

**MEETING OF THE
MILLARD COUNTY PLANNING COMMISSION**

**MEETING MINUTES
June 2, 2010**

The Millard County Planning Commission met on Wednesday, June 2, 2010 at the Millard County Offices, 71 South 200 West, Delta, Utah.

PRESENT: Robin Smith..... Chairman
Gordon Chatland Board Member
Joyce Barney Board Member
Jim Withers Board Member
David Sturlin Board Member
Greg Greathouse Board Member

ALSO PRESENT:

Sheryl Dekker Millard County Planner
Amber Nickle Secretary
Richard Waddingham County Attorney
Daron Smith County Commissioner
Dave Denton Magnum Resources
Joe Trujillo Bar T Ranch
Gordon Bell Western Land Services
Brian Pugh Magnum Resources
David Hansen Hansen, Allen & Luce, Inc.
Clara Stevens BLM
Samuel Quigley Magnum Resources

1. Welcome, Call to Order

Chairman Smith called the meeting to order at 7:01 p.m. He welcomed all present.

**2. APPROVAL OF MINUTES – April 7, 2010
May 5, 2010**

The proposed minutes of the regular Planning Commission meeting held April 7, 2010 were presented for consideration and approval. Attorney Waddingham stated that he made some corrections to the minutes after they were sent out. Joyce Barney made a motion to table the minutes. Gordon Chatland SECONDED the motion. The voting was unanimous in the affirmative. The April 7, 2010 minutes were tabled until the July 7, 2010 Planning Commission Meeting.

The proposed minutes of the regular Planning Commission meeting held May 5, 2010 were presented for consideration and approval. Following review and consideration of minor corrections Commissioner Joyce Barney made a motion to approve the minutes as corrected. Commissioner Gordon Chatland SECONDED the motion. The voting was unanimous in the affirmative.

3. DISCUSSION AND POSSIBLE APPROVAL of an application for a Conditional Use Permit for drilling of an exploratory oil well proposed by Python Ag, LLC – Applicant. The application is for a twenty acre parcel of property located three miles southeast of Delta. # Z-2010-010

Greg Greathouse asked what the land was like where Mr. Bell plans to put the exploratory well. Gordon Bell said that the oil well would not interfere with current farming in the area. Greg Greathouse asked what the plans are if something goes wrong. Mr. Bell said if they get oil from the drilling, there would be a containment area around it. A site would be set up where they could extract and transport the oil. Greg Greathouse said he is uneasy with LLC's that do not have insurance and a mitigation plan in the event of an accident. Robin Smith said there was a lot of detail in the application. Sam Quigley (Magnum Resources) stated that regulations require people to get a bond in order to drill for oil.

Joyce Barney asked Mr. Bell if he currently has a bond to drill. Mr. Bell stated he did. He said there is a description of the drilling in the application. Gordon Chatland asked what the plan would be for clean up. Mr. Bell said there would be a liner that would capture any residual material. There is also a soap substance they put in the hole to secure the drill.

Joyce Barney asked about the value of the drilling operation. Mr. Bell said that at the current time he could not put a value on the well since they are not sure they will find oil. The Planning Commission stated that if oil is discovered, Mr. Bell would have to come back to the board for a zone change and a conditional use permit for extraction of the oil.

Chairman Smith reminded those present that there are a number of state regulations overlooking the operation. Joyce Barney asked if a water right is needed to drill. Mr. Bell said he does not know how much water but some would be needed and they are currently talking to land owners with water in the surrounding area. Robin Smith said that they could include a condition in the application that Python Ag show proof of adequate water. Mr. Bell said he has talked to staff at Delta City and they would allow him to take water from a hydrant owned by Delta City.

Joyce Barney asked how long it would take to complete the exploratory process. Mr. Bell said about three weeks. Richard Waddingham asked how much water the city would allow him to take. Mr. Bell said up to 5,000 gallons a day.

Joyce Barney asked where the closest home to where he would be drilling is. Mr. Bell said it is about a mile to a mile and half away. Mr. Greathouse asked about liability insurance. Mr. Bell stated that the State requires him to have a bond for insurance. Sheryl Dekker stated that he would need to provide proof of the bond in order to obtain a permit.

Mr. Bell stated that if they get producible oil they would upgrade the roads in the area so they can transport the oil. Once the site is set up they will have water trucks bringing in water to control dust.

There was discussion about where the workers would live while drilling. Mr. Bell provided a signed application from the health department for living quarters. He stated the site would be inspected once constructed.

Robin Smith stated that if the dust becomes an issue they would have to spray the disturbed area with water. Mr. Bell stated that dust control is a condition of the state permit.

Joyce Barney made a motion to approve the application for a conditional use permit for Python Ag. The bases for issuing a conditional use permit are as follows:

- | |
|---|
| <p>A. The proposed use at the particular location is necessary or desirable to provide a service or facility which will contribute to the general well-being of the county by providing economic growth.</p> <p style="padding-left: 40px;">The discovery and extraction of oil would benefit the county by providing jobs and economic growth.</p> <p>B. Such use will not, under the circumstances and conditions imposed, be detrimental to the health, safety and general welfare of persons nor injurious to property or improvements of the immediate area or the county as a whole.</p> <p style="padding-left: 40px;">The oil exploration well operation will be required to conform to all state, federal and county regulations.</p> <p>C. The proposed use will comply with the regulations and conditions specified in chapter 10 of the Millard County code for such use.</p> <p style="padding-left: 40px;">Yes.</p> <p>D. The proposed use conforms to the goals, policies and governing principles of the county general plan. - Encouraging agricultural use and development.</p> <p style="padding-left: 40px;">The Millard County General Plan supports operations to provide economic growth.</p> <p>E. The accessory uses associated with this AFO will support and further the principal use of the property. (Ord. 08-04-01B, 04-01-2008, eff. 04-28-2008)</p> <p style="padding-left: 40px;">Yes.</p> |
|---|

Conditions for inclusion in the Conditional Use Permit # Z-2010-010 are as follows:

A. WORKER SAFETY

Millard County is concerned for the safety of all who are part of the work force working in Millard County, therefore, the Grantee shall:

1. Implement safety programs as required by OSHA, MSHA, DOGM and any other state or federal agencies having jurisdiction over this type of operation and observe all good safety practices particular to oil well exploratory drilling.
2. Submit to Millard County an incident report on all accidents which occur onsite, and which require major medical assistance. This report should be a

detailed report and include the cause of accident and circumstances surrounding the accident.

3. Maintain adequate liability insurance to cover any and all risks that may be incurred during construction and operation of this exploratory oil well drilling operation and provide Millard County with proof of such insurance.
4. Maintain workers compensation insurance on all employees as required by state law.

B. LAW ENFORCEMENT AND PROJECT SITE SECURITY

The Grantee shall:

1. Be responsible for its own site security.
2. Comply with all Federal, State, and local laws and regulations that pertain to the construction and operation of this project.
3. Obtain all Federal, State, and local licenses and permits required for oil well exploratory drilling operations, including but not limited to all DOGM permits and reclamation bonds, and maintain all of these licenses, permits and bonds for as long as this oil well exploratory drilling operation continues at the above mentioned location. Grantee shall provide proof of these licenses, permits and bonds to Millard County. If any violation occurs which is serious enough to cause the revocation of any of the aforementioned licenses or permits, Grantee will be deemed to be in violation of this Conditional Use Permit and shall be subject to those revocation proceedings.

C. ENVIRONMENTAL

Because of Millard County's concern for the health, safety and welfare of its citizens, the Grantee shall be required to:

1. Provide Millard County with evidence of bond compliance and liability insurance with state and/or federal agencies.
2. Provide Millard County with evidence of adequate water supply for this operation.
3. Implement good dust control practices and procedures to control the generation and spreading of dust from both oil well exploratory drilling operation as well as any dust problems arising from transportation to and from the site along dirt and gravel roads in Millard County.
4. Upon termination of operations of this oil well exploratory drilling operation, grantee shall remove all of its property from the site and reclaim the land to its original condition.
5. Grantee shall also comply with any directives issued by Millard County regarding any conditions deemed potentially hazardous, and take immediate action to remedy such conditions, as well as any conditions that might be considered a nuisance as identified by the *Millard County Zoning Ordinance*.

D. COUNTY ACCESS TO PROJECT SITE

For the purpose of continued inspection for compliance with this conditional use permit, Grantee shall:

1. Allow authorized county officials the right to access the project site for the purposes of

inspection, investigation or enforcement of all applicable regulations, laws or ordinances.

2. When possible, county officials shall make reasonable attempts to notify the Grantee before accessing the site, and when possible, conduct site visits during regular business hours and be accompanied by project personnel while on site.

E. LOCAL IMPACTS

1. Due to potential increased traffic impacts on Millard County roads, Grantee shall initiate contact with and adhere to any requirements or directives of the Millard County Road Department Supervisor in order to negate or minimize any additional expenses for maintenance or any improvements deemed necessary to access the oil well exploratory drilling operation on county roads used for transportation to or from the drilling site.

2. Because of the temporary nature of this exploratory oil well drilling operation, Grantee shall be allowed to utilize on-site housing to be occupied at or near the drilling site for a period of no more than thirty days.

3. In the event of locating oil at the site as a result of the exploratory drilling operation, Grantee will be required to submit to the Planning and Zoning Department a zone change request and a new conditional use permit application for a more permanent oil well extraction operation.

Gordon Chatland seconded the motion. Voting was unanimous in the affirmative.

- 4. DISCUSSION AND POSSIBLE APPROVAL** of an application for a Conditional Use Permit for drilling of an exploratory oil well proposed by Python Ag, LLC – Applicant. The application is for a twenty acre parcel of property located 3 ½ miles southeast of Delta. # Z-2010-011

David Sturlin made a motion to approve this second application for a conditional use permit from Python Ag and issue conditional use permit # Z-2010-011 with the same basis for issuing a conditional use permit and the same conditions as Permit # Z-2010-010.

Jim Withers SECONDED the motion. The voting was unanimous in the affirmative.

- 5. DISCUSSION AND POSSIBLE RECOMMENDATION** Following a Public Hearing Held on May 5, 2010 to the Board of Millard County Commissioners for Proposed Text Amendments to Several Goals, Objectives, and Implementation Strategies as Contained In the Millard County General Plan – Housing Element. These Amendments are Being Proposed to Develop a Moderate Income Housing Plan as Part of the Millard County General Plan Pursuant To UCA 10-9a-103 and 17-27a-403. # Z-2010-006

Chairman Smith asked if anyone had any comments or questions. Joyce Barney asked Mr. Waddingham if he had any comments or concerns regarding the language in the proposed *Affordable Housing* element to be included in the *Millard County General Plan*. Attorney Waddingham said if he has any concerns he will contact the board.

Gordon Chatland made a MOTION to forward a favorable recommendation for application Z-2010-006 to the Board of Millard County Commissioners pending review by the Millard County Attorney. Greg Greathouse SECONDED the motion. The voting was unanimous in the affirmative.

6. **PUBLIC HEARING** for the purpose of receiving public comment on an application for a Conditional Use Permit for a Natural or Manufactured Gas Storage and Distribution Facility (salt cavern natural gas storage facility) and Gas Pipeline Right-of-Way (Major) proposed by Magnum Solutions, LLC – Applicant. # Z-2010-008 and # Z-2010-009.

Gordon Chatland made a motion to open a public hearing on application Z-2010-008 and Z-2010-009. Jim Withers seconded the motion. The public hearing was opened at 7:57pm. Chairman Smith asked for questions or comments from the audience. David Sturlin made a motion to close the public hearing. Greg Greathouse SECONDED the motion. The public hearing was closed at 7:59pm.

7. **REVIEW AND POSSIBLE RECOMMENDATION** following two public hearings held May 5, 2010 and June 2, 2010 regarding an application for a Conditional Use Permit for a Natural or Manufactured Gas Storage and Distribution Facility (salt cavern natural gas storage facility) as proposed by Magnum Solutions, LLC – Applicant. The application is for property located south and east of the IPP Power Plant at the intersection of Brush Wellman Highway and Jones Road, approximately 10 miles north of Delta. # Z-2010-008

Greg Greathouse suggested that the Planning Commission give guidance to the County Planner on conditions they would like to include in the two conditional use permits for Magnum Resources and then review them at the next meeting.

Chairman Smith asked Sheryl Dekker if Attorney Waddingham and Bruce Parker would be part of the process of drafting a permit. Sheryl Dekker said she would include Bruce Parker and Attorney Waddingham in the draft CUP process.

8. **REVIEW AND POSSIBLE RECOMMENDATION** following two public hearings held May 5, 2010 and June 2, 2010 regarding an application for a Conditional Use Permit for a Gas Pipeline Right-of-Way (Major) and proposed to be located in Millard County, Utah. The Gas Pipeline Right-of-Way (Major) is proposed to serve a Natural or Manufactured Gas Storage and Distribution Facility proposed by Magnum Gas Storage, LLC. The application is for property located approximately 15 miles north of Delta and travels in a north-easterly direction exiting at the boundary of the Millard-Juab county line. # Z-2010-009

Greg Greathouse stated that there have been issues regarding water on the desert in the past. Fire is a big problem also. Chairman Smith asked project manager Sam Quigley if there is any timeline for the pipeline. Quigley responded that there is not at

this time. The first stage will be to begin the process for solution mining of the salt dome.

Gordon Chatland asked when they start storage site construction. Mr. Quigley said there is not a time set now for that construction. There was some discussion on time limit for the permit.

Mr. Quigley said they would like to start construction in July or August. He noted that it takes two years to solution mine a cavern. Mr. Quigley said that it is conceivable that the pipeline could be constructed at the same time as the solution mining of the first cavern as it needs to be in place to deliver natural gas to the caverns. Richard Waddingham read the current regulations for application timelines, and noted the Board of County Commissioners is authorized to establish the expiration dates for the permits. .

Mr. Quigley stated that Magnum is in the financing stages of the project at this time, and noted that approval of the permits is needed to obtain financial backing.

Greg Greathouse asked how close they would be to the UNEV pipeline. Mr. Quigley said they would run parallel to UNEV's pipeline.

Joyce Barney asked if anyone knows the impact IPP had on the underground water table when they acquired the water they did. Greg Greathouse said that much of the water used by IPSC is not ground water.

Gordon Chatland asked if the board could have the conditional use permit wording before the next meeting. Sheryl Dekker said she would get it out as soon as possible before the next Planning Commission meeting.

There was discussion on what the board wanted to include in the conditions for the conditional use permit. Sheryl Dekker recorded the proposed conditions from the Planning Commission for inclusion in the permits.

Chairman Smith asked if the pipeline would bore under the road. Mr. Quigley stated that it would be cheaper for the company to bore under the road, and they hoped they would be able to.

Sheryl Dekker stated that she would get in touch with Bruce Parker and get a draft of the conditional use permit to the board two weeks prior to the next meeting. Mr. Quigley asked to be given a copy of the conditions as well when drafted. Sheryl Dekker said she would get a copy to Magnum staff when completed.

- 9. FOLLOW-UP** regarding a Request By Fillmore City Planning And Zoning Department To Enact A Temporary Moratoria On Hillside Development Until An Ordinance Can Be Enacted To Provide A "Safety Net" For Development Of Properties Adjacent To Fillmore City On Slopes And Hills That May Cause A Detrimental Effect On Existing City Infrastructure And Homes Due To Disruption Of The Historic Water Flows.

Greg Greathouse said a moratorium should be enacted as soon as possible. Joyce Barney asked who is working on the language for the moratorium. Attorney Waddingham said that Bruce Parker would be working on the language for the ordinance enacting the proposed moratorium.

10. OTHER BUSINESS

11. Possible Closed Meeting Pursuant to Utah Code Annotated Section 52-4-4&5

12. Adjourn

David Sturlin made a motion to adjourn. Gordon Chatland **SECONDED** the motion. The voting was unanimous in the affirmative. The meeting adjourned at 9:30pm.

Robin Smith, Chairman
Millard County Planning Commission