

Rio Grande County oil and gas decision delayed again

Posted: Thursday, Jan 24th, 2013

By Judy Applewhite

http://www.montevistajournal.com/v2_news_articles.php?heading=0&page=72&story_id=3504



Photo by Judy Applewhite Andy Peterson, contracted drilling supervisor for First Liberty, Inc

DEL NORTE—First Liberty Energy, Inc. is seeking conditional use permit to drill for oil in the Old Woman's Creek area near Del Norte.

The company has already received a permit from the Colorado Division of Oil and Gas, COGCC. Rio Grande county commissioners called a public hearing on Jan. 16 to give the locals a chance to weigh in on the decision process, as this permit will be setting precedence in the county for such applications. San Luis Valley residents have expressed concerns over drilling for oil and gas, as the Conejos Aquifer is a pristine water supply and residents say that they want to see that it stays that way.

Karla Shriver, chairperson of the county commissioners, opened the hearing by setting the rules and agenda that would be followed, that any comments were to be directed to the commissioners, she informed all that the hearing was being taped.

Rose Vanderpool, Rio Grande County land use administrator, said that supplemental paperwork

had been received from the First Liberty, Inc. addressing issues concerning transportation to and from the drilling site, protection of the area from the drilling process, and handling and disposal of waste products. She also officially added the hydrologic study findings, as produced by Davis Engineering, Geological Solutions, and HRS Water Consultants, to the record.

The attorney for First Liberty, Inc, Karen Spaulding, made opening statements regarding the filing of proper applications with the state. The company first filed for a drilling permit in October of 2010. The location was chosen because of the suitability of the site, adequacy of roads, and that fact it had been drilled before. The site is 1900 feet from the nearest residence.

Spaulding then introduced Andy Peterson, president of Peterson Engineering, the drilling company contracted by First Liberty, Inc. to supervise the drilling of the well. Peterson gave background on his company, having been in operation 24 years; the company has supervised 34 wells in Oklahoma since 2002, all successfully producing. He personally has over 30 years experience in the field.

Peterson addressed several issues, including the roads, as concerns had been raised that Highway 112 did not have axillary lanes to handle extra traffic, and road and bridge concerns about overweight vehicles.

He responded that there is a construction company in the near area, so there is already traffic with heavy trucks. According to CDOT, the application did not add issues to transportation to the site. Water trucks would handle dust issues. A time line of use has also been submitted that the transportation would only be in daytime hours.

Processed water would be taken stored in tanks until hauled off. Cuttings from the drilling process can be taken to the landfill. The site will be fenced to meet code requirements. The Division of Wildlife said it is not a critical area. Peterson said does not see a possibility at this location, but there is an emergency plan in place, and it will be posted in several strategic locations and employees trained. Advanced coordination with local authorities is essential, and will enhance the assurance of safety. He went on to say there will be 40 meter liners to any pits, areas around tanks, and transfer areas.

Another major concern is that the drilling system be closed loop, meaning no drilling fluids will be seen on the exterior that could possibly affect the environment. There was some discussion back and forth on this issue, with First Liberty, Inc. finally consenting to only using the closed loop system, and having that added to the record.

Following the presentation by Peterson, Spaulding made the formal request that First Liberty, Inc. be granted permission to proceed with drilling plan. Commissioner Chairman Karla Shriver asked what would happen if there was a water issue to which Spaulding responded that the COGCC would be ordered to take care of it.

Peterson also said there should not be any well control issues. He said, "The formations do not have the pressure to flow to the surface at only 9 pounds per gallon. The mud provides the pressure to keep the fluids where they are supposed to be." He also said there would be no

fracking. But followed that up by saying after completion of the well they can see what comes naturally. If it is not producing at an economic rate they have the option to frack, as it is not prohibited. The commissioners and council raised a variety of scenarios, and Peterson addressed them.

Several members of the public were sworn in to testify during the hearing. Mike Gibson, from the round table, said the local population was estimated to double by the year 2050. Keeping water quantity, and quality, was keeping the round table undecided on whether they were pro or con on the issue. They did however recommend that any well be cased to the Conejos formation, and all precautions be taken to protect surface water.

Most of those in support of allowing the drilling were looking at positives of an economic windfall. Those in favor felt that the precautions outlined were more than sufficient. Bob Ward said, "This is a golden opportunity and the county should run with it."

Those against were concerned with the effect drilling may have on agriculture; it would not make sense to destroy one economy to bring in another. Also, questions as to why not go to final level, option three, with casing in the first place, as Peterson had said there were three casement options and they would move from first to second as they saw the need, and even to option three if necessary. To go with the greatest protection from the start was the preference of those with highest concerns.

Terri Hance of Del Norte would like to see a master plan. She brought out the fact that the drilling company hires their own people, not from the local pool, so where is the economic windfall for the area. Charles Stillman of Monte Vista, a geologic engineer, recommends that the hearing be continued to next month, to give adequate review of the study.

Maureen Smith of Del Norte thanked the commissioners for their courage and leadership. She recommends that the board adopt the study recommendation that the casing be to 4000 feet to protect the aquifer. She further recommends a 1000-foot setback from streams and arroyos. The precedence should be to make sure all is done as well as possible. She also suggests having an independent, on site, geotech to monitor the drilling process. Smith said she does not see a great economic boost, as most of the funds will be used for roads.

The response from Spaulding, for First Liberty, Inc., was that they will abide by the COGCC application, and that a master plan is not required. Commissioner Pam Bricker said, "I understand their eagerness, but one size does not fit all." Further discussion ensued.

Shriver said that George Monsson, attorney for the board, pen a letter to the COGCC asking for further review per newly completed hydrologic study, for any changes to the permit. She added that it be with a time limit for a response. She then closed the proceeding for the day, stating the hearing will be continued, as a closed hearing, on Feb. 13, at 2 p.m.