

**Intergovernmental Agreement between the Board of County Commissioners of
Gunnison County and the Colorado Oil and Gas Conservation Commission**

I. Parties

The parties to this Intergovernmental Agreement (“Agreement”) are the Board of County Commissioners of Gunnison County (“Gunnison County”) and the Colorado Oil and Gas Conservation Commission (“Commission” and, collectively the “Parties”).

II. Introduction and Purpose

In December 2011, the Parties entered into a Memorandum of Understanding (“MOU”). The MOU memorialized the Parties’ intent to work together on regulatory matters related to oil and gas operations in Gunnison County, Colorado. The MOU contemplated the Parties would enter into this Agreement to, among other things, assign the Commission’s oil and gas operations inspection function to Gunnison County pursuant to C.R.S. § 34-60-106(15).

III. Selection, Approval and Training of Inspector

Gunnison County may either employ a staff member or contract with a private entity to conduct inspections pursuant to this Agreement (the “Inspector”). Only persons who have been approved and trained by the Commission may conduct the inspections authorized under this Agreement.

A. Qualifications Inspector’s qualifications shall, at a minimum, meet the Colorado Department of Personnel and Administration’s qualifications applicable to Commission field inspectors.

B. Selection, Supervision and Control

1. Gunnison County will seek to fill the Inspector role via public advertisements or internal job announcements. Gunnison County will select the Inspector subject to Commission approval, which approval will not be withheld except for a conflict of interest or lack of appropriate qualifications.

2. Gunnison County will supervise the Inspector’s routine activities, subject to appropriate communications with, and periodic reporting to, the Commission.

C. Training The Commission shall train the Inspector. The Inspector will attend the Commission’s training programs, meetings and updates in person. Gunnison County shall be responsible for all costs associated with the selection, retention and training of the Inspector, including travel, lodging and

meals. The Commission will not require Gunnison County to reimburse the Commission for the prorata cost of the Inspector's participation in training programs, meetings and updates.

IV. Inspection Agreement

Gunnison County will provide a copy of any job description or contract inspection agreement to the Commission promptly after its execution ("Inspection Agreement").

A. Fees & Costs Gunnison County shall be solely responsible for the fees and costs charged by the Inspector or for the salary of the Inspector if a county employee. Neither the Inspection Agreement's fee arrangement nor the salary (including bonus) paid to an employee may be contingent on the number or nature of instances of alleged noncompliance reported by the Inspector to Gunnison County or referred by Gunnison County to the Commission.

B. Intergovernmental Coordination

1. Gunnison County and the Commission shall jointly coordinate routine inspections by the Inspector.
2. Gunnison County shall coordinate the frequency of routine inspections with the Commission.
3. Gunnison County may conduct inspections immediately in response to complaints, accidents, fires or other emergency events. Advance notice of such inspections shall be provided to the Commission where practicable.
4. The Inspector shall use the Commission's standard reporting forms and procedures.
5. The Commission shall retain all enforcement authority.
6. The Parties will hold coordination meetings at regular intervals to discuss implementation of this Agreement and will also accept public comment on, and review implementation of, this Agreement at regular intervals.

C. Governing Standards The Inspector shall perform inspections pursuant to the Commission's Rules and standards.

D. Conflicts of Interest Other than the fees or salary earned under the Inspection Agreement, the Inspector shall represent and warrant that it does not have any interest, financial or otherwise, in the outcome of the inspections.

V. Assignment of Inspection Authority

The Commission hereby expressly assigns its oil and gas operations inspection function to Gunnison County pursuant to C.R.S. § 34-60-106(15). Such assignment is limited to oil and gas operations within Gunnison County, Colorado and may be revoked by the Commission for any reason with 30 days notice to Gunnison County.

A. Right to Access The Commission hereby assigns to Gunnison County, through its Inspector, non-exclusive Commission authority to enter onto any lands or waters, public or private, located in Gunnison County, Colorado to carry out inspections.

B. Right to Inspect The Commission hereby assigns to Gunnison County non-exclusive Commission authority to inspect oil and gas operations located in Gunnison County, Colorado for purposes of assessing compliance with the Oil and Gas Conservation Act, or any rule, regulation or order of the Commission, or any permit issued by the Director.

VI. Reporting Requirements

A. Primary Point of Contact for Commission The Commission's primary point of contact for purposes of this Agreement shall be the Commission's Field Inspection Manager.

B. Primary Point of Contact for Gunnison County Gunnison County's primary point of contact for purposes of this Agreement is Gunnison County's Local Government Designee pursuant to Commission Rules.

C. Primary Point of Contact for the Inspector Gunnison County shall provide contact information for the Inspector or, in the event Gunnison County enters into an Inspection Agreement with a private entity, contact information for such entity once the Inspection Agreement is executed.

D. Alleged Violations In the event the Inspector has reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Director, has occurred, the Inspector shall notify the County, the Commission's Field Inspection Manager and the operator of the alleged violation in writing. The Inspector shall take appropriate measures to document the operator's alleged noncompliance, including photographs, reports and statements, and be available to consult with the Commission concerning the alleged facts and circumstances supporting the Inspector's belief.

E. Consideration of Alleged Violations The Commission shall promptly consider the Inspector's notification and, in its discretion, take any action permitted by the Oil and Gas Conservation Act or the Commission Rules. The Commission shall respond to each notification by the Inspector as if the notification were made by Commission staff.

F. Periodic Reporting by Inspector The Inspector shall, on a monthly basis, report to the Commission the number of inspections it has conducted in the preceding 30 days and the location and results of such inspections, even if no alleged violations of the Commission Rules are observed.

VII. Reservation of Enforcement Authority

The Commission retains all enforcement authority, including authority to enforce alleged violations of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Director.

VIII. Term and Termination of Agreement, and Reporting by the Director

This Agreement takes effect upon the signature of both Parties thereto, and 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 Agreement may be extended or amended upon written request of either party, and written concurrence of the other party.

The Director of the Commission shall provide a report to the Commission concerning the administration of this Agreement approximately six months after its execution and annually thereafter.

IX. Miscellaneous Provisions

A. Information Disclosure Any information furnished pursuant to this Agreement 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.*).

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

C. 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 Agreement. Each party will carry out its separate activities as expeditiously as possible in a coordinated and mutually beneficial manner.

D. Obligation of Funds Nothing in this Agreement 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.

FOR GUNNISON COUNTY:

FOR THE COMMISSION:

Hap Channell, Chairperson

Thomas L. Compton, Chairperson

Phil Chamberland, Commissioner

Peter Gowen, Acting Secretary

Paula Swenson, Commissioner