface Interests To Influence the Facility Siting Process

Section 6.1.3., page 6-7. The statement in this paragraph that nearby property owners have minimal opportunities to participate in the facility siting is untrue. For minor facilities (i.e., wells), the surrounding homeowners within a ¼ mile are notified. They are free to call the operator or the County to obtain additional information and provide comment on the proposal. For major facilities, the homeowners are notified within a ¼ mile of the facility and are advised when hearings with both the Planning Commission and County Commissioners will be held. It is normal for adjoining landowners to participate in this process, with their comments receiving serious consideration by both the County and the company. This statement is not true and should be eliminated in the final document. (Because of the recent Court of Appeals ruling, *Town of Frederick v. North American Resources Company*, this gives rise to operational conflicts and will require the local regulations to yield to state interests. See generally, Court of Appeals ruling, *Town of Frederick v. North American Resources Company*.)

Surface Owner Agreement and Federal Onsite Inspections

Section 6.1.3.3, page 6-9. This paragraph is generally accurate to describe what occurs for federal actions involving oil and gas activities; however, it is written in a future tense seeming to imply this is something that will be done in the future. All the future tense verbs need to be changed to present tense. This process is currently being used for federal actions.

It should also be noted in the last paragraph that in cases where the private surface exists over federal minerals, BLM requires a surface owner agreement for damages be negotiated between the proponent and the surface owner. This provides input by the surface owner to the proposed new well.

Options to Minimize Impacts From CBM Development

Table 6-6 contains a large number of options to minimize CBM development conflicts. Provided below, in order, are responses to those options, beginning on page 6-14 through page 6-30.

Disclosure

- Require full disclosure of mineral estate upon transfer of land. Response: We support any recommendations that require full disclosure of mineral ownership or real estate transactions.

Identify Lands

- Identify lands subject to oil and gas leases. Response: We see no value in providing a map of mineral leases within the County. This would be a monumental effort that could change frequently as successors enter the title chain over time. This needs to be reserved for the disclosure process that a prospective purchaser would initiate. The need to know whether the lease is severed or not is irrelevant to the County process in dealing with surface issues.

County Development Map

- La Plata County CBM Development Map. Response: Providing a map where existing oil and gas facilities are located would be of value and that could be something that could be pursued if all La Plata County operators have GIS data on which to provide the information to the County. If not, those companies could provide a map with data the County could input. Being able to super-impose well windows is information readily available from the COGCC. This could result in a map that is discussed in Subsection 6.3.1.3

Early Involvement by La Plata County

- Involve County at Pre-APD Stage. Response: The recommendations proposed in this section seem to imply that the system of permitting facilities is deficient and in need of change. Apparently the change is motivated by the need for earlier involvement by the County and “potentially affected surface owner interests”. It incorporates the federal procedure of a Notice of Staking (NOS). This proposal would mandate onsite inspections for all proposed wellsites.

Our experience has shown that the vast majority of new well and facility applications are worked constructively within the current system. In fact, BP has been very successful in obtaining surface owner agreements with only one case of bonding being required. True, there have been isolated problems; however, changing the process needs to be justified on the basis of widespread and frequent problems, not situations that are extremely rare. Adopting the federal NOS process and requiring onsites for every well will require more resources, both by the County and the companies. Using the NOS and onsites is not the answer if early notification is a goal. There are other ways this can be accomplished.

Streamlining

- Streamline County Regulatory Process. Response: We support any proposal to streamline a regulatory process. The proposal suggests that several standard options for site plans would be available. We caution that individual landowner

preferences, the site itself, and proposed equipment will dictate the site plan for a given well. To use standard plans could eliminate flexibility and stifle innovation. We are cautious of this option as it appears to us.

Prioritize

- **Prioritize County Issues.** Response: We believe this has already taken place with the existing oil and gas land use regulations. These have been updated over time to address these concerns. A list of eight priorities is presented in the draft document for consideration by the COGCC for a Rule 303k process. Provided below are responses to each of the priorities:

A-1: Mitigation of wildfire risks. Response: the mitigation of risks from wildfire was addressed by the COGCC with requirements issued to operators in June.

A-2: Mitigation of methane contamination (residences and water wells). Response: the COGCC has a procedure in place to identify water wells contaminated with methane. Additionally, the COGCC requires additional tests to determine the origin of the methane in water wells. To put this into perspective, BP has over 400 samples from drinking water wells with many of those having levels of methane requiring the origin of the gas to be identified. Out of that population, there has not been a single case of a water well being contaminated from a coalbed methane well. In all cases, the water wells had elevated levels of methane from naturally occurring sources unrelated to coalbed methane development. What regulatory entity should assist homeowners with elevated gas in their wells is a very worthy endeavor, but automatically placing the responsibility of mitigating every single case of methane contamination with the COGCC may not be the best mechanism.

A-3: Siting, fencing, and signage for public safety. Response: the COGCC already has requirements for siting, fencing, and signage.

A-4: Maximum setbacks from various types of existing improvements. Response: the COGCC already has requirements for maximum setbacks.

B-1: Noise reduction. Response: the COGCC requires operators to meet the State's statutory requirements for noise control.

B-2: Minimize visual or experience intrusion. Response: the COGCC has existing requirements regarding minimizing visual intrusion

B-3: Maximize the quality of reclamation efforts. Response: the COGCC has existing regulations for reclamation, including bonding requirements.

B-4: Control traffic to minimize effects in residential areas. Response: the COGCC does not regulate trips or road construction, or regulate what roads are built in what areas, but in certain circumstances would provide input if an onsite inspection was held.

Screening

- County Screening Procedure For On-Site Inspections. Response: We do not support the need to onsite every type of coalbed operation from wells to gathering lines to compressors. The criteria used in this subsection appear arbitrary and contain no justification. For example, conducting onsites on wells within 3 miles of the Fruitland Outcrop far exceed the setback issued by the COGCC which was based on expert testimony of witnesses familiar with outcrop affects. In addition, compressors over 200 horsepower require a major facility application which virtually always involves an onsite by County staff. The current County rules were devised to use onsite inspections where they are truly needed, not in cases where the activity is routine and non-controversial. This will not optimize the personnel of either the companies or the County and does nothing to improve the time frames for permitting review.

Future Land Use

- Future Land Use. Response: We are unclear if this approach would attempt to preclude the rights of mineral owners. It is unclear with this abbreviated description to fully understand how this would affect mineral development. Additional information is needed to fully understand this proposal.

Zoning

- Zoning. This would establish actual zoning districts, a process that is not currently used in the County. Response: Zoning is a matter for the County to evaluate and determine an appropriate course of action. We have no comment on this recommendation

CBM Overlay Districts

- CBM or Oil and Gas Zoning District for CBM windows along with specific performance standards. Response: If zoning is pursued, a discussion is presented in the document about developing CBM overlay districts. Again, regardless of the planning tool used, any option that integrates CBM activities with other activities could help alleviate conflict. However, developing performance standards by district has the potential to be inflexible and not recognize the inherent variabilities in CBM projects.

County CBM Report

- County CBM Report prepared by a qualified professional for all proposed oil, gas and land development projects. Response: We do not support a proposal that requires every new oil and gas project to submit activities planned for the entire year within the County. This information would have already been provided in the annual proposed activities report required to be submitted to the COGCC. The information is then forwarded to the County for their use. This specific proposal is duplicative and unnecessary.

Pipeline Corridors

- Develop Pipeline Corridors along section and quarter section lines. Response: This proposal would require that developers convey designated corridors along major access routes to the County when a project is located in a CBM overlay district. Besides the cost to the developer, which would be incorporated into lot prices, this effort would require some research on where existing utilities are in a selected corridor, safety considerations and whether enough room would exist not only for a proposed project, but for future projects. This would need to involve the companies that would possibly use this corridor as well as the developer. This could be a real logistics problem and its use would need further evaluation before it could be endorsed.

Surface Use Program

- This would require a surface use plan be submitted to the County for CBM wells based on the federal permit to drill process. Response: The proposal to incorporate a surface use program similar to the BLM's found in Onshore Operating Order #1 for the County and/or the COGCC is without merit. The surface use plan is specific to federal requirements, which are not relevant to private land. In addition, the County and the COGCC already have performance standards that accomplish what the federal surface use plan does.

The federal surface use plan is used to complete required National Environmental Policy Act (NEPA) requirements for environmental analysis, which, in turn, is used to employ conditions of approval. NEPA analysis is not required for non-federal actions such as private land undertakings. Conditions of Approval from the federal process are essentially performance standards and/or mitigation that must be performed. The County's application for minor and major facilities accomplishes the same thing, except that performance standards are part of the application. The COGCC has performance standards in its regulations and addresses those issues for which it has authority. There is no need to incorporate a federal process with no recognizable benefit.

Related to this issue is a comment on page 6-40 which is incorporated with this option. We have concerns about the statement that "county staff often face

opposition in attempting to change a proposed well location after the surface owner and operator have agreed on a site.” Conflicts can delay the permitting process and require considerable staff resources. With that being the case, the County should not feel compelled to disrupt these proceedings unless there was a clear violation of County code. Adding another component (surface use plans) on top of the County’s existing permit application is not necessary. The permit application with the County accomplishes the same thing as a surface use plan. For these reasons, we reiterate our comments in opposition to using the federal surface use plan procedure.

MOU/MOA

- Memorandum of Understanding Or a Memorandum of Agreement. Response: The need to have a formal MOU or MOA with the COGCC is not necessary. The COGCC already has informal arrangements with the County to provide input to County Commissioners and Planning Staff on a regular basis. There is also the Gas and Oil Regulatory Team (GORT) that meets at regular intervals to discuss issues of concern. We cannot speak for the COGCC, but we believe this type of arrangement already exists.

Land Use

- Require building inspection approval of all locations. Response: This is unnecessary. The equipment on the sites is built to industry specifications. There are typically no “buildings” that meet the criteria where a building permit is needed.
- Require operators to provide County with annual drilling plans. Response: This is already required by the COGCC.
- Increase setbacks to between 1,000 feet and ¼ mile from existing or planned subdivisions. Response: This is not acceptable. Setbacks should reflect a distance necessary to provide safety to the public. Discussions between industry and the County should continue to identify a setback that accomplishes this task.
- Define enforceable and specific subdivision design standards and performance standards. Response: We are unclear how this recommendation applies to CBM development since it is directed at subdivisions.
- Define zoning districts in land use code, including high density residential areas, methane seepage, hazards areas and oil and gas development overlay districts. Response: We support any proposal that provides information to different sectors of the economy involved in land use.
- Change encouraged standards into performance standards. Response: We are unclear how this would affect CBM development.