

**Memorandum of Understanding
Between the Colorado Oil and Gas Conservation Commission and Gunnison County**

This MEMORANDUM OF UNDERSTANDING (“MOU”) is hereby made and entered into by and between the Colorado Oil and Gas Conservation Commission (“Commission”) and the Board of County Commissioners of Gunnison County, Colorado (“Gunnison County”), together referred to as the “Parties”.

A. Introduction

The Commission and Gunnison County value a balanced approach to oil and gas development and propose to achieve that by fostering a robust regulatory landscape that is protective of human health, safety and welfare, as well the environment and wildlife, while coordinating regulatory efforts to provide for a regulatory framework that is predictable and consistent for industry. To that end, the Commission and Gunnison County are engaged in discussions to attempt to clarify and coordinate the application of their respective regulatory programs to oil and gas development within Gunnison County.

B. Purpose of Memorandum of Understanding

The Parties have enjoyed a successful working relationship in regulating oil and gas exploration and production and expect that relationship to continue. The Parties enter into this MOU to memorialize:

1. The intent of the Parties to continue their joint discussion to clarify and coordinate the application of their respective regulatory programs;
2. The intent of the Parties to schedule and conduct regular coordination meetings;
3. The intent of the Parties to take specific actions to make most beneficial use of the Commission’s Local Government Designee (“LGD”) process;
4. The intent of the Parties to take specific actions regarding assignment by the Commission to Gunnison County of certain Commission inspection authority and monitoring functions; and
5. The intent of the parties to enter into formal intergovernmental agreements to implement actions that result from this MOU.

C. Authorities

The authorities to enter into this MOU include, but are not limited to, the Colorado Constitution, Article XIV, Section 18 and Colorado Revised Statutes §§29-1-201 et. seq.

D. Reservations

This MOU is entered into without prejudice to, and without waiving, any jurisdiction or other rights, powers and privileges of either of the Parties.

This MOU is not a final agency action by either of the Parties, and is not intended to, and does not create, any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, between the Parties, or by any non-party.

This MOU is not intended to supersede existing state or federal law, rule, regulation, or pre-existing MOU(s). Nothing in this MOU will be construed as affecting the authorities of the Parties or as binding beyond their respective authorities.

E. Coordination Meetings

The Parties will initially hold coordination meetings, at least twice a year, to discuss implementation of this MOU. Approximately six months after the effective date of this MOU, the Commission will accept public comment on, and review implementation of, the MOU at a regularly scheduled public meeting. Thereafter, the Commission will accept public comment on, and review implementation of, the MOU at a regularly scheduled public meeting on an annual basis.

F. Local Government Designee Process

The Parties recognize that the Commission's LGD process can be one valuable tool for communication between the Parties, for identification of application-specific issues and information, for conveyance of data to and from an applicant, and for making available to the public accurate and complete information. The Parties intend to make most beneficial use of the LGD process by, among other things:

1. Within the time frames identified by statute, rule, or current practice, the Commission will provide adequate time for the LGD to review the application materials submitted to the Commission;
2. The Parties will promptly and efficiently exchange all information pertinent to permit applications pending before either of the parties;
3. The Commission will provide to the LGD opportunities for consultation that include meaningful and substantive input;
4. The Commission will give thoughtful weight to the LGD's input on the permit applications; and
5. Gunnison County will, in turn, give thoughtful weight to the Commission's permit conditions, mitigations and other decisions.

G. Inspection Authority

It is the intent of the Parties that the Commission shall assign to Gunnison County certain Commission inspection and monitoring functions, pursuant to Colorado Revised Statute §34-60-106(15), so that Gunnison County can provide Commission inspection and monitoring services during both development and operational phases of various projects within Gunnison County. Any such assignments are subject to the following conditions:

1. The inspection and monitoring functions to be delegated by the Commission are not considered land use permit conditions such that, pursuant to Colorado Revised Statute §34-60-106(15), Gunnison County will not impose any new tax or fee, direct or indirect, in order to conduct the inspection or monitoring functions to be delegated by the Commission and will assume all fiscal responsibility for the inspection and monitoring assignments to be delegated by the Commission. While the inspection and monitoring functions are not considered land use permit conditions, nothing in this MOU precludes Gunnison County's authority, pursuant to Colorado Revised Statute §34-60-106(15), to charge fees for inspection and monitoring for road damage and compliance with local fire codes, land use permit conditions, and local building codes.
2. Gunnison County will not receive compensation contingent on the number or nature of alleged violations referred to the Commission by Gunnison County.
3. The Commission will approve and train the county official responsible for inspection and monitoring.
4. The Commission will retain all enforcement authority.
5. The Parties will draft a formal intergovernmental agreement to accomplish this assignment. The Parties will involve a broad range of stakeholders to participate in developing this intergovernmental agreement.

H. Information Disclosure

Any information furnished pursuant to this MOU will be subject to disclosure to the extent allowed under the Freedom of Information Act (5 U.S.C. § 552), the Privacy Act (5 U.S.C. §552a), and/or the Colorado Open Records Act (C.R.S. § 24-72-201 *et seq.*).

I. Similar Activities

This MOU in no way restricts the Parties from participating in similar activities with other public or private agencies, organizations, or individuals.

J. Effective Date, Duration, and Amendment

This MOU takes effect upon the signature of both Parties thereto, and it shall remain in effect for ten (10) years from the date of execution or until terminated upon 30 days written notice by either party. This MOU may be extended or amended upon written request of either Party, and written concurrence of the other Party.

K. Separate Activities and Resources

Each of the Parties will conduct its own activities and utilize its own resources, including expenditure of its own funds, in implementing this MOU. Each Party will carry out its separate activities as expeditiously as possible in a coordinated and mutually beneficial manner.

L. Obligation of Funds

Nothing in this MOU shall commit either Party to obligate or transfer any funds. Specific work projects or activities that involve the transfer of funds, services, or property between the Parties will require separate agreements and be contingent upon the availability of appropriated funds.

M. Authorized Representatives

By signature below, each of the Parties certifies that its representatives are authorized, pursuant to the authority of the Parties' Commissions, to act in their respective areas for matters related to this agreement.

For Gunnison County:

For the Commission:

Hap Channell, Chairman

Thomas L. Compton, Chairman

Phil Chamberland, Commissioner

Peter Gowan, Secretary

Paula Swenson, Commissioner