

## RECORD OF PROCEEDINGS

---

October 2, 2007

The Oil and Gas Conservation Commission met on October 2, 2007 at 8:10 a.m. at the Public Hearing Room, Old Court House, 544 Rood Avenue, 2<sup>nd</sup> Floor, Grand Junction, Colorado, for a hearing in Cause Nos. 1V and 510 (3 matters), 112 and 315 (2 matters), 139, 191, 527, and 530.

Those present were:

Harris Sherman	Chair
Joshua Epel	Vice Chair
Rich Alward	Commissioner
Tom Compton	Commissioner
Mark Cutright	Commissioner
Michael Dowling	Commissioner
Kim Gerhardt	Commissioner
Trési Houpt	Commissioner
Jim Martin	Commissioner
Kelly Rees	Assistant Attorney General
Brian Macke	Director
Tricia Beaver	Hearings Manager

Executive Director's Report: Department of Natural Resources Assistant Director-Energy David Neslin described the meeting with Project Rulison parties and the meeting with the Parkland Estates and Kerr-McGee parties, no settlement has occurred but another meeting is scheduled for later this month. COGCC, CDPHE & DOW continue to work together to prepare a strawman proposal and have met with stakeholders and have posted documents submitted by the stakeholders to the COGCC website. He described a request by industry to conduct rulemaking in a more formal manner and stated the he intends to meet with each stakeholder group to discuss a strawman proposal in the next month and that stakeholders will be given a week to respond to the proposal with written comments. Assistant Director Neslin described why industry's formal rulemaking proposal would not be feasible in light of the Colorado Open Records Act and further is not required under the Administrative Procedure Act. A list of the past meetings held with stakeholders will be posted to the COGCC website.

Ken Wonstolen, representing COGA is concerned about developing a good record for the rulemaking and would like to have an idea of the types of issues that have been identified to be addressed in the proposed Rulemaking.

Tom Dugan, representing Colorado Petroleum Association along with Jep Seaman stated their hope that the process will be objective, open and efficient, and would like to have a list of items to respond to at the late October stakeholder meeting.

Jennifer Morris, representing Bill Barrett Corporation, reiterated what Mr. Wonstolen and Mr. Dugan said, and stated that her client is working on some proposals but would like to see some indication of what the staff is considering. Her client is hoping to be able to be supportive of the staff's proposal.

Brian Richter, consulting geologist, is concerned about the smaller companies or the mineral owners who are not represented by the larger organizations and really urges a transparent process, broad participation.

David Neslin does not believe any changes to the process are needed after hearing today's comments.

Chair Sherman would like to have a report on the progress of the rulemaking at each hearing.

Director's Report: Director Macke thanked Mesa County for the use of the hearing room and thanked the Grand Valley Citizen's Alliance and EnCana Oil & Gas (USA) for yesterday's field tours. He stated that approximately 4407 APDs have been processed as of September 19, 2007. The backlog has

## RECORD OF PROCEEDINGS

---

increased the turnaround time for APD approval to nearly 60 days compared to the previous 30–45 day turnaround time. Approximately 16% of APDs statewide are using bonds for surface damage rather than negotiating a surface use agreement. Garfield County APDs continue to increase for a total of 1691 approved as of September 19, 2007. Mesa County is the fifth highest receiving APDs in the state. Director Macke highlighted the chart showing the number and percentage of APDs processed with Surface Use Agreements and bonds.

Northwest Colorado: The last Northwest Colorado Oil & Gas Forum was held on September 13, 2007, in Rifle, and was attended by nearly 100 people. Agenda items included updates on oil and gas activity by the COGCC, the US Bureau of Land Management, and industry representatives. A presentation of the Mesa County Energy Master Plan was provided. COGCC Commissioner Trési Houpt was present at the meeting. The next Northwest Colorado Oil and Gas Forum is scheduled for December 6, 2007, from 10:00 a.m. until 2:00 p.m. at the Garfield County Fairgrounds in Rifle.

Garfield County has awarded the contract for the Phase II Hydrogeologic Characterization Project to S. S. Papadopoulos & Associates. This is another Public Project In Lieu of Fines that will be funded by EnCana. Task 1 – Domestic Water Well Sampling - began in late July 2007. Water samples have been collected from 66 water wells and submitted for laboratory analysis. Representatives of COGCC, Garfield County, and S. S. Papadopoulos & Associates met on September 25, 2007 to discuss future activities for this project.

Southwest Colorado: On behalf of the COGCC, LT Environmental (LTE) conducted a soil gas survey of the Bondad area in late September 2007 to determine whether the presence of methane in the soil is still limited to the area immediately adjacent to the Bryce 1-X Well. Currently, the September 2007 soil gas data are being evaluated and a report is being prepared. In addition, LTE will be installing new, more efficient, methane monitoring devices in the nearby residences and fire station. The new units will replace existing units that were installed at the beginning of the project.

The Gas and Oil Regulatory Team met on September 20, 2007. Approximately 30 people attended the meeting, including representatives of local and federal government, the Southern Ute Indian Tribe, industry, and other interested parties. COGCC Commissioners Kim Gerhardt and Tom Compton, and Archuleta County Commissioner Robin Schiro attended the meeting. La Plata County staff introduced its version of the proposed draft of the new oil and gas code. La Plata County is soliciting comments about and will be holding public meetings to discuss the proposed oil and gas code. The next GORT meeting is scheduled for December 5, 2007 in the Pine Room at the La Plata County Fairgrounds from 8:30 AM until noon.

Brian Macke, Debbie Baldwin, Karen Spray, and Steve Lindblom continue to work with La Plata County Energy Council, La Plata County, and USFS/US BLM personnel to develop work plans for the gas seep monitoring and mitigation projects in La Plata and Archuleta Counties. Funding for these projects will come from the increased COGCC mill levy on production.

Northeast Colorado: The Ogallala Aquifer Baseline Study consisted of collecting samples from water wells in selected townships in Washington and Yuma Counties for organic and inorganic laboratory analyses. Seventy-five (75) water wells were sampled by URS Corporation and COGCC staff has recently reviewed the draft report. The final report will be made available on the COGCC website ([www.cogcc.state.co.us](http://www.cogcc.state.co.us)) by early November 2007. At the request of the Commission, a presentation of the results of the investigation can be made at a future hearing.

The Fort Morgan Gas Storage Field (Field) is located approximately 5 miles south of Fort Morgan, Colorado, in Morgan County and is operated by Colorado Interstate Gas (CIG), an El Paso Corporation. On October 22, 2006, COGCC staff were notified of a casing leak on Well #26 that had necessitated the evacuation of nearby residents. The gas flow from the well was safely shut off on October 22, 2006, and there were no personal injuries. CIG estimates that between 650 and 700 MMcf were lost based on inventory analysis, flow calculations, and chart measurement. Two nearby residences remain evacuated; residence H100 located approximately 1,000 feet east of the compressor facility, and residence H101

## RECORD OF PROCEEDINGS

---

located approximately 1,400 feet southeast of the facility. CIG has collected samples from over 50 domestic water wells within a 3-mile radius of Well #26. Residence H100 is the only domestic water well where dissolved methane was detected at concentrations greater than 2 milligrams per liter (mg/l), which is a theoretical threshold concentration at which there exists a potential for methane to accumulate to potentially explosive levels in unventilated areas. Trace concentrations of BTEX compounds have been detected in 5 domestic water wells. A total of 85 cone penetrometer test (CPT) borings were advanced across the field area. Seventy-eight (78) of these were completed in the shallow aquifer zone and 7 were completed in the deep aquifer zone. Dissolved methane was detected in 15 CPT piezometers at concentrations greater than 2 mg/l during the pre-irrigation sampling event in March 2007 and in 9 CPT piezometers during the post-irrigation sampling event in June 2007. Benzene was detected in CPT #41D at a concentration of 6.0 µg/l during the June 2007 sampling event. The Colorado Basic Standards for Ground Water for benzene is 5.0 µg/l. As a result, COGCC staff issued a Notice of Alleged Violation to CIG on August 31, 2007, for exceeding the benzene standard for ground water. The CIG's Interim Report was received by the COGCC on August 24, 2007. COGCC staff is in the process of reviewing the report.

Southeast Colorado: LT Environmental, Inc. (LTE) has completed the field work and mapping for Task 2 of the Raton Basin Methane Seep Mapping Project which involved conducting soil gas surveys at 37 seeps, 13 plugged and abandoned oil and gas wells, and 2 water wells. Task 3, which involves sampling and analysis of water wells and gas wells, began on September 24, 2007. Samples are being analyzed for inorganic and general water quality parameters, and dissolved methane.

COGCC staff continue to work with the City of Trinidad and its representatives to resolve the NOAV that was issued in response to an explosion caused by gas emanating from the Trinidad MGP #1 Well (API 05-071-06045). The August 29, 2007, soil gas survey of the area, which was conducted by the LT Environmental on behalf of the COGCC, showed elevated concentrations of methane only in a small area immediately adjacent to the well.

In response to complaints from landowners regarding the appearance of methane in their water wells, the COGCC staff recommended and the Commission approved an emergency order at the July 2007 hearing to use environmental emergency response funds to conduct an investigation of Huerfano County Water Wells Venting Methane. On behalf of the COGCC, Buys and Associates, Inc. continued to conduct weekly methane screening of 39 water wells in a 14 square-mile area centered around the area where 11 water wells have been impacted by thermogenic methane. To date, the water wells have been surveyed 7 times. Petroglyph Energy Inc. has continued to voluntarily keep its 52 wells shut-in while the approved Investigation, Monitoring and Mitigation Program is conducted. The objective of the program is to determine whether the CBM reservoir in this area can be produced without creating significant impacts to public health, safety and the environment. Petroglyph conducted an aerial methane seep survey and a field soil gas mapping program. These activities are being conducted to identify and quantify methane seep areas and to determine whether these methods are adequate for monitoring if and when production restarts. Petroglyph continues to provide pressure data from the shut-in wells. Petroglyph's third-party contractor continues to assist with water well monitoring and the screening of additional water wells for the presence of methane.

Staff Organization: The COGCC is pleased to announce our newest Permit Technician, Larry Coler. Larry has a Bachelor of Science Degree in Geology and brings 20 years of experience in the oil and gas industry to the COGCC.

Planning/Administration: COGCC staff received a letter from the U.S. Fish and Wildlife Service (USFWS) dated August 16, 2007, which documented USFWS's observations during a flyover and subsequent inspections on August 13, 2007, at several oil and gas facilities located in Washington County. USFWS's letter cited 4 locations with significant pit problems. These locations were inspected by COGCC staff on August 24, 2007. Each of the 4 locations had violations related to oil on pits, insufficient berms, and/or covers (netting) in disrepair. Notices of Alleged Violation (NOAVs) were issued for all 4 locations. The operators have since performed required corrective measures, and the NOAVs were resolved for these locations. On September 7, 2007, COGCC field inspectors commenced widespread inspections to address pit violations and any other violations observed during inspections at locations with pits. Through

## RECORD OF PROCEEDINGS

---

September 14, 2007, and not including the original 4 NOAVs referenced above, NOAVs related to pit violations have been issued for locations in Adams County (3), Arapahoe County (1), Elbert County (2), Larimer County (8), Morgan County (1) and Washington County (2).

The COGCC conducted a rulemaking hearing on August 28, 2007, to increase the mill levy rate. The Commission passed COGCC staff's recommendation to increase the rate from 0.5 mills to 0.7 mills to cover the costs associated with Senate Bill 07-198, which requires the transfer of \$4.45 million from the Oil and Gas Conservation and Environmental Response Fund to the Coalbed Methane Seepage Cash Fund over a 3-year period.

COGCC and DNR-EDO staff continues to meet with representatives of the different divisions of the Colorado Department of Public Health and Environment (CDPHE) to develop our strategy for implementing requirements of HB 07-1341.

COGCC, DNR-EDO, and DOW staff continues to meet to develop our strategy for implementing the requirements of HB 07-1298. Sub-committees were organized and additional meetings are being conducted.

S.S. Papadopoulos & Associates, Inc. (Papadopoulos) is continuing their work with the Colorado Geological Survey (CGS) on the Coalbed Methane Stream Depletion Assessment Study of the Raton and Piceance Basins. The purpose of this study is to develop a quantitative assessment of the levels of stream depletion (or reduction in formation outflows) that may be occurring as a result of the removal of water by CBM wells.

The COGCC had an informational exhibit display in the Department of Natural Resources building at the Colorado State Fair from August 24 through September 3, 2007. Several COGCC employees volunteered to staff the exhibit display each weekend to greet the public and provide information about oil and gas operations in Colorado and about COGCC activities.

Brian Macke provided a presentation on current oil and gas development in western Colorado and recent COGCC regulatory activities at the Colorado River District annual water seminar in Grand Junction on September 14, 2007. Approximately 200 members of the water community, as well as federal, state and local government representatives and the general public, attended the event.

The COGCC has been invited to participate in the Delta–Gunnison County Natural Gas Collaborative Group Meeting that will be held on October 24, 2007, in Montrose, Colorado. The purpose of the meeting is to bring together representatives of the natural gas industry and federal, state, and local government officials to disseminate information about natural gas development in the area and to develop ways to address community issues and concerns with natural gas development.

Under the Policy For Onsite Inspections On Lands Where The Surface Owner Is Not A Party To A Surface Use Agreement, which was effective for Applications for Permits-to-Drill (APDs) submitted after February 15, 2005, the COGCC has received to date a total of 92 requests for onsite inspections. Of the 92 requests for Onsite Inspection, 48 were for locations in Weld County, 17 for Las Animas County, 7 for Adams County, 5 for La Plata County, 4 for Garfield County, 3 each for Boulder and Yuma Counties, 2 for Archuleta County and 1 each for Kiowa, Logan, and Morgan Counties.

A preliminary docket for the November 2007 hearing has been provided.

A variance was granted to Texas American Resources Company (TARC) in accordance with Rule 502.b.(1) to allow for a change in the surface casing cement design for the Moran 31-30 Well, located in the NW¼ of the NE¼ of Section 30, Township 2 South, Range 64 West, 6<sup>th</sup> P.M., Adams County. Surface casing was set at a depth of 1676 feet. During surface casing cementing operations, TARC attempted to circulate the cement out of the hole following a pumping equipment failure, but the cement set up before the operation was completed. TARC over displaced the cement, leaving the bottom 300 feet of surface casing uncemented. TARC requested a variance to Rule 317.h., which requires a continuous column of cement from the bottom of the casing to the surface. COGCC staff and TARC agreed to continue drilling

## RECORD OF PROCEEDINGS

---

operations to total depth and stage cement in the production casing from 1800 feet to 1250 feet. This interval would provide cement coverage from at least 100 feet below the surface casing shoe to at least 100 feet above the bottom of the surface casing cement. TARC is required to verify cement coverage using a cement bond log.

There was no report from the Assistant Attorney General.

Commissioner Comments: Commissioner Alward thanked Grand Valley Citizens Alliance and EnCana for the excellent field tours and he stated that he had an opportunity to attend the DOW meeting last week where industry representatives indicated support for mitigating wildlife impacts from oil and gas operations. Commissioner Compton thanked the staff for arranging the field tour. Chair Sherman, Vice Chair Epel and Commissioner Dowling will work with Hearings Manager Beaver on hearing materials.

A motion was made by Vice Chair Epel to approve the August minutes, seconded by Commissioner Martin, and the minutes were unanimously approved.

Consent Agenda: In response to Chair Sherman's question regarding whether any Commissioners have a conflict of interest with any of the matters on the Consent Agenda, Commissioner Cutright stated that he recused himself from both Rosetta matters in Cause No. 315, Docket Nos. 0710-EX-06 and 0710-EX-07. Commissioner Houpt and Commissioner Dowling had questions about the increased well density applications. It was suggested that a presentation on Piceance Basin geology and engineering data be made to the Commission due to the number of these types of hearing applications. Commissioner Dowling would like an academic person along with industry at the presentation for the November hearing. Commissioner Cutright had questions regarding background information on the three AOCs.

Ken Wonstolen, attorney on behalf of Unioil, describe the problem that resulted in the issuance of the 3 AOCs and stated that the wells have not been drilled.

A motion was made by Commissioner Dowling to approve both Rosetta matters in Cause No. 315, Docket Nos. 0710-EX-06 and 0710-EX-07, seconded by Commissioner Martin, and approved unanimously except by Commissioner Cutright who had recused himself from this matter.

A motion was made by Commissioner Martin to approve the remaining matters on the Consent Agenda, seconded by Commissioner Houpt and the Consent Agenda was approved unanimously.

The following matters were approved on the Consent Agenda:

Cause No. 139, Docket No. 0708-SP-25, request for an order to establish 40-acre drilling and spacing units for certain lands in Section 34, Township 7 South, Range 96 West, 6th P.M. and in Sections 3 and 4, Township 8 South, Range 96 West, 6th P.M., allow increased well density, and modify well location setbacks, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

Cause No. 112, Docket No. 0710-UP-27, request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the N½ of Section 29, Township 34 North, Range 7 West, N.M.P.M., for the development and operation of the Fruitland coal seams.

Cause No. 191, Docket No. 0710-SP-29, request for an order to establish an approximate 48.55-acre drilling and spacing unit consisting of Lot 1 of Section 19, Township 6 South, Range 92 West, 6th P.M., with the permitted well to be located no closer than 100 feet from the outside boundary, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

Cause No. 510, Docket No. 0710-SP-26, request for an order to establish a 160-acre drilling and spacing unit consisting of the N½ S½ of Section 26, Township 7 South, Range 96 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100

## RECORD OF PROCEEDINGS

---

feet from the outside boundary, for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Cause No. 510, Docket No. 0710-SP-27, request for an order to establish a 40-acre drilling and spacing unit consisting of the SW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 26, Township 7 South, Range 96 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary, for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Cause No. 510, Docket No. 0710-SP-28, request for an order to establish an 80-acre drilling and spacing unit consisting of the W $\frac{1}{2}$  NW $\frac{1}{4}$  of Section 35, Township 7 South, Range 96 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary, for the production of gas and associated hydrocarbons from the Mesaverde Formation.

Cause No. 527, Docket No. 0710-SP-30, request for an order to allow the permitted well for the Iles and Sego Formations to be located no closer than 100 feet, from the outside boundary in the NE $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 27, Township 2 South, Range 98 West, 6th P.M., for the production of gas and associated hydrocarbons from the Iles and Sego Formations.

Cause No. 112, Docket No. 0710-AW-22, request for an order to allow 2 additional wells for a total of 4 in the 320-acre drilling and spacing units in Section 5, Township 33 North, Range 10 West, N.M.P.M., with the permitted well to be located no closer than 660 feet from the outer unit boundary, for the production of gas and associated hydrocarbons from the Fruitland coal seams.

Cause No. 315, Docket No. 0710-EX-06, request for an order to allow the Zwirn 24-11 Well to be drilled at an exception 1,945 feet FSL and 2,055 feet FWL and in Section 24, Township 1 South, Range 44 West, 6th P.M., for the production of gas and associated hydrocarbons from the Niobrara Formation.

Cause No. 315, Docket No. 0710-EX-07, request for an order to allow the Allison 23-8 Well to be drilled at an exception 1,975 feet FNL and 660 feet FEL in Section 23, Township 1 South, Range 44 West, 6th P.M., for the production of gas and associated hydrocarbons from the Niobrara Formation.

Cause No. 1V, Docket No. 0710-OV-06, request to approve an Administrative Order by Consent for failure by Unioil, Inc. to comply with Rule 206., failure to provide accurate and complete reports; and Rule 306., for failure to confirm that surface owner consultation had been completed or waived before submittal of an APD for approval for the Zeiler 23-7U Well located in the NE $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 7, Township 5 North, Range 67 West, 6th P.M.

Cause No. 1V, Docket No. 0710-OV-07, request to approve an Administrative Order by Consent for failure by Unioil, Inc. to comply with Rule 206., failure to provide accurate and complete reports; and Rule 306., for failure to confirm that surface owner consultation had been completed or waived before submittal of an APD for approval for the Zeiler 24-7U Well located in the SE $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 7, Township 5 North, Range 67 West, 6th P.M.

Cause No. 1V, Docket No. 0710-OV-08, request to approve an Administrative Order by Consent for failure by Unioil, Inc. to comply with Rule 206., failure to provide accurate and complete reports; and Rule 306., for failure to confirm that surface owner consultation had been completed or waived before submittal of an APD for approval for the Zeiler 13-7U Well located in the NW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 7, Township 5 North, Range 67 West, 6th P.M.

The following matters have been continued as indicated:

Cause No. 51, Docket No. 0706-UP-11, request for an order to establish 40-acre drilling and spacing units for certain lands in Sections 23 through 26, Township 11 North, Range 53 West, 6<sup>th</sup> P.M., for production from the "O" Sand and "J" Sand Formations and to pool all nonconsenting interests in the

## RECORD OF PROCEEDINGS

---

40-acre drilling and spacing unit consisting of the NE $\frac{1}{4}$  NW $\frac{1}{4}$  of said Section 26, was continued to the November hearing.

Cause No. 191, Docket No. 0708-SP-21, request for an order to establish a 40-acre drilling and spacing unit consisting of the NE $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 16, Township 6 South, Range 92 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for the production of gas and associated hydrocarbons from the Iles Formation, was continued to the November hearing.

Cause No. 407, Docket No. 0708-UP-24, request for an order to establish a 160-acre drilling and spacing unit in the NE $\frac{1}{4}$  of Section 26, Township 6 North, Range 67 West, 6th P.M., and to pool all nonconsenting interests in said unit for the drilling of the Great Western 26-51 Well, and to pool all nonconsenting interests in the 80-acre drilling and spacing unit consisting of the W $\frac{1}{2}$  NE $\frac{1}{4}$  of said Section 26, for the drilling of the Great Western 26-31 and Great Western 26-32 Wells, for the development and operation of the Codell and Niobrara Formations, was continued to the November hearing.

Cause No. 112, Docket No. 0710-EX-08, request for an order allowing an exception to the permitted location in Order No. 112-46 for the drilling of the relocated Bondad 33-9 #5A Well to be drilled in the SE $\frac{1}{4}$  1170 feet FSL and 420 feet FEL in Section 3, Township 33 North, Range 9 West, N.M P.M., for the production of gas and associated hydrocarbons from the Mesaverde Formation, was continued to the November hearing.

Cause No. 112, Docket No. 0710-AW-22, request for an order to allow 2 additional wells for a total of 4 in the 320-acre drilling and spacing units in certain lands in Township 34 North, Ranges 9 and 10 West, N.M.P.M., with the permitted well to be located no closer than 660 feet from the outer unit boundary, for the production of gas and associated hydrocarbons from the Fruitland coal seams, was continued to the November hearing.

An informational session to provide background information to the Commission on Project Rulison was held.

COGCC Director Macke and Environmental Protection Specialist Steve Lindblom, presented background information, showed gas well development from 1970 to present, described how the process for notification to the Department of Energy was established in the three mile radius of Project Rulison, discussed the geologic subsurface composition of the Williams Fork Formation, the 1998 published analysis of associated literature, the monitoring and sampling program in place by Presco, and the process since 2006 of placing conditions of approval on APDs issued by the COGCC near Project Rulison.

Steve Tarlton from the Colorado Department of Public Health and Environment ("CDPHE"), described the agency's involvement and its regulatory authority, the applicable water quality standards, concerns regarding potential releases of radioactive contamination in water or natural gas, and what CDPHE would need in order to understand so that it can develop recommendations for wells drilled near Project Rulison.

A presentation was made by the Department of Energy, including Jack Craig, Tom Pauling, Rick Hutton and Jenny Chapman to describe the background and the recent modeling report on Project Rulison. A timeline from 1966 through 2006 was presented, along with photographs from 1969 and photographs from 2007 after reclamation occurred. Tritium was described and its natural background, and it was stated that not much tritium was removed from the cavity. Historical monitoring results of tritium in surface water and gas sampling locations show that wells have been sampled with no sign of contamination, subsurface investigation was described, the deed restriction area was discussed, and the  $\frac{1}{2}$  mile radius which equals approximately 500 surface acres was clarified. The six steps of the modeling process were described, including the uncertainties of the modeling, the experts who reviewed and provided comments on modeling, the migration of tritium estimated to be approximately 260 feet, which is within the zone fractured by the detonation, and how 30 years of projected pumping of tritium does not arrive at a gas well

in over 95% of the simulations. The presentation concluded that next steps include continuing to discuss issues with the COGCC, to collect data from nearby drilling and to continue monitoring.

Michael Wozniak, attorney for Noble Energy, believes that there could be an adjudicatory matter before the Commission in the near future and he reminded the Commission that the presentations they will see today are not evidence. His clients have met with Western Colorado Congress and Luke Danielson's clients to understand and discuss their concerns about drilling near Project Rulison. Mr. Wozniak described Noble's business background including the additional staff or contract personnel which includes geologists, engineers, hydrologists, nuclear experts and health physicists, how when they took over Presco's operations they immediately corrected surface problems associated with wells in the Rulison area. He stated that over 40 reports have been done on the Project Rulison site by government and industry with no radionuclides being found. Mr. Wozniak described water testing, the risk and how monitoring will occur and that they will provide information on "no drill zone", (the ½ mile radius defined by the Presco order which equals one mile area), the three mile DOE notification area (which equals a six mile diameter area) and sites where DOE conducts for sampling and monitoring.

Steve Sullivan, attorney for EnCana realizes that the new Commission is coming into a 38-year old matter with lots of data available and that no one wants to do anything that will cause harm. He presented eight to leave with the Commission: 1) the worst case scenario has been drilled and the results are known, 2) there is not much radiation gas existing in the cavity, 3) there is a limited extent of movement within the Williams Fork Formation due to porosity, 4) there have never been as many as 500 interactions of modeling done before the Department of Energy report, 5) the actual data show no irradiated water near Project Rulison site, 6) the actual data shows no radiation in the gas, 7) and the danger that exists if radioactive gas escapes is approximately 1/30<sup>th</sup> of the radiation received from a chest x-ray or a flight from Las Vegas to New York or from seven weekends of skiing in the Colorado Mountains, and 8) oil and gas companies are the best situated to test and monitor through gas well drilling. He stated that he takes a personal affront to folks who criticize the integrity that government employees take in their work.

Jeff Becker, attorney representing Williams, stated that Williams has worked with Noble and EnCana to address concerns around Project Rulison. He commended the COGCC and the Department of Energy on how they have managed the site and he suggested that these issues be addressed through facts and science. He believes the appropriate forum is through a hearing process where experts can testify on the issues, and agrees with the comments made by Mr. Wozniak and Mr. Sullivan.

Luke Danielson, attorney representing the Kent, Weldon and Warren families, showed a short DVD from the DOE's website. He encouraged a state of the art management at Project Rulison, and was glad to hear that there are scientists who have questions about the data. He stated his belief that citizens have been kept at arm's length, and posed the questions about whether the site well managed, whether the science complete and done well, and whether the process is a good one.

Cary Weldon, surface owner, stated that in 1976 he spoke with the Project Manager at Project Rulison about whether the site was safe and was told that nothing would happen in a three mile area. He feels like the government abandoned him and stated that he would not have bought the property if he knew that drilling would occur nearby in the future.

Duke Cox, Grand Valley Citizens Alliance, stated concerns with drilling near Project Rulison on behalf on members from his organization.

Randy and Pat Warren are the closest permanent residents to Project Rulison and they bought their property in March of 2003, believing they had purchased their piece of heaven.

Bob Moran has worked for the industry and for government agencies. He has reviewed dozens of documents in preparation for this presentation and he believes there is a risk to air and water from drilling near Project Rulison. Mr. Moran believes a lot of the data is classified, that there is a risk to at least six water wells near Project Rulison, that older documents on Project Rulison were prepared mostly by government agencies and more modern studies have been prepared by industry, that there are no consolidated reports to show data on all wells, and that no computer model is as good as real life.



## RECORD OF PROCEEDINGS

---

Mike Schmidt, a Petroleum Engineer with an M.S. degree from the Colorado School of Mines, discussed the DOE's modeling report stating that there is no clear statement of work, no nature or extent of contamination described, no technical work plan, no public meeting requirements, no inclusions of emergency response plans, and that modeling is not a replacement for exact data.

Wes Kent, resident living near Project Rulison, stated that Presco drilled in the area without notice and incurred violations. He is concerned that they cannot drill near Project Rulison if they cannot drill conventional wells. Mr. Kent has asked for his water to be sampled and samples have not been taken so he does not know if his water is okay to drink. He believes the CDPHE should be in charge of the site.

Mr. Danielson concluded his presentation by describing the radioactive material that must have been produced from the nuclear blast and presented a chart showing radioactivity.

### Audience Comments:

Christie Koeneké, a fifth generation Coloradoan, stated that her grandfather signed the lease to allow the nuclear blast, that her water has been tested and is fine, that her family is interested in harvesting their minerals through safe development and that she believes it is possible.

Craig Hayward, Christie Koeneké's twin brother, owns 292 acres lying directly north of ground zero, including 320 acres of mineral rights dating back to the 1800's. He believes there is adequate science to support drilling around ½ mile radius, he believes the ½ mile radius is too stringent, and that if drilling is not allowed in a three mile radius, he would need to be compensated and he does not believe the science warrants such a position.

Marshall Savage, whose family has been in the Grand Valley area for approximately 90 years, owns 160 acres near Project Rulison. He believes that their mineral rights must be protected, and that nothing they have seen shows that drilling should not occur from a scientific perspective. He urged his neighbors to think through the issues and be careful to give consideration to everyone's property rights.

David Furr stated that he was present during the initial blast, that he is a mineral owner, that he gets revenue from gas wells, that he drinks well water with no problems, that he would be affected adversely if drilling was stopped and that he has asked for drilling to occur within one year so he can get back to using the surface of his land for hunting.

Charles Green has lived in the area since 1935, and believes that now there is a chance to drill for gas. He had a few questions for the Western Colorado Congress regarding their "gloom and doom" position.

Sandra Bean, lives in DeBeque, and thinks we need to stick with the facts to make decisions, does not think we need to make things up to keep from drilling and stated that drilling cannot be stopped just because people do not like oil and gas activity.

Lisa Bracken, speaking about the West Divide Creek Gas Seep issue which affected her, has developed a website, will post all issues and would like to encourage Commissioners to visit it. She expressed concern that EnCana is planning to drill near an elk migration area near her property.

Janet Johnson, believes there is no safe level of exposure to radiation, described how mill tailings were placed under a Grand Junction high school and under homes built around 1962, how many students have been diagnosed with cancer and died, and how some children were born with problems. She stated that human costs from energy development have been high, that modeling is one part of the data and should include a public health component, and that CDPHE could partner with DOE to determine possible opportunities.

Patrick Barker, representing the Grand Valley Citizens Alliance, presented a CD with comments from the membership. He highlighted an email from Vernon Bretchen, a California native who wrote to express

**RECORD OF PROCEEDINGS**

---

concern about the nuclear material and its disposal and his belief that drilling within one mile should be prohibited.

Glen Miller, who spent many years with United States Geological Survey on a oil shale project, wonders if there is a direction of flow pre-blast, and stated that no samples were taken due northwest or north of blast site, that more data is needed, and that the plume needs to be located and defined.

Laurel Garrett who co-produced “A Land Out of Time”, stated her concerns about drilling near Project Rulison.

Tim McFlynn, who lives near Snowmass, became involved when Presco applied for an APD in the ½ mile radius, and suggests that CDPHE and COGCC develop some interim rules for APDs filed in the Project Rulison area.

Elaine Koininger expressed her concerns about drilling near Project Rulison and described her involvement in oil and gas issues over the years.  
Connie Harvey, born before WWII and lives in Aspen, remembers the Hiroshima bomb and its effects, was present during the meeting that was filmed on the DVD presented by Luke Danielson, was told that DOE did not make mistakes, writes an article for local Aspen newspaper, and cannot find information that may be classified or has disappeared.

Kathy Hall, public relations for COGA, stated that the industry is concerned about safety at Project Rulison.

Joe Fox, EnCana team leader for the South Piceance, stated that EnCana operates 1800 wells in the Piceance Basin, including three wells in three-mile notification area. He provided a handout from which he made several points including fracturing information, what is used and where fracturing occurs.

Kimberly Phillips, citizen of Garfield County who lives five miles from the blast site, believes there should not be a rush to permit within the ½ mile radius. She presented a letter from Rob Prince and highlighted several points from his letter on his behalf.

Homer Wilson, with HLN Ventures LLC, whose corporation owns 2600 acres of minerals near Project Rulison, thinks that the COGCC can iron out the issues associated with drilling near Project Rulison.

Elizabeth Chandler, whose family came to Colorado in 1880, was a child in Eagle during the blast and spent the day in the bomb shelter. She stated that earthquakes were tracked on the USGS site and there have been 300 earthquakes after the blast, along with ripples occurring in the surface of soil.

Commissioner Compton asked about surface and mineral ownership near Project Rulison. Commissioner Cutright asked about classified documents from the DOW. Commissioner Martin suggested that Michael Wozniak, Luke Danielson, David Neslin, Kate Fay and Director Macke talk together about whether there are conditions that can be agreed on for APD issuance. Chair Sherman also asked that the COGCC work with the CDPHE to review pending APDs. Commissioner Martin also suggested that CDPHE should review the literature and the DOE report for comments back to the Commission. Vice Chair Epel would like the DOE to provide information on a list of classified documents. Commissioner Houpt wonders if there should be no APDs approved in the three mile notification area. Chair Sherman and Vice Chair Epel stated they did not believe so at this time. Commissioner Martin stated that CDPHE will try to complete its review within one month.

The meeting adjourned at 4:47 p.m.

=====

The Secretary was therefore authorized to issue the following orders:

## RECORD OF PROCEEDINGS

---

Order No.139-80, Parachute Field, Garfield County: Approves the request for an order to establish 40-acre drilling and spacing units for certain lands in Section 34, Township 7 South, Range 96 West, 6th P.M. and in Sections 3 and 4, Township 8 South, Range 96 West, 6th P.M., allow increased well density, and modify well location setbacks, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

Order No. 530-1, Shell Creek Unit, Moffat County: Approves the request for an order to establish 40-acre drilling and spacing units for certain lands in Sections 23 through 26, Township 11 North, Range 53 West, 6<sup>th</sup> P.M., for production from the Baxter and Nugget Formations, and to pool all nonconsenting interests in the 40-acre drilling and spacing unit consisting of the NE¼ NW¼ of said Section 26, for the production of gas and associated hydrocarbons from the Baxter and Nugget Formations.

Order No. 112-207, Ignacio-Blanco Field, La Plata County: Approves the request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the N½ of Section 29, Township 34 North, Range 7 West, N.M.P.M., for the development and operation of the Fruitland coal seams.

Order No. 191-53, Mamm Creek Field, Garfield County: Approves the request for an order to establish an approximate 48.55-acre drilling and spacing unit consisting of Lot 1 of Section 19, Township 6 South, Range 92 West, 6th P.M., with the permitted well to be located no closer than 100 feet from the outside boundary, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

Order No. 510-37, Grand Valley Field, Garfield County: Approves the request for an order to establish a 160-acre drilling and spacing unit consisting of the N½ S½ of Section 26, Township 7 South, Range 96 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary, for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Order No. 510-38, Grand Valley Field, Garfield County: Approves the request for an order to establish a 40-acre drilling and spacing unit consisting of the SW¼ SW¼ of Section 26, Township 7 South, Range 96 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary, for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Order No. 510-39, Grand Valley Field, Garfield County: Approves the request t for an order to establish a 80-acre drilling and spacing unit consisting of the W½ NW¼ of Section 35, Township 7 South, Range 96 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary, for the production of gas and associated hydrocarbons from the Mesaverde Formation.

Order No. 527-5, Sulphur Creek Field, Rio Blanco County: Approves the request for an order to allow the permitted well to be located no closer than 100 feet for the Iles and Sego Formations, from the outside boundary in the NE¼ NE¼ of Section 27, Township 2 South, Range 98 West, 6th P.M., for the production of gas and associated hydrocarbons from the Iles and Sego Formations.

Order No. 112-208, Ignacio-Blanco Field, La Plata County: Approves the request for an order to allow 2 additional wells for a total of 4 wells in the 320-acre drilling and spacing units in Section 5, Township 33 North, Range 10 West, N.M.P.M., with the permitted well to be located no closer than 660 feet from the outer unit boundary, for the production of gas and associated hydrocarbons from the Fruitland coal seams.

Order No. 315-9, Vernon Field, Yuma County: Approves the request for an order to allow the Zwrn 24-11 Well to be drilled at an exception 1,945 feet FSL and 2,055 feet FWL in Section 24, Township 1 South, Range 44 West, 6th P.M., for the production of gas and associated hydrocarbons from the Niobrara Formation.

**RECORD OF PROCEEDINGS**

---

Order No. 315-10, Vernon Field, Yuma County: Approves the request for an order to allow the Allison 23-8 Well to be drilled at an exception 1975 feet FNL and 660 feet FEL in Section 23, Township 1 South, Range 44 West, 6th P.M., for the production of gas and associated hydrocarbons from the Niobrara Formation.

Order No. 1V-312, Weld County: Approves the request to approve an Administrative Order by Consent for failure by Unioil, Inc. to comply with Rule 206., failure to provide accurate and complete reports; and Rule 306., for failure to confirm that surface owner consultation had been completed or waived before submittal of an APD for approval for the Zeiler 23-7U Well located in the NE¼ SW¼ of Section 7, Township 5 North, Range 67 West, 6th P.M.

Order No. 1V-313, Weld County: Approves the request to approve an Administrative Order by Consent for failure by Unioil, Inc. to comply with Rule 206., failure to provide accurate and complete reports; and Rule 306., for failure to confirm that surface owner consultation had been completed or waived before submittal of an APD for approval for the Zeiler 24-7U Well located in the SE¼ SW¼ of Section 7, Township 5 North, Range 67 West, 6th P.M.

Order No. 1V-314, Weld County: Approves the request to approve an Administrative Order by Consent for failure by Unioil, Inc. to comply with Rule 206., failure to provide accurate and complete reports; and Rule 306., for failure to confirm that surface owner consultation had been completed or waived before submittal of an APD for approval for the Zeiler 13-7U Well located in the NW¼ SW¼ of Section 7, Township 5 North, Range 67 West, 6th P.M.

Approved:

\_\_\_\_\_  
Patricia C. Beaver, Secretary

\_\_\_\_\_  
Harris Sherman, Chair