

Approved 04/18/17

**BATTLEMENT MESA SERVICE ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
MARCH 21, 2017**

Present:	Laurel Koning Bob Arrington Eric Schmela Denise Gallegos John Constine John Johnson Joel Toomey John Keller	President, Battlement Creek Village Vice President, Willow Creek Village Declarant, Battlement Mesa Partners Declarant, Battlement Mesa Partners Director, Mesa Ridge Townhomes Director, Monument Creek Village Director, Stone Ridge Village Director, The Reserve
Absent:	John Shepherd George Smith Dianna Arnett Amy Provstgaard Brad Hoy	Sec/Treasurer, Canyon View Village Director, Fairway Villas Director, Tamarisk Meadows Director, Tamarisk Village Director, Valley View Village
Also Present:	Steve Rippy Amie Martin	Association Manager Administrative Assistant
Community Members Present:	Kirby Wynn Matt Honeycutt Cheryl Robacker	Chuck Hall John Doose

OWNERS OPEN FORUM

Chuck Hall asked the Board of Directors for permission to install a flag on the BMSA property and a sign by the waterfall advertising the upcoming Kiwanis Golf Tournament. They would be installed approximately April 1st and will be removed after the tournament on May 20th.

CALL TO ORDER

Director Koning called the meeting to order at 9:00 am.

DISCLOSURE OF CONFLICT

None

MATT HONEYCUTT/JOHN DOOSE-URSA PRESENTATION

Mr. Honeycutt explained that when the initial drilling plans for the Battlement Mesa PUD were drawn there were going to be 10 drilling pads within the PUD. URSA has taken that number down to 5 pads with one of them being a temporary water facility. Those pads are listed as D, B, A, L and F with F being the temporary water facility. URSA has requested a zone text amendment for 22 acres around the A pad which will allow an injection well on the A pad. The zone text amendment will be heard by the Board of County Commissioners on April 17, 2017. If the zone text amendment and a permit is then obtained to drill an injection well on pad A then the M pad near the golf course, will be eliminated from their plan. Mr. Honeycutt explained that the injection well on the A pad will eliminate the truck traffic by about 33 to 50 trucks per day. If the zone text amendment and permit is not approved for the injection well on the A pad then the production fluids will be piped to other injection wells directly bordering the PUD and trucked to a facility outside of the PUD.

KIRBY WYNN-GARFIELD COUNTY OIL & GAS LIAISON

Mr. Wynn reported that he received a complaint of belly dump trucks that were driving at an unsafe speed by the waterfall. URSA discussed the complaint with the contractor and the problem was resolved.

Mr. Wynn reported that he received an email regarding truck traffic on Stone Quarry Rd. He was able to determine that the trucks were using the correct truck haul route.

Mr. Wynn reported that URSA has begun moving the drilling rig from the B & V pad in Parachute to the D pad in the PUD.

Mr. Wynn reported that on April 3, 2017 construction on the B pad will begin.

Mr. Wynn reported that the pipeline being built within the PUD is near the Valley View subdivision. They should be moving out of that area in the next two weeks.

Mr. Wynn reported that there was a small fire near the B pad. The fire was caused by the combustion of grout that was being used. The grout was being used as specified by the manufacturing and was contained in a 5 to 7 foot deep pit that was approximately 10' X 12'. Fire chief Blair explained that the fire was put out with approximately 200 gallons of water in 2 minutes or less. The sight was being monitored continuously when the fire started.

Mr. Wynn reported that the Northwest Colorado Oil & Gas Forum is scheduled for April 6, 2017 at 9:00 am at the Colorado Mountain College campus in Rifle.

Mr. Wynn reported that the next EAB meeting is scheduled for April 6, 2017 at 5:30 pm at the Garfield County Administration building in Rifle.

JANUARY 17, 2016 ANNUAL MEETING MINUTES

A motion was made by Declarant Schmela and seconded by Director Constine to approve the January 17, 2017 Annual Meeting minutes as presented. The motion carried unanimously.

FEBRUARY 21, 2016 MEETING MINUTES

A motion was made by Declarant Schmela and seconded by Director Constine to approve the February 21, 2017 regular meeting minutes as presented. The motion carried unanimously.

FINANCIAL REPORTS

A motion was made by Director Toomey and seconded by Director Constine to approve the February 2017 financial statements; subject to audit. The motion carried unanimously.

COMMITTEE REPORTS

Finance Committee-See attached written report.

Architectural Committee-No written report.

Covenant Control Committee-See attached written report.

Oil & Gas Committee-See attached written report.

Parks, Open Space & Trails Committee-No written report.

Mr. Rippey reported that the bid packages for Turkey Trail Park have been sent out.

Associated Governments of Northwest Colorado-No written report.

Energy Advisory Board-See written report.

MANAGER REPORT

See attached written report.

DEVELOPER REPORT

Declarant Schmela reported that he is in favor of the zone text amendment for the A pad. The approval of the injection well will drastically reduce the truck traffic and hopefully eliminate the M pad.

Declarant Schmela reported that the bid process for the AIG properties has concluded. The bid has not been awarded and business is continuing as normal.

NEW BUSINESS

Kiwanis Request

A motion was made by Declarant Schmela and seconded by Director Johnson to approve the Kiwanis request to install a flag at the BMSA property and a sign by the water fall. The motion carried with Director Arrington abstaining.

OLD BUSINESS

None

OTHER BUSINESS

None

UNRESOLVED/WORKING ITEMS

Director Koning asked if the covenant review committee had met. Director Johnson stated that the committee had not met. Director Koning will email the committee to get a meeting scheduled.

Director Koning asked if the annual meeting committee had met. Amie Martin stated everything is ready to go. The postcards will be mailed at the beginning of April. The committee will need help setting up and cleaning up the room.

ADJOURNMENT

The regular meeting adjourned at 11:00 am to go into the hearing process.

HEARING

A motion was made by Director Keller and seconded by Director Toomey to allow the owner's until April 15, 2017 to resolve the violation concerning an inoperable vehicle on the property. If the vehicle is not removed they will be fined \$25 per day for a month then \$50 per day for a month then \$75 per day for a month then \$100 per day until the violation concerning the vehicle is resolved. The motion carried with Director Johnson voting against the motion.

ADJOURNMENT

The meeting adjourned at 11:15 am.

BMSA Financial Committee
March 21, 2017 Report on Financial Documents Ending February 28, 2017
Year to Date Actual vs. Year to Date Budget

Operating Accounts

Revenue accounts exceeded budget by \$243,507.85 to \$219,429.00.

Expenditures were under budget \$52,812.86 to \$81992.00.

Reserve Accounts

Reserve revenue exceed budget \$199.75 to period of the 2 months to meet a total budget for the year of \$58,820.00

Reserve expenditures exceeded budget by \$1,324.00 in that \$18,474.00 was expended to a budget of \$17,150.00. It appeared that early work on Trail Improvements was responsible for jumping ahead of budget.

Summary

It appears that there is a good track on Budget to Actual. It appears with the lack of harsh weather, a jump has been made on some projects.

Added Note

There have been 2 planning meetings concerning the Ursa contribution of \$1,000,000.00 to the BMSA. These payments are scheduled to be 4 years of payments at \$250,000.00/year. The committee has Mr. Rippey conferring with both legal and financial advisors on suggestions concerning methods of payments and tax considerations with Mr. Schmela conferring with Ursa on possible timing of payments and other arrangements.

Submitted by:

Bob Arrington

Violation Report / February – 2017

Village	Trash Can	Maintenance of Property	Parking	Animal Complaint	Inoperable or Abandoned Vehicle	Other	Total	Percent of Total Violations
Monument Creek	6	6	6	0	3	0	21	28.8%
Battlement Creek	0	0	0	0	0	0	0	0.0%
The Reserve	2	0	1	0	0	0	3	4.1%
Willow Creek	2	1	0	0	0	0	3	4.1%
Tamarisk Village	4	5	4	0	1	1	15	20.5%
Tamarisk Meadows	1	1	0	0	1	0	3	4.1%
Stone Ridge Village	0	0	2	0	1	0	3	4.1%
Valley View	9	0	1	0	2	0	12	16.4%
Eagles Point	6	1	0	0	0	0	7	9.6%
Fairways	0	0	0	0	0	0	0	0.0%
Canyon View	4	0	0	0	0	0	4	5.5%
Mesa Ridge	1	0	0	0	0	0	1	1.4%
Total	35	14	14	0	8	1	72	
Percent	47.9%	19.2%	19.2%	0.0%	10.9%	1.4%		

Oil and Gas Committee Overview.

•At the Direction of the Board of Directors monitor and report on energy issues affecting the Battlement Mesa Planned Unit Development (PUD) and/or energy issues outside the PUD if those issues could affect the health and welfare of Battlement Mesa residents. Also, provide a communication outlet between the energy industry, Energy Advisory Board, Local Government Designee and the BMSA.

1. The Committee shall review and monitor energy issues in the Battlement Mesa area and report to the Board of Directors.
2. The Committee shall meet, when necessary, with energy companies to gather information about their activities and/or communicate concerns.
3. The Committee shall make every attempt to achieve the desired outcome by negotiation rather than confrontation on issues involving energy companies.
4. The Committee may from time to time hold informational gatherings with the mineral extraction industry, BMSA Board of Directors and community members.
5. The Committee shall make requests of the Board of Directors for approval of all expenditures.
6. As requested by the Board of Directors, conduct other committee related duties as assigned.
7. Review its own performance annually and submit a report to the Board of Directors identifying what had been accomplished by the Committee.

Oil & Gas Committee Activities:

- URSA Operation Company LLC – March 14, 2017
- Community Counts Board Meeting – March 15, 2017

Current Focus

- Continued review URSA's Phase I's ongoing activities for the Battlement Mesa Planned Unit Development (PUD) and local surrounding areas.
- Begin review of URSA's Phase II planned activities for the Battlement Mesa Planned Unit Development (PUD).
- Follow O & G activities in the BMSA area.

Activities

- URSA's Phase I activities in PUD and surrounding areas:
 - Finishing completions on the Monument Ridge B Pad. Once that is finished completions will move to the B & V Pad located behind the Hotels in Parachute.
 - The last of 24 wells were drilled on the B & V Pad. The drilling rig on the B & V pad will then be moved to the D Pad located in the PUD. This rig move will begin on March 20, 2017.
 - The D Pad in the PUD has been built, a berm created, pylons set and the sound wall is being installed.
 - When drilling begins 14 wells will be drilled,
 - Completions on these 14 wells will then begin as the rig is moved to the B Pad in the PUD.



- The B Pad will be constructed following the completion of the D Pad construction.
 - The rig will move to the B Pad when the drilling of the 14 wells on the D Pad concludes.
 - All of the wells will be drilled in one occupation.
 - Completions will follow the drilling.
- Once all 24 of the wells are drilled on the B Pad the rig will return to the D Pad to finish drilling the remaining 15 wells there with completions to follow.
- All of the Phase I activities are to be completed in three years.
- Pipelines for both gas and water are being installed.
 - The gas line installation will connect to existing collection line to get the produced gas to market.
 - The water lines are to reduce the amount of truck traffic that would be required if the water lines were not installed. As many as 150 large water trucks are projected per day during drilling and completions if the water lines are not installed.
- URSA's Phase II activities within the PUD.
 - Currently Phase II has four additional pad to be considered
 - A Pad by the water treatment facility with 24 wells.
 - L Pad located by the end of the driving range on the golf course with approximately 8 wells.
 - M pad located close the sixth green on the golf course.
 - F Pad located at the far southeast end of the PUD, this is to be a water storage facility.
 - In the planning stage for Phase II URSA would like to do the following.
 - Include an Injection well along with the 24 gas wells on the A Pad.
 - Move the L Pad to a location accessed from Spencer Blvd.
 - This would eliminate the pad at the end of the driving range.
 - The pad would have to be large enough to accommodate 33 wells.
 - If this is accomplished, the need for the M Pad would be eliminated.
 - The F Pad would still be a water storage facility, but not a pond. Instead water storage containers will be used in conjunction with the water pipelines to reduce the large truck traffic.
 - If all of these proposed modifications in the Phase II plans are approved, it is projected that all of the drilling and completions activities will be accomplished in the same three year timeframe as Phase I.
 - URSA has a website through DragonflyAI that provides a 3D view of the Pads A, L, and F.
 - <https://sketchfab.com/dragonflyat/colletions>
 - This website allows you to view different locations to see what the pads will look from different vantage points.
- Community Counts.
 - There are currently five rigs working in Garfield County.
 - URSA – 1.
 - Caerus Oil and Gas – 1.
 - Terra Energy Partners – 3.
 - Statewide – 28.
 - Northwest Oil and Gas Forum is scheduled the April 6, 2017 beginning at 9:00 AM at CMC.
 - Their website was hacked and they are contracting for a new one.

Action Items / Next Steps



BATTLEMENT MESA

Service Association

- Continue to review the URSA applications for the Phase I and Phase II activities in the Battlement Mesa Area.
- Follow activities of Oil & Gas in and around the Battlement Mesa Area.

Manager Report

Date: March 21, 2017

To: Board of Directors, Battlement Mesa Service Association

From: Steve Rippy, Association Manager

2016 Annual Report: BMSA Director, Laurel Koning, former director, Sara McCurdy, and I met to prepare information for the 2016 BMSA Annual Report. Thirty photos have been provided by community members to be included in the report. Text information and photos have been sent to Jennifer Perez with Open Windows Design for completion of the report.

URSA Donation of Funds: The sub-committee members reviewing the URSA donation to the BMSA met March 15th. Members present were Bob Arrington, Cheryl Robacker, John Shepherd, Eric Schmela and Association Manager, Steve Rippy. The committee invited BMSA Auditor, Nick Graham, to attend and provide information concerning tax liabilities associated with receiving the funds. As I reported at the February Board of Directors meeting the tax rate associated with non-member revenue can be as high as 39%. The forming of a 501 C-3 nonprofit was discussed as a possible method to receive the funds and remove the tax liability in order to gain full use of the funds. Other discussion included the transition of the BMSA from a nonprofit corporation to a 501 C-4 nonprofit which also would be considered tax exempt. After additional discussion it was determined that BMSA legal council should be consulted to gather additional information and advice.

Street Sweeping: The BMMD has begun sweeping the 4-lane streets (Battlement Parkway, Stone Quarry Road, Spencer Trail) as part of an agreement with Garfield County for 2017. When these streets are completed the BMMD will then begin the street sweeping of the residential streets in the villages as part of the 2017 contract with the BMSA.

Street Light Replacement: A street light that was knocked down by a motorist along Stone Quarry Road in January was replaced this past month. We filed a claim with the car owner's insurance provider and payment has been received.

Fence Maintenance: Several sections of fence were damaged by strong winds this past month in the Monument Creek and Tamarisk Villages. The fences have all been repaired.

The Colorado Dream

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