

COMMISSIONERS PROCEEDINGS 1

**BOARD OF COUNTY COMMISSIONERS
Minutes of Meeting
January 25, 2018**

The Board of Morgan County Commissioners met Thursday, January 25, 2018 at 9:00 a.m. with Chairman Mark Arndt and Commissioner Laura Teague in attendance and Commissioner James Zwetzig absent.

PUBLIC HEARING

Chairman Arndt stated that this is an application that was tabled from January 23, 2018 due to posting requirements.

Application is for a Conditional Use to place buried natural gas gathering pipeline (gather, treat, and process gas produced from wells in the vicinity).

Applicant: Sterling Energy Investments, LLC

Landowner: Donald L. Wickstrom, Land LLC, Wickstrom Land, LLC, Brett & Kathleen Cary, Centennial Valley Ranch, LLC, Daniel Madsen, John Fabrizius, Pat Kauffman Trustee of the LandraFabrizius Trust, Wyatt Frasco Trust, Lane Frasco Trust, Dawson Frasco Trust, and William F. Fabrizius & Valeria M. Fabrizius

**MORGAN COUNTY, COLORADO
BOARD OF COUNTY COMMISSIONERS**

RESOLUTION 2018 BCC 07

A RESOLUTION CONDITIONALLY APPROVING A CONDITIONAL USE PERMIT FOR THE CONSTRUCTION OF A UTILITY SERVICE FACILITY TO COMMENCE IN THE NW¼ OF SECTION 6, T5N, R60W AND TERMINATE AT THE JACKSON LAKE GAS PROCESSING FACILITY IN THE E ½ OF SECTION 27 T6N, R59W OF THE OF THE 6TH P.M., MORGAN COUNTY, COLORADO

WHEREAS, Certain property owners, listed on **Exhibit A**, attached hereto and incorporated herein by reference, (the "Owners") own certain property, also listed in attached **Exhibit A** ("Properties"), all of which are located in the "A" Agriculture Production Zone District;

WHEREAS, a gas gathering pipeline transporting natural gas from well heads to natural gas processing plants is a utility service facility pursuant to Section 3-175(F) of the Morgan County Zoning Regulations and requires a conditional use permit;

WHEREAS, Sterling Energy Investments (the "Applicant"), on behalf of the Owners, filed an application for a Conditional Use Permit pursuant to Sections 2-305 through 2-315 and 2-350 through 2-430 of the Morgan County Zoning Regulations to construct a gathering pipeline across the Properties, as shown in **Exhibit B**, attached hereto and incorporated herein by reference;

WHEREAS, on January 8, 2018 the Morgan County Planning Commission held a properly noticed public hearing on the application and recommended conditional approval of the application;

WHEREAS, on January 25, 2018 the Board of County Commissioners held a properly noticed public hearing on the application and heard testimony from the applicant, and the Morgan County Planning Administrator who recommended conditional approval of the project based on evidence presented and the recommendation for approval from the Planning Commission; and

WHEREAS, the Board of County Commissioners of Morgan County, Colorado, after taking staff and public testimony and reviewing the material provided to it, desires to grant the Conditional Use application, subject to the conditions below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MORGAN COUNTY, COLORADO, that based upon the findings below that they wish to conditionally approve the application as follows:

1. The Board of County Commissioners having reviewed the Conditional Use application, all information provided, testimony heard and the criteria for a Conditional Use as set forth in 2-315 of the Morgan County Zoning Regulations find that:
 - A. The application documents are complete and present a clear picture of how uses are to be arranged on the site.
 - B. The Site Plan conforms to the design standards of the County's Zoning Regulations.
 - C. There are no off-site impacts imposed by the conditional use proposed that require additional infrastructure or upgrades by the County or Special Districts. The use proposed is compatible with the surrounding uses and adequately buffered as necessary.

2 COMMISSIONERS PROCEEDINGS

D. The properties are located in Agriculture Production Zone District. There will not be a visual impact to adjoining properties. All referrals and notifications were distributed and there have been no objections received as of January 24, 2018.

2. The Board of County Commissioners hereby conditionally approves the Conditional Use subject to:

1. This approval grants vested rights for a period of 3 years from the date of approval.
2. Road crossings will require a permit from Morgan County. Road cuts are not permitted on paved roads.

The pipeline area will be returned to its pre-construction condition and re-vegetated in compliance with the County's Floodplain Regulations.

Dated this 25th day of January, 2018, *nunc pro tunc* January 25, 2018.

**THE BOARD OF COUNTY COMMISSIONERS
MORGAN COUNTY, COLORADO**

s/Mark A. Arndt
Mark A. Arndt, Chairman

s/Laura D. Teague
Laura D. Teague, Commissioner

(SEAL)

ATTEST:

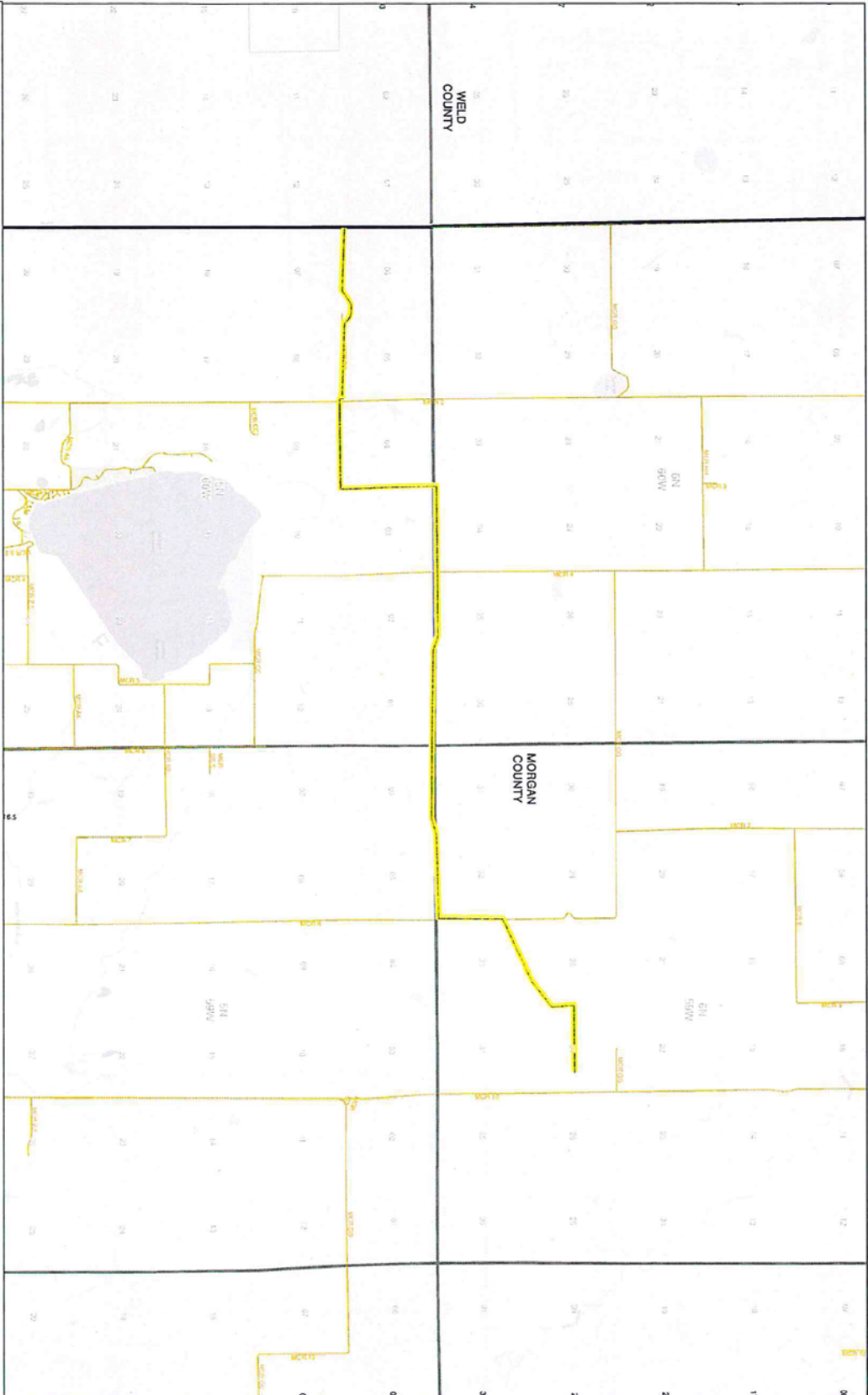
s/ Susan L. Bailey
Susan L. Bailey

EXHIBIT A

S/2	Sec. 5	T5N R60W	Wickstrom Land LLC
S/2	Sec. 6	T5N R60W	Wickstrom Land LLC
SE/4	Sec. 5	T5N R60W	Wickstrom Land LLC
NE/4	Sec. 8	T5N R60W	Wickstrom Land LLC
N/2	Sec. 9	T5N R60W	Cary, Brett R. & Kathleen P.
E/2	Sec. 4	T5N R60W	Wickstrom Land LLC
SE/4	Sec. 33	T6N R60W	Wickstrom Land LLC
S/2	Sec. 34	T6N R60W	Wickstrom Land LLC
S/2	Sec. 35	T6N R60W	Wickstrom, Donald
NE/4	Sec. 2	T5N R60W	Wickstrom Land LLC
NW/4	Sec. 1	T5N R60W	Wickstrom Land LLC
NE/4	Sec. 1	T5N R60W	Centennial Valley Ranch LLC
N/2	Sec. 6	T5N R59W	Centennial Valley Ranch LLC
SE/4	Sec. 31	T6N R59W	Centennial Valley Ranch LLC
All/ S/2 & E/2	Sec. 32	T6N R59W	Centennial Valley Ranch LLC
W/2	Sec. 33	T6N R59W	Madsen, Daniel
All	Sec. 27	T6N R59W	Fabrizius, William F & Valeria M et al
SE/4	Sec. 28	T6N R59W	Fabrizius, William F & Valeria M et al
NE/4	Sec. 33	T6N R59W	Fabrizius, William F & Valeria M et al

COMMISSIONERS PROCEEDINGS 3

Exhibit B



PLANNING ADMINISTRATOR CONDITIONAL USE CERTIFICATE
 Approved to issue a Conditional Use Permit for the above described use for the period
 this ___ day of ___, 20__
 County Planning Administrator, Morgan County, Colorado
 Planning Administrator _____

CLERK AND RECORDER'S CERTIFICATE
 State of Colorado)
 County of Morgan) ss.
 I hereby certify that this instrument was filed in my office at
 ___ o'clock, ___ m., this ___ day of ___, 20__ and
 is duly recorded in ___ are paid.
 Recording Fees of _____
 Clerk and Recorder _____



SITE PLAN
 From the SW/4 of T5N R60W to the E/2 of T6N R59W
 MORGAN COUNTY, CO

Prepared By: Tiffany Vandenhoff
 Date: 11/29/2017
 0 1 2
 Miles
 Prepared By: Tiffany Vandenhoff
 Date: 11/29/2017

Chairman Arndt asked Morgan County Planning and Zoning Planning Director/Floodplain Administrator Pam Cherry to present the file at which time Ms. Cherry read aloud the following information.

Background Information

Ms. Cherry stated this application is for a Conditional Use Permit to construct a buried natural gas gathering pipeline. The pipeline will begin at the west county line in the NW 1/4 of Section 6, T5N, R60W and terminate at the Jackson Lake Gas Processing Facility in the E 1/2 of Section 27, T6N, R59W of the 6th P.M. Morgan County, Colorado. The pipeline will be constructed across the following properties:

4 COMMISSIONERS PROCEEDINGS

S/2	Sec. 5	T5N R60W	Wickstrom Land LLC
S/2	Sec. 6	T5N R60W	Wickstrom Land LLC
SE/4	Sec. 5	T5N R60W	Wickstrom Land LLC
NE/4	Sec. 8	T5N R60W	Wickstrom Land LLC
N/2	Sec. 9	T5N R60W	Cary, Brett R. & Kathleen P.
E/2	Sec. 4	T5N R60W	Wickstrom Land LLC
SE/4	Sec. 33	T6N R60W	Wickstrom Land LLC
S/2	Sec. 34	T6N R60W	Wickstrom Land LLC
S/2	Sec. 35	T6N R60W	Wickstrom, Donald
NE/4	Sec. 2	T5N R60W	Wickstrom Land LLC
NW/4	Sec. 1	T5N R60W	Wickstrom Land LLC
NE/4	Sec. 1	T5N R60W	Centennial Valley Ranch LLC
N/2	Sec. 6	T5N R59W	Centennial Valley Ranch LLC
SE/4	Sec. 31	T6N R59W	Centennial Valley Ranch LLC
All/ S/2 & E/2	Sec. 32	T6N R59W	Centennial Valley Ranch LLC
W/2	Sec. 33	T6N R59W	Madsen, Daniel
All	Sec. 27	T6N R59W	Fabrizius, William F & Valeria M et al
SE/4	Sec. 28	T6N R59W	Fabrizius, William F & Valeria M et al
NE/4	Sec. 33	T6N R59W	Fabrizius, William F & Valeria M et al

Ms. Cherry stated that the properties are all zoned Agriculture Production. In this zone district Utility Service Facilities are conditional uses.

Ms. Cherry explained that the pipeline will be less than 12" in diameter and will traverse approximately 12.2 miles and will be buried adjacent to a portion of another pipeline that is on the Wickstrom property. Section 4-495(F) of the Morgan County Zoning regulations require that all production oil and/or gas be transported from the well head to the production facilities by buried pipeline or other approved method. Sterling Energy owns and operates a gas gathering system located in northeastern Colorado and Southwestern Nebraska that serves Weld, Morgan and Logan counties. Sterling Energy has contracted with gas producers to gather, treat and process gas produced from wells in the vicinity of the gathering system. Sterling Energy owns and manages three processing facilities on its gas gathering system to treat the gas in order to achieve a sales-quality product for marketing. This expansion will allow Sterling to provide the service to new customers.

Ms. Cherry stated the pipeline will cross the 100-year floodplain so Floodplain Development Permits will be required for those portions of the alignment. In addition, Sterling Energy will submit a Storm Water Management Plan to the Colorado Department of Public Health and Environment, Water Quality Control Division and will adhere to it through construction. The disturbed ground will be returned to natural conditions in compliance with floodplain regulations and agreement with the property owners. Following reclamation of the disturbed area the surface will return to agricultural use.

Ms. Cherry went over the criteria for approval of Conditional Use:

- E. The application documents are complete and present a clear picture of how uses are to be arranged on the site.
- F. The Site Plan conforms to the design standard of these Regulations.
- G. There are no off-site impacts imposed by the conditional use proposed that require additional infrastructure or upgrades by the County or Special Districts.
- H. The use proposed is compatible with the surrounding uses and adequately buffered as necessary. The property is located in Agriculture Production zone district. There will not be a visual impact to adjoining properties.

Ms. Cherry explained the suggested conditions of approval:

- 3. This approval grants vested rights for a period of 3 years from the date of approval.
- 4. Road crossings will require a permit from Morgan County. Road cuts are not permitted on paved roads.
- 5. The pipeline area will be returned to its pre-construction condition and re-vegetated in compliance with the County's Floodplain Regulations.
- 6. Prior to commencing construction and/or installing any portion of the pipeline under this permit, all of the following conditions must be satisfied:
 - 1. Copies of recorded easement agreements and/or memorandums of understanding executed by the Owners, demonstrating the Applicant's right to install the pipeline across the Properties to the satisfaction of the County Attorney, must be provided to the County.
 - 2. The Applicant must obtain a Floodplain Development Permit from the County for the areas where the pipeline is located that is subject to the County's Floodplain Regulations.
 - 3. Typical cross-section construction plans must be provided to the County.

COMMISSIONERS PROCEEDINGS 5

Ms. Cherry stated that the applicant has brought the application for the floodplain development permit and the cross-section construction plans with them today so those conditions can be removed. The only item that is left is the first condition which is the copies of recorded easements and memorandums of understanding executed by the Owners, demonstrating the Applicant's right to install the pipeline across the Properties to the satisfaction of the County Attorney.

Ms. Cherry explained the comments received on this application:

1. Dan Sheets an adjoining property owner requests access to his currently land locked property.
2. Joel Nystrom – Colorado Open Lands – Conservation easement over a portion of the alignment - use appears to be not inconsistent with the preservation and protection of the Conservation Values of the easement.

Ms. Cherry stated that the Planning Commission reviewed this request at their meeting on January 8, 2018 with a unanimous recommendation for approval of the Conditional Use Application subject to the conditions stated.

At this time, Chairman Arndt asked the applicant for comments with Commissioner Teague taking over the meeting as Chair Pro-tem for Chairman Arndt.

Dena Lund Executive Vice President of Operations and Engineering, Sterling Energy Investments, Inc., 1200 17th Street, Suite 2850 Denver, Colorado. She stated that on the permit application says that the pipeline will be 12" or less diameter not less than 12" in diameter.

Also, the memorandums of understanding she would like to clarify that every landowner had to sign the application in order for this permit to be considered. That is documentation that the landowners are satisfied that this is something that is going to happen on their property. The plan is to take all the memorandums of understanding file them with the County that process is to start Friday. Ms. Lund is concerned with how this satisfaction with the County Attorney would be and if this will hold up their process.

Ms. Cherry explained that the resolution was drafted yesterday and submitted to Kathryn Sellers County Attorney for review in which she understands the time constraints, Ms. Sellers had a comment on the original draft and it was her recommendation that she review all the memorandums of understanding prior to the start of construction to protect the County and the landowners, however this was not on the last application. Ms. Cherry stated that Ms. Sellers is available by phone if the Board would like to speak with her at anytime during the hearing. Chair Pro-Tem Teague asked the applicant whether they are planning to start construction today, with Ms. Lund stating that was correct. Chair Pro-Tem Teague questioned if all the easements need to be properly recorded to Ms. Sellers satisfaction with Ms. Cherry stating that it is her understanding that Ms. Sellers wants to review them prior to the recording. Ms. Lund stated that they will not be having any pipe delivered until next week so there will not be any actual construction outside of mowing on the properties. Ms. Cherry stated that this consideration just came up last night so the applicant was not aware of this until today. Chair Pro-Tem Teague stated that with this application they need to move quickly with Ms. Cherry understanding she explained it was Ms. Sellers concern for the property owners and the County to make the recommendation the way it is. Chair Pro-Tem Teague wanted to clarify that this was not a requirement of the application with Ms. Cherry stating it was not and it came about through the review process last night.

Chair Pro-Tem Teague asked Ms. Cherry if the floodplain development permits are ready have they been reviewed and are they ready to be acted upon with Ms. Cherry stating that she has not reviewed them but they are here to be submitted.

Chair Pro-Tem Teague asked the applicant if the easements and the memorandums of understanding are they with the landowners hand and not recorded. Ms. Lund stated that that landman created the memorandums of understanding after the easements are signed, the easements are signed at the time the landowners are paid and they have finished paying the landowners this week. Also, it takes a few days for the memorandums of understanding to be drawn up and recorded as stated before that is scheduled for this Friday.

Chairman Arndt stated that he is comfortable with that process as long as they are submitted to the County within the next week or two, with Chair Pro-Tem Teague in agreement. Ms. Cherry stated she understands and explained that Ms. Sellers wants to review the memorandums of understanding, with Chair Pro-Tem Teague that they can give her the option too and feel they can consider the permit.

Abby Rimel, Manager of Project Development Sterling Energy Investments, Inc., 1200 17th Street, Suite 2850 Denver, Colorado presented to the Board a point Presentation.

Ms. Rimel stated that Sterling Energy Investments, Inc. is a Denver based midstream oil and gas company that operation is natural gas gathering system from Briggsdale, Sterling and Fort Morgan. In 2015 the constructed phase I of the Jackson Lake gas processing facility in Morgan County. Ms. Rimel explained that they gather natural gas off wellheads and delivers it through their gathering facility pipelines to compressor stations and onto natural gas processing facilities to make sure natural gas is of correct specification to be sold to a down stream pipeline to be used for residential and industrial purposes.

Ms. Rimel explained the map of the proposed pipeline route it will go from the edge of Morgan County in to the Jackson Lake gas processing facility. The pipeline was sized with consideration to get the appropriate amount of natural gas to the facility to match what that facility was permitted for. They have permitted the full distance of the County with a lot of the route following another pipeline, the part that does not was done so it would minimize the impact to the land so they picked the shortest route both from a cost and impact prospective. There is an additional

6 COMMISSIONERS PROCEEDINGS

two miles of pipeline that will not be constructed right away but it has been included that it could be constructed within three year.

Ms. Lund explained the pipeline design the bulk will be 12" and that last two miles might be 10". The pipeline is designed with overpressure protection, the pipe material is inspected before it is installed and it meets the with the American Society for testing and materials standards. The pipeline construction after the area has been prepared they do excavation process of the soil. The pipeline will be buried a minimum of 36" below the surface, the contract that they have will make sure it is actually 40" to eth top of the pipe. The pipe will be welded to the American Petroleum Institute procedures, which is 1104, by a contracted company that is they have the welding procedures and are trained and qualified for this application. The pipe welds will be examined by x-ray inspection per the American Society of Mechanical Engineers, they are pressured tested prior to operation. The pipelines are covered with the excavated soil and the surface is put back to the original elevation per floodplain requirements. The final route is surveyed and the information is submitted to Colorado 811.

Chair Pro-Tem Teague asked the applicant if the inspectors are on site through the whole process with Ms. Lund explaining that there are different inspectors they have some, the welding company and the x-ray company has some and each time it is inspected Sterling Energy has to keep that documentation if there ever is an issue in the future.

Ms. Lund explained the gas gathering lines are regulated by Federal Regulations DOT 192 and enforced by the Colorado Public Utilities Commission along with Colorado Oil and Gas Conservation that over lap with the two. She stated that they maintain the pipeline location date with Colorado 811 and the physical location of the pipelines are marked with an emergency call number along the route and at intersection with the roads. They are required to report any conditions which may cause a safety threat to the public and promptly repair and document the damage. They operate a remote telemetry system that monitors the pressure and the volume through the system 7 days week 24 hours a day. They also periodically drive the pipeline route with a four-wheel drive vehicle to detect any leaks or any other issues.

Ms. Lund stated that the permit is asking for three years, they plan to construct the first 10 miles as soon as possible the last two might be done depending the customer basis.

Chairman Arndt stated that the 811 surveys he would like to see those be submitted for the GIS system with Ms. Lund stating that with a previous permit they have agreed to submit them along with other reporting.

Chair Pro-Tem Teague asked Morgan County Road Supervisor if there are roads that need to be permitted with Mr. Goodman stating Sterling Energy has submitted the application and he has to review it and have it submitted Morgan County Administrative Services Manager Kristi Waite it will be considered at next weeks meeting.

At this time, Chair Pro-Tem Teague opened the matter for public comment.

Karina Graulus, Morgan County Assessor Office, 19014 County Road 20.5 Fort Morgan, CO. She stated that she has worked with Sterling Energy for years and they are very safe it will be a big impact for Morgan County.

At this time, Chair Pro-Tem Teague moved to discussion and decision.

At this time, a motion was made by Chairman Arndt to approval Resolution 2018 BCC 07 a resolution Conditionally approving a Conditional use permit for the construction of a utility service facility to commence in the NW¼ of Section 6, T5N, R60W and terminate at the Jackson Lake gas processing facility in the E ½ of Section 27 T6N, R59W of the 6th p.m., Morgan County, Colorado noting that in the resolution that they have waved the copies of the recorded easements and agreements at this time prior to construction but they will need to be submitted upon completion. Chair Pro Tem Teague seconded the motion, and the motion carried 2-0.

Being no further business the meeting was then adjourned at 9:31 a.m..

Respectfully Submitted,
Ranee Aleman
Deputy Clerk to the Board

(Minutes ratified February 6, 2018)

**THE BOARD OF COUNTY COMMISSIONERS
MORGAN COUNTY, COLORADO**

s/Mark A. Arndt
Mark A. Arndt, Chairman

s/Laura D. Teague
Laura D. Teague, Commissioner

(SEAL)

ATTEST:

s/ Susan L. Bailey
Susan L. Bailey

