

Board of County Commissioners of Lincoln County
Agenda for June 30, 2016

9:00 Call to order and Pledge of Allegiance

9:30 Ryan Sullivan, Senior Landman/Business Development and Joe Rezendez, Production Engineer, both representing Nighthawk Production, to discuss locating a Saltwater Disposal Gathering System, a Waterflood Distribution System, a Produced Gas Gathering System and a Fuel Gas Distribution System in and around the county road easements in County Roads 35 and 4B

10:00 Patricia Phillips, Human Services Director, to present the Department of Human Services monthly report

1. Approve the minutes from the June 29, 2016, meeting
2. Review the Monthly Management Report from the First National Bank of Omaha
3. Discuss submitting a sealed bid on a used bucket truck being offered for sale by Eastern Slope Rural Telephone Association
4. County Commissioner reports
5. County Administrator's report
6. County Attorney's report
7. Old business
8. New business
9. Approve additional expense vouchers if necessary

The Board of Lincoln County Commissioners met at 9:00 a.m. on June 30, 2016. The following attended: Chairman Greg King, Commissioners Doug Stone and Ed Schiffers, County Administrator Gary Ensign, County Attorney Stan Kimble, Clerk to the Board Corinne M. Lengel, and Will Bublitz with the Limon Leader and Eastern Colorado Plainsman.

Chairman King called the meeting to order and asked Mr. Schiffers to lead the Pledge of Allegiance.

Mr. Stone made a motion to approve the minutes from the meeting held on June 29, 2016, as submitted. Mr. Schiffers seconded the motion, which carried unanimously.

The Board reviewed the monthly management report from the First National Bank of Omaha and then discussed submitting a sealed bid on a used bucket truck being offered for sale by Eastern Slope Rural Telephone Association. The group discussed what they felt the truck was worth and how much it might sell for. Mr. Stone made a motion to offer a sealed bid on the used bucket truck in the amount agreed upon by the Board. Mr. Schiffers seconded the motion, which carried unanimously.

At 9:30 a.m., Senior Landman/Business Development Ryan Sullivan and Production Engineer Joe Rezendes with Nighthawk Production met with the Board to discuss locating a saltwater disposal gathering system, a waterflood distribution system, a produced gas gathering system, and a fuel gas distribution system in and around the county road easements in County Roads 35 and 4B. Land Use Administrator John DeWitt attended the discussion as well. The Colorado Oil & Gas Commission approved Nighthawk's Arikaree Creek oil field project on June 8, so Mr. Rezendes said they were meeting with the commissioners to learn the county's construction requirements. Their plan is to install the four different pipeline systems listed above, using mostly three-to-four inch poly pipe. Installation of the pipelines will cut down on the amount of trucking, which will in turn save wear and tear on county roads. The two representatives produced maps of the area in question, explaining where the proposed valve boxes, road crossings, and pipelines would be located. Mr. DeWitt stated that a different oil company attempted the same thing approximately three years ago but the county commissioners did not approve that project, as they were concerned with the number of other utility lines in the rights-of-way. Mr. Kimble asked if it is considered a use by right or part of production. Mr. DeWitt stated that it's implied as a use by right and the county has no specific regulations for it. Mr. Rezendes stated that placing the lines in the county rights-of-way is better for the landowners since many of them farm right up to the edge of it.

Mr. King was concerned with the fact that the county may need to elevate a road sometime in the future and having the pipe in the right-of-way might interfere with that. He was also worried that mowers or other county equipment would not be able to work around the vaults. Mr. Rezendes said there really is no good solution for the vaults but they do not want them in the ditches. He went on to say that they will need to put in four crossings on County Road 35, with potentially seven valve vaults along the way.

When asked about right-of-way agreements, Mr. Sullivan said they currently have separate agreements with Winterbergs and Rohrbaughs. When they began working on the leases, they discontinued the right-of-way agreements so they didn't inundate the landowners with agreements. He added that they are trying to work with the mineral owners as well.

Mr. Kimble wanted to know if Mountain View Electric is the only utility line in the rights-of-way, and Mr. King said there are no homes in the area that would require a phone line. Mr. Ensign said that didn't mean there weren't lines and Mr. Rezendes said they will definitely do a utility line locate to make sure. Mr. King asked how deep the pipe would be and was told approximately fifty-four inches and that they would put in culverts to run their lines through at the crossings. Mr. King said he would prefer they bore it and Mr. Rezendes responded that doing so would increase their costs considerably, as well as cause pockets in the airlines. Mr. King stated the county would not be able to hold the road with all the heavy traffic if Nighthawk makes such cuts.

Mr. Kimble asked how big the vaults would be and Mr. Rezendes said they haven't been designed yet but they don't have to be big; possibly a foot and a half or two feet in width.

Mr. Schiffers asked how many landowners are involved. Mr. Sullivan named three landowners and two mineral right owners, adding that all of the landowners are involved in the production aspect; however, those in the north field are not on board with the water flow at this time. They have attempted to meet with those landowners but they cannot come to terms on the water flow proposal. The hope is that once they see the increased production response in the south half, they may come around. Mr. Rezendes put in that the water flow in the south half will have no effect on the production in the north half, and Mr. Sullivan added that it is simply stranded oil that otherwise cannot be produced. Injecting the saltwater back into the soil helps to sweep the oil away and keeps things clean. When asked how much longer this field may last, Mr. Sullivan responded that it may be another twenty or twenty-five years. Mr. Rezendes added that without the water flood, the life would be much shorter.

Mr. Kimble stated that basically Nighthawk is asking for an agreement with the county to use the county rights-of-way on the roads in question, and whether or not the county has other requirements, and the two agreed. Mr. Kimble said the county doesn't really own the easements but state statute does give some direction on what can be done with them. Mr. DeWitt said that his only concern is with the utility lines. Mr. Kimble asked if Nighthawk had researched other possible easements on record and was told that they had not. He was also told that they will be putting in approximately two miles of pipe, north to south.

Mr. King suggested they have Mr. Kimble look into it further before making a decision, asking when Nighthawk needs to have a firm answer. Mr. Rezendes said they will need to have the equipment installed and up and running by October 1, so they will need to install the pipe in September. They will put all four pipes in one trench. Mr. Kimble asked if Nighthawk has an indemnification clause in the event of a leak or other problem, and Mr. Sullivan said he believes there is such a clause in their lease agreements.

Mr. King said he would speak with the District Two road foreman and Mr. DeWitt explained the simple road crossing permits needed. Mr. Rezendes clarified that the culverts he spoke of should actually be called conduit, as they would encase the lines in them and enclose the ends, which helps protect the pipe from heavy loads. They would not be used for drainage purposes in any way. Lastly, Mr. King asked if they have a proposal for crossing the Arikaree and Mr. Rezendes said they are studying it now to see if they can trench it, or if they will have to bore underneath. They prefer to trench but will bore if necessary. He added that the line is critical to the water flood but they have to be mindful of the Army Corps of Engineers regulations as well.

At 10:30 a.m., Robert Kraxberger with the Department of Human Services met with the Board in place of Director Patricia Phillips. After reviewing the financial reports, timesheets, and income maintenance, child welfare, and director's reports, the commissioners reviewed an MOU for Northeast Colorado Child Care Resource and Referral. Mr. King asked if the amount was the same but Mr. Kraxberger was unsure. Mr. Schifferns made a motion to approve the MOU, Mr. Stone seconded the motion and it carried unanimously. Mr. Kraxberger also stated that there would be no excess TANF funds as previously reported by Ms. Phillips, due to the fact that Administration was overspent and it is part of the Child Welfare block grant. However, DHS will honor the TFAP commitment of funds for the remainder of 2016, which will pay the \$100 monthly rental fee for the Ellis Allen building at the fairgrounds. Ms. Phillips will speak with Becky Carter about what can be done next year.

Mr. King called for commissioner reports and Mr. Stone reported receiving a call from a resident on June 19 that they may have caused damage to one of the county roads in his district when pulling some equipment. Mr. Stone checked and said the damage was minimal and appreciated the call. On June 21, District Three crews patched oil south of Highway 94 on County Road 109, on June 22 they took out a one-span bridge and replaced it with two culverts, and on the Twenty-third he stopped by the fairgrounds to check on the progress of the lift station. While there, he spoke with John Palmer who told him things were going well with the crews working on the project. On June 25, while at the Ranch Rodeo, he listened to the sound system and said it is much better than it was last year. On June 26, Mr. Stone received a phone call from a resident who wanted him to go for a ride south on County Road 28. About four miles of the road are extremely sandy and hard to maintain, according to Mr. Stone. Since the road does get quite a bit of traffic on it, they will try to start blading it once a week to see if they can reduce some of the washboards. Mr. Stone also reported that his district chip sealed about three and a half miles south from Highway 94 on June 27, and also 2.7 miles southwest of Karval to Highway 71 on June 28.

Mr. Schifferns reported checking roads on June 20. He also received a call from the rural mail carrier who is still finding the iron spikes in the roads. Mr. Stone said the spikes must be from the crusher but added he didn't know what they could do about it. Mr. Schifferns said that was also what he had told the mail carrier. Mr. King attended the hospital board meeting for Mr. Schifferns on June 23, and Mr. Schifferns reported receiving a call from someone expressing

their disapproval that Roxie Devers was hired to continue work on the roundhouse project. The caller felt that she should be involved in other non-profit organizations for acquiring grants. Mr. Ensign said that the county is actually the grant recipient and Ms. Devers is working on behalf of the county. The District One road crew is trying to prepare for harvesters on the roads and is currently mowing the shoulders. They will start on the hospital parking lot when harvest starts. On June 27, Mr. Schifferns checked roads, and also reported that the road crew was working on County Road 2W about a quarter mile south of Hugo on June 29.

Mr. King reported checking on the progress of the project at the fairgrounds on June 21. He also stopped by the Genoa shop and the landfill, and checked roads. The sprayer seems to be working fairly well at the landfill. He checked roads north of Arriba on June 23, stopped at the county shop, and attended the hospital board meeting that evening. Linda Olson is resigning from the hospital board. The Air Life program director, Linda Gray, is pushing community involvement for the crews, the hospital financials are still behind by about a month, and they discussed their position on Amendment 69. Mr. King also received a phone call from the spouse of the party who had contacted Mr. Schifferns about hiring Ms. Devers. He received a call from a resident north of Arriba on June 27 who said the land dispute will be taken to court. Paul Martin called Mr. King to let him know he has had a terrible problem with *Tribulus terrestris*, or tack weed. Mr. King contacted Wayne Shade and asked him to spray them.

Mr. Ensign reported that the commissioners would need to authorize him to be the program administrator for First National Bank-Omaha; the county credit card company, as all of those previously listed are no longer working for the county. Mr. Stone made a motion to authorize Gary Ensign as the program administrator for the county's credit card company, Mr. Schifferns seconded the motion and it carried unanimously.

Mr. Kimble reported having a phone conference with the attorneys for Invenergy and provided a handout regarding questions they had for the Rush Creek II wind energy project. They are close to filing their application but seem to be having problems with Elbert County. There also still seems to be some concern about the transmission line routes.

There was no old business to discuss and the only item of new business was brought up by Mr. King, who stated that District Two would be purchasing a John Deere all-wheel drive road grader on a three-year payout; first payment to be made in May of 2017. Mr. Stone made a motion to allow District Two to purchase the road grader under the stipulations provided by Mr. King. Mr. Schifferns seconded the motion, which carried unanimously.

The commissioners approved a few additional expense vouchers for the month of June 2016 and then, with no further business to come before the Board, the meeting was adjourned until 9:00 a.m. on July 6, 2016.

Corinne M. Lengel, Clerk to the Board

Greg King, Chairman