

**BATTLEMENT MESA SERVICE ASSOCIATION  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
APRIL 13, 2010**

<b>Present:</b>	Keith Lammey	President
	Sara McCurdy	Vice President
	Dan Cohen	Secretary/Treasurer
	Eric Schmela	Director
	Keith Sheppelman	Director
	Jeff Hill	Director
	Jay Haygood	Director
	Bob Arrington	Director
<b>Excused Absence:</b>	Mike Stiers	Director
	Frank Oakley	Director
	Gordon Elliott	Director
	John Shepherd	Director
<b>Also Present:</b>	Steve Rippy	Association Manager
	Amie Martin	Administrative Assistant
	Mary Anderson	
	Michelle Foster	
	Elaine Warehime	
	Bob Warehime	
	Tom Hall	
	Kathy Wynkoop	
	Burkie Wynkoop	
	Bruce Knuth	
	Frank Lancaster	
	Ron Galterio	
	Mary Galterio	
	Bonnie Smeltzer	
	Garland White	
	Jon Black	
	Mary Haygood	
	S. Haermeyer	
	Jo Darnall	
	Charlie Orr	
David Strickland		
Jennifer Richardson		

Nina Hiatt  
Linda Devanney  
Bill Nelson  
Dave Devanney  
Brian Wade

## **CALL TO ORDER**

Director Lammey called the meeting to order at 10:00 am.

## **ANTERO RESOURCES PROPOSAL**

Director Lammey submitted an amended drilling plan agreement proposal for the Battlement Mesa PUD from Antero Resources to the Board members. Director Lammey thanked Bill Nelson and the Oil & Gas Committee for the work they have done with Antero over the past many months. He also thanked Antero Resources for working with the Oil & Gas Committee, the BMSA Board, and the community. They have strong interests to work with the community to minimize the impact in the gas extraction process. The community is very important to them and they have a desire to protect it.

Director Lammey stated there were five players involved in the creation of Antero's proposal. Those five players were Antero Resources, Battlement Mesa Partners, Oil & Gas Committee, Parachute/Battlement Mesa Parks & Recreation District and BMSA. With this many players, everyone needs to come together to make this plan work.

Director Lammey stated he is in favor of the proposed agreement and hoped that the BMSA Board of Directors would also be in favor of it. The Parachute/Battlement Mesa Parks and Recreation District is meeting tonight to consider the proposal. Director Haygood asked how long has Antero, BMP, and the Oil & Gas Committee been working on this proposal? Director Lammey stated he did not know how long Antero and BMP have been working, but the Oil & Gas Committee has been working on it for approximately a month. Director Lammey explained that the new proposal called for the removal of the "C" pad, relocation of the "D" pad, removal of the "K" pad, the addition of a new pad on the Parks & Recreation District property, removal of the high pressure gas line in the Stone Ridge Village, and the removal of the high pressure gas line along County Road 308 adjacent to the Mesa Ridge subdivision. With the relocation of the "D" pad BMP is giving up a large amount of developable property. Director Lammey also

presented a report from the Oil & Gas Committee that supported the proposal, with 2 significant reservations.

Director Lammey explained the proposed agreement included a donation from Antero Resources of \$75,000 to the Parachute/Battlement Mesa Park & Recreation District for park improvements of their choosing. He further explained that the agreement would also accelerate \$125,000 of the pledged \$1,000,000 community contribution to BMSA. This would allow for the Parks and Recreation District and BMSA to use the funds toward building a new community park near the intersection of Spencer Parkway and Sipprelle Drive adjacent to the new middle school ball fields.

Director Schmela explained that in order for this plan to happen, everyone has had to give up something. But as a result, everyone has gained. He went on to explain that the \$75,000 Parks and Recreation donation and BMSA's \$125,000 will be the seed money to develop a new big park on a 6 acre parcel of land. He went on to explain that with this new proposal, Antero has come up with a plan that has less impact on the community by the shifting of one pad location and the creation of a park. From the Parks and Recreation's standpoint this is a huge leap in the creation of a large park in Battlement Mesa and less impacts on the community.

Mr. Nelson explained the most significant items on the proposal are the rerouting of the pipelines through Stone Ridge Village. The removal of pad "C" to another location. It was a very contentious pad it would have involved digging up utilities, pipelines, sewer lines, and it is also right on top of our pumping station. Another significant change is the removal of the pipeline next to the Mesa Ridge Townhomes. Mr. Nelson went on to say that the Oil & Gas Committee is very supportive of the overall plan. He stated this is a win for every party. Mr. Nelson also stated, that the BMSA needs to check into the taxability of the \$1,000,000, it could be reduced to \$800,000 very quickly. Also, the park location needs to be checked into. It will be a very long-term process; it could easily take \$1,000,000 to build. He went on to explain, that the location is covered with large rocks when the school was built.

Director Lammey stated that the park isn't going to happen next week. This money is only seed money. The Parks & Recreation District is a special district and they have the ability to receive grant money. Director Lammey explained that this is the only park that will serve our entire community. The park is highly needed and very desirable. Director Haygood asked what benefit this new park would have for Battlement Mesa residents since there were already parks in Battlement Mesa that

served the needs of the community? Director Lamme stated that the existing parks in Saddleback Village are not accessible. Housing surrounds it. They provided little in the way of park amenities other than trails, grass and trees, the new park would offer the type of amenities that are typical of a true community park. Director Haygood asked what does the new park represent? What need does this new park fill that is not already being filled by existing parks? Director Schmela stated that without Parks & Recreation's component of a park swap, the "C" pad couldn't be relocated. If BMSA does not agree with this proposal, the drilling pad could stay as it is now.

Director Haygood stated that he approves of the deletion of pad "K", he approves of the removal of the gas pipeline on CR 308, he approves of the deletion of the "C" pad, he approves of the removal of the route that is currently going to supply pads "A" and "B", obviously it will be replaced with something else. Director Haygood went on to say, that he strongly objects to the relocation of pad "C" down hill from me. It is nice that "C" should go away. Let's find a neutral location for it, not near a neighborhood.

Director Schmela stated, that we need to talk about what we are actually here to approve or deny. The only thing we are here to approve is if we want to spend the Board's money to make the rest of these things happen. If we agree not to spend the \$125,000 then we know what the drilling plan is. This new proposal is Antero's way saying that they have listened to our concerns, and is willing to make some changes. The new pad location is farther away from homes than some of the other pad locations. Director Schmela went on to explain, that as an overall plan this is an improvement in many ways. We get a new park and we get a plan that has less impact on the community. As a Board, we have the ability to support our expenditures of, essentially, found money from Antero to match found money from Parks and Recreation. We have the ability to start a found money park. The 6-acre parcel of land is currently owned by the School District, but BMP holds the dominant easement on the property. It is a 6-acre park easement. BMP could make Parks and Recreation the beneficiary, or BMSA the beneficiary, but we have 6 acres, we have \$200,000 available, and we have the ability to lessen impacts on the community. Director McCurdy asked if Parks and Recreation has agreed to spend their \$75,000 on this park? Director Schmela responded by saying that Antero isn't going to tell us how we have to spend our money. If the BMSA Board agrees to spend their \$125,000 toward this park, Parks and Recreation will spend their \$75,000.

Director Haygood stated that Director Lammey opened the meeting, this meeting with, “not getting backed into a corner”, it seems to me that BMSA got backed into a corner on May 27, 2009. BMSA has not yet gotten out of that corner. Now we are being asked to approve backing ourselves into another corner in a take it or leave it deal that was developed behind closed doors without BMSA Board input and we are expected to make a motion and vote on it today. Director Haygood said he didn’t find this prudent. He stated, my neighborhood deserves to hear this, find out about it, then provide input to him so he can then provide that input to the Board.

Director Arrington stated that the plan came forward all of a sudden; it is not a plan that was built by consensus. Therefore, the strengths you are talking about aren’t quite there because the consensus wasn’t there. He stated that this would take some time to mull through. How will the \$200,000 be spent? Is that much needed? Could a park be built with \$50,000? Director Arrington went on to say that the removal of pad “C” from a populous area is good, but I think it also entices a lot of thought about direction drilling. Antero wants to get the gas; lets find the best locations for the pads. We have not had a lot of time to mull this proposal over.

Director Haygood and Arrington stated that they believe, without prior knowledge of the proposal, it would be premature to vote on the proposal at this time. Director Haygood asked how long has BMP, Antero and the Oil & Gas Committee been working on the agreement? Director Lammey stated that the proposal came forward approximately two weeks prior. Director Haygood stated the Board of Directors should have received a copy of the proposal prior to the meeting in order to make a knowledgeable decision and not be backed into a corner to approve the proposal. Director Lammey stated that the people with the most knowledge in this entire process are the Oil & Gas Committee. They have been working on this plan. To say that BMSA has been shut out of this process is absolutely incorrect.

Director Haygood asked if the plan is done or would BMSA be able to be involved in formulating this plan? Is this plan cast in stone and we have to take it or leave it?

Director Lammey stated that this plan, as it is currently being proposed, has to come together as it is or we have to start over. Director Haygood stated that is what he calls getting backed into a corner. Director Arrington stated that there is a

problem with the process. If Director Schmela, Cohen and Lamme were involved in the formulation of this proposal without the rest of the Board, under the Colorado Sunshine Law, that is illegal. And such a plan wouldn't be formatable as such. It is conducting Board business without the Board. Director Haygood stated that whether illegal or not, it is not acting in the best interest of the Board or Community. Director Schmela stated that up until now, there was no plan to present to the Board.

Director Schmela explained that Antero Resources would be submitting their application to Garfield County and the COGCC on May 1, 2010 and to be able to make changes to their application there was a small window of opportunity. Director Arrington stated that we would like to know what we are supporting. Director McCurdy explained that the only thing the BMSA Board needs to talk about is whether or not we want to create a new park using accelerated funds from Antero. Director Schmela further stated that if the BMSA did not approve the proposal, Antero and the Parks & Recreation District could still move forward with their part of the agreement. That would mean Antero will not accelerate the \$125,000 donation to BMSA for a new park and the Parks & Recreation District could use their \$75,000 donation at their discretion. Director Haygood stated the deadline for approving the agreement after having just received it backs up his point about being backed into a corner. Director Schmela stated if the BMSA doesn't approve then Antero goes forward with the existing pad location plan, which is less desirable, then the modifications being proposed.

Director Hill stated that he agrees that the proposal is an improvement from the original plan. He asked if there is still room for modification on the new plan or is it cast in concrete? Director Schmela stated that the Oil & Gas Committee has met with Antero about 25 times and whatever the significant concerns are with the original plan have been expressed to create a new plan. Director Hill stated that Director Schmela is saying that if anyone else has concerns that it is insignificant. Director Schmela stated that no that is not what he was saying. He said he didn't know if the Oil & Gas Committee expressed those concerns. Director Hill asked the Oil & Gas Committee if there was still room for modifications to the new plan? Mr. Nelson said he could not answer that question either. He stated he didn't know specifically what Director Hill was referring to. Mr. Nelson further stated that at some point Antero is going to say that they are going forward with the plan.

Director Hill stated that it was rumored that the "M" pad could be removed or relocated because of the proximity to the main route into Battlement Mesa. Is it

possible? Has it been entertained, or could it be entertained? If the “M” pad remains where it is now, and the Fairway Villas were to expand, it would then be in people’s back yards. It would make it almost impossible for the Fairways Villas to expand. It also further decreases the size of the subdivision. Which means there will be fewer people in the subdivision to pay the costs of the maintenance of the village. Mr. Nelson stated that if you can convince the COGCC to deny the approval of a specific pad location then any pad move has to be approved by Antero and BMP. The Service Use Agreement states, if a pad is moved then Antero and BMP have to go back to the drawing board. Director Hill stated that to his knowledge Antero can directional drill from a location that is already proposed. It would not be a relocation of the “M” pad, but a removal.

Director Schmela asked Director Haygood what some of his thoughts were? Director Haygood stated his thoughts are that his neighborhood needs to hear about this and if this decision needs to be made today, why are we just hearing about it today? Director Haygood asked that don’t you think that my neighborhood, who is directly involved, deserves to provide a little input to you through me? Director Schmela explained the order of operations, if the Board approves this proposal today. There will be another meeting that will say, here is the proposal of the overall drilling plan. This meeting today is the next step. Director Schmela went on to say that the Board either support the plan with less impact and a new park or we don’t. If we don’t then there is nothing to talk about. Director Haygood asked Director Schmela if he expects Board members to have the opportunity to discuss this plan with their neighborhoods and community or are we expected to make that decision today? Director Schmela responded by saying that what we would be asking is if Battlement Mesa wants a new park. That is all we are talking about. Director Haygood stated that we are not talking about a park. We are talking about the whole plan as presented to us already cast in stone. Director Haygood went on to say that his concern is the location of the new pad directly up wind from his neighborhood. Director Schmela explained that we do not have the ability to comment on that pad which is on Parks and Recreations property. This Board does not get to decide that. We get to decide if we support pad “C” going away, pad “K” going away, all the related pipelines and construction of a new park. Director Schmela stated that Director Haygood doesn’t sound in favor of a new park. Director Haygood stated he would like more than a ½ hour to consider it and to read the documents that were provided.

Brian Wade from Antero Resources explained that Antero and Parks and Recreation could still move forward, with the addition of the pad by the ball fields,

even without BMSA's approval. Mr. Wade went on to say what Antero is asking from the BMSA is the approval of a new park which is something Parks and Recreation would like in addition to granting us their pad. If BMSA doesn't approve and Park and Recreation does, they can still continue on with the pad location. Director Arrington asked Brian Wade if this is a cost savings for them? Mr. Wade stated that it wasn't a cost savings because they had to give out an additional \$75,000 to Parks and Recreation. Director Haygood asked why we don't put a new park on the existing Parks and Recreation grounds? Why go thru this convoluted process if the goal is to come up with a new park? He went on to say that there is plenty of room there for other park amenities. Mr. Wade stated that was considered, but BMP donated land for a new park. You would have a well sight right next to the park.

Mr. Nelson stated that before the BMSA Board moves forward with a motion, they need to check into the tax liability. Director Hill asked if we move forward today, then could we possibly be putting ourselves at risk? Could this be tabled to our next meeting or another special meeting so this could be researched to make sure that any action taken is not putting us at risk?

Director Arrington stated that by moving the "D" pad North from its original location, it is being moved closer to Willow Creek Village. He too would like to know what his subdivision thinks of having the pad move closer to them. Mr. Wade explained that the "D" pad is only moving approximately 300 feet. It will be more centrally located between Stone Ridge Village and Willow Ridge/Park Apartments. Director Schmela stated that the "D" pad is one of the four pads that will be landscaped.

Director Haygood stated the delegates elected by their villages to serve on the BMSA Board are the ones to make the decision on the agreements and not the Oil & Gas Committee. Association Manger, Steve Rippy stated the Oil & Gas Committee was carrying out the duties they have been assigned by the BMSA Board. The Committee was charged with meeting with Antero Resources to represent the interests of the BMSA Board and then present recommendations to the Board, which is what occurred. Mr. Rippy further stated the Board now has the Oil & Gas Committee report to assist with their decision. Mr. Haygood stated that he felt the Committee should include a community member from each village.

Director Arrington stated that he feels there is a lot of clandestine meeting going on that are not involving the Board or public input. Director Lammey explained



that the discussions have occurred in 2 forums. The first forum is Antero and Parks and Recreation have been working together for about a year. The 2<sup>nd</sup> forum is a public meeting between Antero and the Oil & Gas Committee.

Director Hill stated that he thinks this is an improvement from the original plan. But he is still concerned if we take action on this new plan today instead of tabling it, that we may be putting ourselves into a tax box that we can not get out of. He went on to say that we should get legal and tax advice. Director McCurdy stated that our only decision today is to say yes, or no, we want a park and we are willing to commit at least \$125,000 to Parks and Recreation to develop that park. Director Schmela stated that we do not have any money yet from Antero, so he didn't know how we were getting ourselves into any tax trouble. Director Hill then asked so we are not putting ourselves at risk if we approve this? Director Schmela stated that he couldn't imagine that we would. We don't know how or when this money is coming, so he didn't know why there was an issue yet. Director Arrington asked if the Board decided to delay this to the next meeting or even a special meeting would it stop or hold up the process in any way. Director Schmela stated that Parks and Recreation is meeting tonight. If we don't commit our \$125,000 today then their Board might not commit their \$75,000 to our community. That is what we are trying to get done today.

Director Lammey asked if BMSA is willing to commit \$125,000 to a park? We don't even have to go as far as to say that we are committing \$125,000 of the Antero contribution. We could just say that this Board, in the interest of moving this process forward, will commit to spending \$125,000 towards the new park in the proposal.

Director Arrington again stated that there was no need to make a hasty decision. The Board could have additional time to discuss at next weeks regular meeting or hold a second special meeting.

Director Schmela made a motion that the BMSA support the revised Antero drilling plan achieved through the results of the Oil and Gas Committee's continued efforts to improve such. Specifically, I move that the Board will commit the \$125,000 contribution by Antero (to be received after Antero obtains Garfield County MLIR approval) towards the park as identified on the Design Workshop drawing, in the location as identified on the Core Area Master Plan provided however, that this contribution of funds by BMSA will be committed only with the commitment of the \$75,000 from the Parachute/Battlement Mesa Parks and

Recreation Board to be received from Antero of which must be spent in its entirety towards the park earlier mentioned. It is understood that the creation of this park will take far more dollars than the combined \$200,000, but that a phasing plan will be created and both Boards will work together to finalize park plans, create budgets, discuss related maintenance obligations, obtain required approvals and work diligently to begin construction of the park as soon as possible. Further, this Board will work with Parks and Recreation and Battlement Mesa Company to determine the proper assignment of the existing park easement that Battlement Mesa Partners is currently the beneficiary of.

Director Sheppelman seconded the motion.

During discussion of the motion, community member, Bruce Knuth expressed his concern that the motion could be interpreted as support from the Board of Directors for Antero's drilling plan in front of the County Commissioners and COGCC.

Director Schmela stated that was not the intent of his motion and amended his motion by removing the first sentence "BMSA supports the revised Antero drilling plan achieved through the results of the Oil and Gas Committee's continued efforts to improve such".

Amended motion: I move that the Board will commit the \$125,000 contribution by Antero (to be received after Antero obtains Garfield County MLIR approval) towards the park as identified on the Design Workshop drawing, in the location as identified on the Core Area Master Plan provided however, that this contribution of funds by BMSA will be committed only with the commitment of the \$75,000 from the Parachute/Battlement Mesa Parks and Recreation Board to be received from Antero of which must be spent in its entirety towards the park earlier mentioned. It is understood that the creation of this park will take far more dollars than the combined \$200,000, but that a phasing plan will be created and both Boards will work together to finalize park plans, create budgets, discuss related maintenance obligations, obtain required approvals and work diligently to begin construction of the park as soon as possible. Further, this Board will work with Parks and Recreation and Battlement Mesa Company to determine the proper assignment of the existing park easement that Battlement Mesa Partners is currently the beneficiary of.

Director Sheppelman amended his second to the motion reflecting the change.

The motion carried with Directors Lammey, Schmela, Cohen, McCurdy, Sheppelman, and Hill voting aye. Directors Arrington and Haygood voted nay.

**ADJOURN**

A motion was made by Director Hill to adjourn the meeting at 11:43 am, the motion carried unanimously.