

RECORD OF PROCEEDINGS

January 13, 2009

The Oil and Gas Conservation Commission met on January 13, 2009 at 9:00 a.m. in Suite 801 of The Chancery Building, 1120 Lincoln Street, Denver, Colorado, for a hearing in Cause Nos. 1V (8 matters), 191, 510 and 523, 381, 389, 407, 510, and 513.

Those present were:

Harris Sherman	Chair
Joshua Epel	Vice Chair
Tom Compton	Commissioner
Mark Cutright	Commissioner
Michael Dowling	Commissioner
Trési Houpt	Commissioner
Jim Martin	Commissioner
Kelly Rees	Assistant Attorney General
David Neslin	Acting Director
Carol Harmon	Enforcement Officer

Commissioner Richard Alward was unable to attend the hearing. A motion was made by Commissioner Dowling to approve the December 2008 minutes, seconded by Commissioner Martin, and unanimously approved.

There was no report from the Executive Director's Office.

Staff Report: Acting Director stated that 8,027 APDs were approved as of December, 2008, which represents a 26% increase over the previous record high of 6,368 APDs approved in 2007, with the majority of APDs located in Garfield County (2,888 APDs for 36% of total) and Weld County (2,340 for 29%).

Northwest Colorado: The next meeting of the Northwest Colorado Oil and Gas Forum took place on December 4, 2008, at the Garfield County Fairgrounds in Rifle. The next meeting is scheduled for March 5, 2009.

On June 12, 2008, COGCC staff issued a *Notice to Operators Drilling Wells within 3/4 Mile of the Rim of the Roan Plateau in Garfield County, Pit Design, Construction, and Monitoring Requirements* ("NTO"). The NTO acknowledges the continued need for the use of pits in the Area of Concern defined in the NTO and the potential problems and environmental impacts that can occur even when a closed loop or semi-closed loop system is used. Nonetheless, the NTO encourages continued infrastructure development, and the evaluation and use of alternatives to pits. The NTO includes specifications for designing, constructing, lining, operating, maintaining, monitoring, permitting, and closing pits. Because of recent releases within and outside of the Area of Concern, COGCC staff is collecting additional data and considering an expansion of the Area of Concern.

The 3 operators that currently hold most of the oil and gas leases within 3 miles of the Project Rulison test site, Noble Energy, Inc. ("Noble"), Williams Production RMT ("Williams"), and EnCana Oil & Gas (USA), Inc. ("EnCana") and a third-party consultant, URS Corporation ("URS"), have developed the Rulison Sampling and Analysis Plan ("RSAP"), a comprehensive operational and environmental monitoring, and radiological incident management plan for drilling and production activities within a 3-mile radius of the test site. The RSAP will be modified as necessary as additional data are collected. The COGCC staff met with the operators on November 19, 2008, to discuss possible revisions to the RSAP. The current RSAP (Revision 2.0) and all other documents related to Project Rulison and activities are available on the COGCC website, within the Library section under Piceance Basin Area Reports/Data. In addition, the Second Quarter 2008 Operational and Environmental Monitoring

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Report for oil and gas activities within the 3-mile radius of Project Rulison, has been submitted to the COGCC by the 3 operators (Noble, Williams, and EnCana) and has also been posted to the COGCC website under Library, Piceance Basin.

Quarterly meetings among COGCC and the Colorado Department of Public Health and Environment ("CDPHE"), the U.S. Department of Energy ("DOE"), and the Bureau of Land Management ("BLM") are conducted to review oil and gas activities in the area and to discuss the results of monitoring by industry and the DOE. The last meeting was held on December 3, 2008.

On December 18, 2008, Grand Valley Citizens' Alliance, Cary and Ruth Weldon, Wesley and Marcia Ken, and Western Colorado Congress filed suit against the COGCC and EnCana. The complaint alleges that the COGCC and its Director, violated the Oil and Gas Conservation Act (CRS § 34-60-105 (1)) and the Colorado Administrative Procedure Act ("APA") (CRS § 24-4-101 *et seq.*) when they denied plaintiffs' request for a hearing on five of EnCana's applications for permits-to-drill (APDs) within the Rulison area. Plaintiffs seek declaratory relief that the Oil and Gas Conservation Act and the APA entitle them to a hearing before the COGCC on EnCana's APDs. They request injunctive relief restraining EnCana from pursuing development associated with the APDs and restraining COGCC staff from approving development associated with the APDs. Plaintiffs also request an order compelling the COGCC to hold a hearing on EnCana's APDs prior to approval. The complaint is Case No. 08CV10869 in Denver County District Court (Second Judicial District, State of Colorado.) Pursuant to CRS § 34-60-105 (3), the Colorado Attorney General's office will handle the lawsuit on behalf of the COGCC and its Director.

Southwest Colorado: On behalf of the COGCC, LT Environmental ("LTE") conducted a soil gas survey and Four Corners Geoscience collected another round of ground water samples from water wells in the area on February 3, 2009. Results are pending. Methane has not been detected by any of the surveys conducted since July 2007 and methane in the groundwater continues to decline slowly with only one well exhibiting concentrations above 10 mg/L, the south well at 10.5 mg/L. The reports of ongoing activities are available on the COGCC website Library www.colorado.gov/cogcc, Library, San Juan Basin\ Bondad).

The next Gas and Oil Regulatory Team ("GORT") Meeting/Southwest Colorado Oil and Gas Stakeholders meeting is scheduled for March 19, 2009, at 8:30 a.m. at the La Plata County Fairgrounds in Durango, Colorado.

Fruitland Formation Outcrop Mitigation and Monitoring Projects ("4M Projects"): As part of the 4M Projects, the Colorado Geological Survey ("CGS") is preparing a detailed geologic map of the Fruitland Formation outcrop in Archuleta County. This work is similar to mapping done in 1999-2000 by the CGS as part of the 3M Project. The work includes mapping the surface expression of the uppermost Cretaceous units, Pictured Cliffs Sandstone, Fruitland Formation, Kirtland Shale, along the rim of the San Juan Basin in Archuleta County between the La Plata-Archuleta County line and the northern boundary of the Southern Ute Indian Reservation.

In addition to mapping geologic contacts, the study includes measurement and analysis of fractures in these formations and mapping of individual coal beds in the Fruitland Formation. When completed, the final report will be added to the Library section of the COGCC website. Formation contact data will be made available as a layer on the COGCC online GIS maps. Field work began in May 2008 and was completed in late July 2008. Compilation of data and report production are ongoing. Twenty-two measured sections were completed or compiled from previous work. In addition to CGS staff, the CGS used faculty and staff from Fort Lewis College in Durango and the University of Colorado - Denver to assist in the mapping project. A draft of the final map and report will be provided to COGCC staff for review.

The contract ending date has been extended so the CGS could continue work on the project after

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December 31, 2008. The revised project completion date is anticipated to be February 28, 2009. An abstract summarizing the project coauthored by Chris Carroll (CGS), Steve Lindblom (COGCC), Dr. David Gonzales (Ft. Lewis College) and Dr. Gary Gianinny (Ft. Lewis College) was submitted to the American Association for Petroleum Geologists ("AAPG") for presentation at the annual meeting in 2009.

Drilling and installation of monitoring wells for the 4M Project in Archuleta County began on September 27, 2008. Supervision of field activities and interpretation of field data are being performed by a COGCC consultant with assistance from COGCC staff. The COGCC project manager is using COGCC staff from the Environmental, Engineering, and Information Technology groups, all with backgrounds in geology and engineering, to assist in the field oversight of the project. The CGS has also been an active participant in the drilling program.

Six monitoring wells have been installed at 3 well sites located in Sections 4 and 14U, Township 34 North, Range 5 West, N.M.P.M. and in Section 30, Township 34 North, Range 4 West, N.M.P.M. Core samples were collected from selected coal intervals and adjacent strata. Samples of coal are undergoing laboratory analysis to determine gas content, gas composition, isotopic ratios, and other parameters.

At each location, two wells were constructed and were perforated across distinct coal intervals to monitor reservoir pressure in multiple intervals in the Fruitland Formation. At the Wagon Gulch location in Section 4, Township 34 North, Range 5 West, N.M.P.M., perforations in the first and second wells (MW-1 and MW-2) spanned intervals from 752 to 767 feet below ground surface ("bgs") and from 821 to 833 feet bgs, respectively. At the Fosset Gulch location (Section 14U, Township 34 North, Range 5 West, N.M.P.M.), MW-1 was perforated from 479 to 499 feet bgs while MW-2 was perforated across 2 coal intervals: 525 to 534 feet bgs and 548 to 551 feet bgs. The Highway 151 location in Section 30, Township 34 North, Range 4 West, N.M.P.M., was perforated and developed during the week of November 16, 2008. Monitored intervals will include 218 to 222 feet bgs, 231 to 241 feet bgs, 268 to 277 feet bgs, and 293 to 302 feet bgs, all of which correspond to coal zones interpreted from observations of drill cuttings, drilling characteristics, and geophysical logs.

Monitoring wells were developed after perforating to enhance communication between the monitoring well and the reservoir. None of the wells perforated and developed produced significant formation water during drilling or development.

Prior to monitoring well completion and development, COGCC staff arranged for Four Corners Geoscience to collect samples from nearby water wells to establish shallow water quality conditions in the area. These samples are currently undergoing laboratory analysis.

Souder Miller Associates served as the general contractor and provided field services. Scorpion Drilling provided and operated the drilling rig and used a closed loop system to minimize surface impacts. Cuttings were contained in a steel tank and then transferred to a lined drying area prior to burial onsite. Fluids used during drilling were transported offsite for disposal at a commercial disposal facility.

Pressure monitoring devices were installed during the week of December 1, 2008. Pressure transducers were installed at the wellhead and below the deepest perforated interval in each well. Pressure data are being collected at 8-hour intervals and being transmitted via satellite to the InSitu, Inc. data management system in Fort Collins where COGCC staff are able to access the data over the Internet.

Due to costs, budget, seasonal timing and expected surface impacts, 3 of the 6 sites initially proposed will not be drilled during this phase of the study. The sites not completed during the Fall 2008 field program are those in Deep Canyon in Section 32, Township 34 North, Range 4 West,

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N.M.P.M., along the Piedra River in Section 24, Township 34 North, Range 5 West, N.M.P.M., and in the Little Squaw Creek drainage in Section 10, Township 34 North, Range 5 West, N.M.P.M.

Both 4M Outcrop Mitigation Pilot Project locations in La Plata County are weathering the winter conditions well, although snowpack and equipment testing issues have delayed installation at the sites. The lack of 3-phase power at the South Fork Texas Creek ("SFTC") site required equipment modifications which are currently being evaluated and bench tested at the suppliers Farmington, NM facility. The surface systems will be installed as soon as good access can be obtained and the equipment issues are resolved. Testing of the systems will proceed at that time and continue for one year.

COGCC staff is also developing a Scope of Work for the La Plata County Fruitland Formation Additional Characterization and Monitoring Project. COGCC continues to negotiate with private surface owners to obtain access for the installation of new Fruitland Formation monitoring wells in La Plata County.

COGCC and Norwest Applied Hydrology ("NAH") staff visited all of the existing La Plata County monitoring well locations on December 10, 2008, to download data from the data loggers and perform routine maintenance. The January 2008 monitoring report is available on the COGCC website www.colorado.gov/cogcc, Library, San Juan Basin, 3M Project Reports, Monitoring Well Reports).

Steve Lindblom and Karen Spray of the COGCC Staff have been participating in the Northern San Juan Basin Groundwater Model Technical Advisory Group ("NSJB TAG"). The NSJB TAG consists of experts in hydrogeology, groundwater modeling, geology, and water resources from industry, the Colorado Geological Survey, the COGCC, the Colorado State Engineers Office, and the Colorado School of Mines. The NSJB TAG has been meeting on a monthly basis since June 2008 to discuss technical issues related to a numerical groundwater model for the Northern San Juan Basin being developed by NAH on behalf of several operators.

Northeast Colorado: The COGCC continues to receive complaints regarding exploration and production (E&P) waste management, often associated with land application of water-based bentonitic drilling fluids. A large number of these complaints are located in Weld County. Although in many instances the land application has been performed in accordance with COGCC rules, there have also been several instances where violations were documented. As a reminder, oil and gas operators are allowed to use land application as a disposal method for water-based bentonitic drilling fluids in accordance with COGCC Rule 907d.(3), which outlines several requirements for proper application. Drilling fluids can only be applied as a beneficial amendment and no more than 3 inches thick prior to incorporation into native soils. The application of drilling fluids cannot result in concentrations of contaminants above the COGCC allowable levels presented in Table 910-1. Application needs to be done in a manner to prevent ponding or erosion.

In some cases drilling fluids have been applied to sloping agricultural areas where storm events caused the fluids to migrate onto adjacent properties or into waterways, which is a violation of COGCC Rules. In addition, drilling fluids should be incorporated into the native soils as soon as practicable. Operators retain responsibility for the land application of drilling fluids, even in cases where agreements between contract haulers and landowners have been made. Another common oversight in these cases is the surface owner approval requirement. Operators are required to obtain written authorization from the surface owner prior to land application. Other associated problems often include trucks tracking drilling fluids onto public roads from land application sites.

In addition to common land application violations, there are often waste generator violations associated with these complaints. In accordance with COGCC Rule 907.b.(2), generators of exploration and production ("E&P") waste are required to maintain copies of each invoice, bill or ticket and such other records as necessary to document waste transportation and disposal. Specifically,

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the date of transport, identity of the waste generator and transporter, location of waste pickup site, type and volume of waste, and name and location of the treatment or disposal site are required. If land application is used as a disposal method for drilling fluids, the operator must have waste generator documentation for every load of drilling fluid applied at a given location.

While land application of water-based bentonitic drilling fluids continues to be a viable disposal alternative, operators are encouraged to review the COGCC 900 Series Rules regarding E&P waste management. Operators should also be aware that the Final Amended Rules include several changes regarding E&P waste management. For example, after April 1, 2009, drilling fluids can still be applied as a beneficial soil amendment, but lining of stock ponds and irrigation ditches will no longer be allowed. There is also a requirement to incorporate the drilling fluids into native soils within 10 days of application. Regarding waste transportation and disposal, documentation will need to be maintained for not less than 5 years. These are just a few examples of relevant changes. The Final Amended Rules are available on the COGCC website at www.colorado.gov/cogcc.

Southeast Colorado: Methane Investigation, Monitoring and Mitigation Plan ("MIMMP"). One monitoring well, 4 recovery, and 8 injection wells have been drilled, completed and tested by Petroglyph Energy Inc. ("PEI") as part of Phase 1 of the MIMMP. The pipelines for transporting the recovered fluids to the treatment area have been installed and tested. Separate pipelines that will transport recovered water from the separator area to the injection wells have also been installed. Treatment under Phase 1 consists of physically separating dissolved methane from the recovered ground water using a vertical separator. The methane will be sent to a controlled flare for combustion. The flare has been installed and is operational.

Operation of the pump, treatment, and injection system started on December 8, 2008, and ran intermittently during the first week. Peter Gintautas, COGCC Environmental Field Representative, provided a brief update on the initiation of the system to the Huerfano County Commission on December 17, 2008. PEI provided public notice prior to start up of the injection system by newspaper, direct mailing, and hand delivery.

PEI has applied to the BLM for permission to drill an exploratory well in the vicinity of the impacted water well located in Section 15, Township 29 South, Range 67 West, 6th P.M. This impacted water well is located more than one mile south of the ring of injection wells. The exploratory hole will assist in determining if gas is present, at what level the gas occurs and whether additional venting or treatment is needed at that location. The current date for a BLM decision on the well is not known.

Gas flows are monitored at 4 domestic wells by PEI or its consultant, and at 2 domestic wells by COGCC and its consultant. Overall gas flow has decreased in all monitored domestic wells.

During the period from November 3, 2008, to December 15, 2008, NAH and PEI screened 66 domestic water wells for the presence of methane with hand held methane detectors for changes in percent volume of methane, %LEL, and %O₂; 44 of the monitored wells showed little change from the previous month's monitoring, 13 wells showed increases in methane concentration, 9 wells showed decreases in methane concentration.

PEI is currently supplying water to 15 homes upon request of the well owner. Methane alarms have been installed in 14 homes.

HB 07-1298 and HB07-1341 Rulemaking Update: The COGCC deliberated and unanimously adopted the Final Amended Rules at its hearing on December 9 through December 11, 2008. The Final Amended Rules and the Final Statement of Basis and Purpose have been posted on the COGCC website at www.colorado.gov/cogcc, under Public Announcements on the homepage.

A preliminary docket for the February 2009 hearing was provided.

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A variance under Rule 502.b. was granted on October 23, 2008, with the approval of the Application for Permit to Re-enter the Renegade State #1-16 Well located in the NW¼ NW¼ of Section 16, Township 20 South, Range 52 West, 6th P.M., in Kiowa County. The well location is an exception to Rule 318.a., as it is less than 600 feet from a lease line. The original well was permitted at a legal location. Modern survey techniques indicate that the original well was drilled at an exception location of 583 feet to the nearest mineral lease line with an encroachment of 17 feet. Renegade has obtained signed waivers from mineral interest owners representing 25% and verbal waivers representing 25% of the encroached-upon leasehold. Another 25% owner is choosing to ignore the request for a waiver, and the owner of the final 25% has not responded to three mailings and three phone calls.

A variance under Rule 502.b. was granted on October 29, 2008, with the approval of the Application for Permit to Re-enter the Petrox Resources Mildred Wright #1 Well, located in the SE¼ NE¼ of Section 16, Township 33 North, Range 5 West, N.M.P.M., in Archuleta County. This well is a sidetrack in the existing Mildred Wright #1 Well. The well location is an exception to spacing Order No. 112-85. The sidetrack is to be drilled entirely outside of the spacing window to take advantage of the cleating direction in the coal and the existing borehole. The operator has obtained waivers from 92.37% of the encroached-upon southern and eastern offset mineral holders. No negative responses have been received.

EnCana made a verbal request on November 19, 2008, and subsequently submitted a Sundry Notice to COGCC staff on November 24, 2008. The request was for a variance to the compressive strength requirements of Rule 317.i. for the production casing cement on EnCana's Orchard Unit #10-11H (J10OUB) Well. The Orchard Unit #10-11H (J10OUB) Well is a horizontal well, which is located in the NW¼ of the SE¼ of Section 10, Township 8 South, Range 96 West, 6th P.M. This well has federal jurisdiction for surface and minerals.

EnCana's completions team was working with its cement vendor to design an alternative cement slurry which would mitigate against unexpectedly high breakdown pressures during fracturing operations in the horizontal leg of this well. Their design for a 15 pound per gallon acid soluble cement slurry did not meet the requirement of Rule 317.i., which specifies that production casing cement "shall be of adequate quality to achieve a minimum compressive strength of at least three hundred (300) psi after twenty-four (24) hours and eight hundred (800) psi after seventy-two (72) hours measured at ninety-five degrees fahrenheit (95°F) and at eight hundred (800) psi."

Based on laboratory testing, EnCana's proposed cement design managed to obtain 300 psi compressive strength in 28 hours, 47 minutes. The bottom hole temperature is estimated to be 248°F, and the slurry is retarded to give a 3-hour, 30-minute thickening time at 250°F. At 250°F, the proposed cement achieves a compressive strength of 1000 psi in under 8 hours. EnCana contends that none of the cemented interval will be exposed to temperatures less than 200°F.

COGCC staff granted verbal approval for the variance on November 19, 2008, and COGCC staff approved EnCana's Sundry Notice on November 26, 2008. COGCC staff concluded that EnCana's request complies with Rule 502.b.(1) for a variance to the cement requirements of Rule 317.i. EnCana contends that this requested variance will not violate the basic intent of the Oil and Gas Conservation Act. The BLM approved EnCana's cement change on November 20, 2008.

A variance under Rule 502.b. was granted on December 9, 2008, with the approval of the Application for Permit to Drill the Petrox Resources Mildred Wright #1R Well, SE¼ NE¼ of Section 16, Township 33 North, Range 5 West, N.M.P.M., in Archuleta County. This well is a replacement well for the Mildred Wright #1 Well which was a re-entry attempt that was abandoned in December 2008 due to suspect mechanical integrity of the existing borehole. This re-drill well location is an exception to spacing Order No. 112-85. The well is to be a pilot hole and horizontal well drilled from the SE¼

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NE¼ to the SE¼ NW¼ and 441 feet from the south line of the lay-down 320 N½ unit. The operator obtained waivers for the re-entry of the Mildred Wright #1 from 94.95% of the southern and eastern offset mineral holders. No negative responses have been received. As the producing portion of the borehole will remain the same in the replacement well, the waivers are still in effect.

Report from the Assistant Attorney General: Assistant Attorney General Rees requested that, during the course of today's hearing, the Commission move into executive session to discuss two pending court cases. The first being *Allen Oil & Gas v. COGCC, et al.*, Case No. 08CA1260, which is presently set for briefing schedule in the Colorado Court of Appeals, and, second, *James R. Carnahan and Colleen Carnahan v. COGCC, et al.*, Case No. 09CV0614, which was filed on or around January 15, 2009 requesting declaratory judgment for alleged violations of the Oil and Gas Conservation Act and the APA.

There were no comments from the Commissioners.

There were no comments from the audience.

Consent Agenda: Commissioner Compton requested that Cause No. 389, Docket No. 0901-SP-01 be pulled from the consent agenda docket and considered separately. In addition, Commission Dowling requested that Cause No. 1V, Docket No. 0810-OV-19 be pulled from the consent agenda docket and considered separately. A motion was made by Commissioner Martin to approve the consent agenda matters, excepting Cause No. 389, Docket No. 0901-SP-01 and Cause No. 1V, Docket No. 0810-OV-19, seconded by Commissioner Compton, and approved unanimously. The following matters were approved:

Cause Nos. 191, 510 and 523, Docket No. 0901-SP-03, Garfield County, request for an order to establish various drilling and spacing units and allow one well per 10 acres, with the permitted well to be located no closer than 100 feet to the unit for certain lands in Sections 6 through 10, and 14 through 19, Township 6 South, Range 92 West, 6th P.M., and Sections 1, and 11 through 14, Township 6 South, Range 93 West, 6th P.M., for the production of gas and associated hydrocarbons from the Mancos Group Formation.

Cause No. 510, Docket No. 0901-SP-02, Garfield County, request for an order to establish 40-acre and 80-acre drilling and spacing units and allow one well per 10 acres, with the permitted well to be located no closer than 100 feet to the unit for certain lands in Sections 31 through 33, Township 7 South, Range 96 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Cause No. 381, Docket No. 0901-SP-05, Weld County, request for an order to designate the 80-acre drilling and spacing units established in Order Nos. 381-1 and 381-2 as stand-up units, and establish 40-acre drilling and spacing units for the NW¼ SW¼ and SW¼ SW¼ of Section 33, Township 6 North, Range 66 West, 6th P.M., for the production of gas and associated hydrocarbons from the Codell, Niobrara and "J" Sand Formations.

Cause No. 513, Docket No. 0901-SP-06, Garfield County, request for an order to establish 320-acre drilling and spacing units for Sections 8 and 17, Township 6 North, Range 91 West, 6th P.M., for the production of gas and associated hydrocarbons from the Iles Formation.

Cause No. 407, Docket No. 0901-UP-01, Weld County, request for an order to designate stand-up 80-acre drilling and spacing units and pool all nonconsenting interests in the units in the W½ of Section 10, Township 5 North, Range 63 West, 6th P.M., for the development and operation of the Codell-Niobrara Formations.

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Cause No. 389, Docket No. 0901-SP-01, Delores and Montezuma Counties, a request by Bill Barrett Corporation ("BBC") for an order to establish approximate 1,280-acre drilling and spacing units for certain lands in Townships 39 and 40 North, Ranges 17 and 18 West, N.M.P.M., and allow up to 8 horizontal wells in each unit, with the permitted well to be located no closer than 460 feet to the outside boundary, for the production of gas and associated hydrocarbons from the Gothic Shale Formation, was considered separately by the Commission. On December 31, 2008, the Hearings Officers convened a pre-hearing conference to address protests filed by Jeanne Babin, Leslie Taylor and Karen Schlom, which resulted in the recommendation that those protests be dismissed as invalid protests under the Rules. The Commission entertained argument on the dismissal of the protests by Leslie Taylor, Karen Schlom and William Keefe, attorney for BBC. A motion was made by Commissioner Martin to ratify the recommendation of the Hearings Officers that the protests are invalid, seconded by Vice Chair Epel, and approved by all Commissioners except Commissioner Houpt. A 510. statement by John Flemington was considered by the Commission. A motion was made by Commissioner Martin to approve Cause No. 389, Docket No. 0901-SP-01, seconded by Vice Chair Epel, and approved unanimously. The following matter was approved:

Cause No. 389, Docket No. 0901-SP-01, Delores and Montezuma Counties, request for an order to establish approximate 1,280-acre drilling and spacing units for certain lands in Townships 39 and 40 North, Ranges 17 and 18 West, N.M.P.M., and allow up to 8 horizontal wells in each unit, with the permitted well to be located no closer than 460 feet to the outside boundary, for the production of gas and associated hydrocarbons from the Gothic Shale Formation.

Cause No. 1V, Docket No. 0810-OV-19, Weld County, was considered separately. A motion was made by Commissioner Cutright to approve to an AOC as presented, seconded by Commissioner Martin, and approved unanimously. The following matter was approved:

Cause No. 1V, Docket No. 0810-OV-19, Weld County, request for approval of an AOC finding TOP Operating Company in continuing violation of Rule 906.d. for failing to perform timely remediation required by Remediation Work Plan #3743 at the Counter #2 Well located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 30, Township 2 North, Range 66 West, 6th P.M., the Counter #3 Well located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 30, Township 2 North, Range 66 West, 6th P.M., the Schneider #3 Well located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 30, Township 2 North, Range 66 West 6th P.M., the Knox #1-23 Well located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, Township 2 North, Range 67 West, 6th P.M., and the Knox #22-23 Well located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, Township 2 North, Range 67 West, 6th P.M., and assessing a fine of \$6,000.

Cause No. 1V, Docket Nos. 0810-OV-01 through 0810-OV-07, Weld County, were considered separately. The Commission heard comments by William Keefe, attorney for Presco, Inc., Brian Rictor, Geological Consultant for Presco, Inc., and Luke Danielson, attorney for the complainant Wesley Kemp. A motion was made by Vice Chair Epel to approve to the AOCs as presented, seconded by Commissioner Compton, and approved unanimously. The following matters were approved:

Cause No. 1V, Docket No. 0901-OV-01, Garfield County, request for approval of an AOC finding Presco, Inc. in violation of Rules 324A.a. (for failure to take precautions to prevent the unauthorized discharge or disposal of exploration and production waste ("E&P waste"), chemical substances, trash, discarded equipment or other oil field waste), 902.c. (for constructing and operating a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit), 902.d. (for failure to remove accumulated oil in a pit within 24 hours of discovery), 902.e. (for failure to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public), 906.a. (for failure to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable), 907.a.(1) (for failure to ensure that E&P

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waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources), 907.a.(2) (for failure to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste), and 1002.e. (for failure to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off), at the Battlement Mesa #27-44 well site located in the SE¼ SE¼ of Section 27, Township 7 South, Range 95 West, 6th P.M., and assessing a fine of \$16,000.

Cause No. 1V, Docket No. 0901-OV-02, Garfield County, request for approval of an AOC finding Presco, Inc. in violation of Rules 324A.a. (for failure to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste), 902.c. (for constructing and operating a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit), 902.d. (for failure to remove accumulated oil in a pit within 24 hours of discovery), 902.e. (for failure to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public), 906.a. (for failure to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable), 907.a.(1) (for failure to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources), 907.a.(2) (for failure to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste), and 1002.e. (for failure to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off), at the Battlement Mesa #26-42 well site located in the SE¼ SW¼ of Section 26, Township 7 South, Range 95 West, 6th P.M., and assessing a fine of \$16,000.

Cause No. 1V, Docket No. 0901-OV-03, Garfield County, request for approval of an AOC finding Presco, Inc. in violation of Rules 324A.a. (for failure to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste), 902.c. (for constructing and operating a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit), 902.d. (for failure to remove accumulated oil in a pit within 24 hours of discovery), 902.e. (for failure to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public), 906.a. (for failure to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable), 907.a.(1) (for failure to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources), 907.a.(2) (for failure to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste), and 1002.e. (for failure to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off), at the Battlement Mesa #34-24 well site located in the NW¼ NW¼ of Section 35, Township 7 South, Range 95 West, 6th P.M., and assessing a fine of \$16,000.

Cause No. 1V, Docket No. 0901-OV-04, Garfield County, request for approval of an AOC finding Presco, Inc. in violation of Rules 324A.a. (for failure to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste), 902.c. (for constructing and operating a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit), 902.d. (for failure to remove accumulated oil in a pit within 24 hours of discovery), 902.e. (for failure to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the

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general public), 906.a. (for failure to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable), 907.a.(1) (for failure to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources), 907.a.(2) (for failure to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste), and 1002.e. (for failure to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off), at the Battlement Mesa #35-12 well site (API #05-045-10412-00) located in the NE¼ NW¼ of Section 35, Township 7 South, Range 95 West, 6th P.M., and assessing a fine of \$16,000.

Cause No. 1V, Docket No. 0901-OV-05, Garfield County, request for approval of an AOC finding Presco, Inc. in violation of Rules 324A.a. (for failure to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste), 902.c. (for constructing and operating a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit), 902.d. (for failure to remove accumulated oil in a pit within 24 hours of discovery), 902.e. (for failure to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public), 906.a. (for failure to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable), 907.a.(1) (for failure to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources), 907.a.(2) (for failure to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste), and 1002.e. (for failure to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off), at the Battlement Mesa #36-13 well site located in the NW¼ NE¼ of Section 36, Township 7 South, Range 95 West, 6th P.M., and assessing a fine of \$16,000.

Cause No. 1V, Docket No. 0901-OV-06, Garfield County, request for approval of an AOC finding Presco, Inc. in violation of Rules 324A.a. (for failure to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste), 902.c. (for constructing and operating a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit), 902.d. (for failure to remove accumulated oil in a pit within 24 hours of discovery), 902.e. (for failure to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public), 906.a. (for failure to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable), 907.a.(1) (for failure to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources), 907.a.(2) (for failure to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste), and 1002.e. (for failure to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off), at the Battlement Mesa #36-23 well site located in the SW¼ NE¼ of Section 36, Township 7 South, Range 95 West, 6th P.M., and assessing a fine of \$16,000.

Cause No. 1V, Docket No. 0901-OV-07, Garfield County, request for approval of an AOC finding Presco, Inc. in violation of Rules 324A.a. (for failure to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste), 902.c. (for constructing and operating a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit), 902.d.

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(for failure to remove accumulated oil in a pit within 24 hours of discovery), 902.e. (for failure to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public), 906.a. (for failure to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable), 907.a.(1) (for failure to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources), 907.a.(2) (for failure to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste), and 1002.e. (for failure to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off), at the Chevron #34-4 (PD34) well site located in the NW¼ NW¼ of Section 34, Township 7 South, Range 95 West, 6th P.M., and assessing a fine of \$16,000.

The following matters have been continued to the February 2009 hearing:

Cause No. 449, Docket No. 0901-SP-04, Cheyenne County, request for an order to vacate 80-acre drilling and spacing units established in Order No. 449-7 and place the lands under Rule 318.a. for Section 33, Township 14 South, Range 42 West, 6th P.M., for the production of gas and associated hydrocarbons from the Morrow Formation.

Cause No. 139, Docket No. 0812-SP-25, Garfield County, request for an order to vacate the 320-acre drilling and spacing unit consisting of the W½ of Section 21, Township 6 South, Range 93 West, 6th P.M., and establish an approximate 80-acre laydown drilling and spacing unit consisting of the N½ NW¼ of said Section 21, and allow one well per 10 acres, with the permitted well to be located no closer than 100 feet to the unit., for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

Cause No. 112, Docket No. 0812-AW-34, La Plata County, request for an order to allow up to four optional wells in certain 320-acre drilling and spacing units, with the permitted well to be located no closer than 660 feet from the unit boundary and no closer than 130 feet to any interior quarter section line, for certain lands in Township 34 North, Ranges 8 and 9 West, N.M.P.M. and Township 34.5 North, Range 9 West, N.M.P.M., for the production of gas and associated hydrocarbons from the Fruitland coal seams.

Cause No. 1, Docket No. 0809-GA-01, Adams County, request for an order to designate Barr Lake State Park as a Designated Outside Activity Area.

Cause Nos. 191, 510 and 523, Docket No. 0901-SP-03, Garfield County, request for an order to establish various drilling and spacing units and allow one well per 10 acres, with the permitted well to be located identical to the setbacks established for the Iles Formation, no closer than 100 feet to the boundary of the unit or no closer than 400 feet from the boundary of the unit for lands not approved for 10-acre density, without exception being granted by the Director of the Oil and Gas Conservation Commission, for certain lands in Sections 18 and 19, Township 6 South, Range 92 West, 6th P.M., and Section 13, Township 6 South, Range 93 West, 6th P.M., for the production of gas and associated hydrocarbons from the Mancos Group Formation.

Implementation of New Rules – 0803-RM-02: Acting Director Neslin stated that there is an interim policy set forth to navigate the rulemaking map areas and plotting the location of APDs. If an APD falls within a drinking water protection area, the COGCC staff will notify CDPHE. If an APD falls within a restricted surface occupancy area, a sensitive wildlife habitat area, or a riparian area, the COGCC staff will notify the Colorado Division of Wildlife (“CDOW”). Each respective agency will have an opportunity to review the relevant APDs and provide recommended conditions of approval prior to the COGCC Director’s approval of the APD.

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The Interim Policy, the certificate of compliance that should be attached to each APD submitted during the interim period, and the tutorial for using the maps are found on the COGCC's website homepage: www.colorado.gov/cogcc. Outreach training is being coordinated by Thom Kerr, COGCC Information Systems Manager.

On December 11, 2008, the COGCC also adopted an Interim Policy for applications for permits-to-drill (APDs). The policy covers APDs submitted during the interim period between January 5, 2009, and the effective date of the Final Amended Rules (*i.e.*, April 1, 2009, for non-federal lands, and May 1, 2009, for federal lands). The policy requests operators to identify whether each APD submitted during the interim period falls within one or more of the following areas: (1) drinking water protection area; (2) restricted surface occupancy area; (3) sensitive wildlife habitat area; and (4) riparian areas. The protected areas are identified on maps found on the COGCC website. The updated drinking water protection area map has been finished and will be added to the COGCC website, and will be the subject of rulemaking in the upcoming months.

The hearing adjourned at 11:40 a.m.

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The Secretary was therefore authorized to issue the following orders:

Order Nos. 191-60, 510-46 and 523-5, Mamm Creek Field, Garfield County: Approves the request for an order to establish various drilling and spacing units and allow one well per 10 acres, with the permitted well to be located no closer than 100 feet to the unit for certain lands in Sections 6 through 10, and 14 through 19, Township 6 South, Range 92 West, 6th P.M., and Sections 1, and 11 through 14, Township 6 South, Range 93 West, 6th P.M., for the production of gas and associated hydrocarbons from the Mancos Group Formation.

Order No. 510-47, Grand Valley Field, Garfield County: Approves the request for an order to establish 40-acre and 80-acre drilling and spacing units and allow one well per 10 acres, with the permitted well to be located no closer than 100 feet to the unit for certain lands in Sections 31 through 33, Township 7 South, Range 96 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Order No. 381-13, Bracewell Field, Weld County: Approves the request for an order to designate the 80-acre drilling and spacing units established in Order Nos. 381-1 and 381-2 as stand-up units, and establish 40-acre drilling and spacing units for the NW¼ SW¼ and SW¼ SW¼ of Section 33, Township 6 North, Range 66 West, 6th P.M., for the production of gas and associated hydrocarbons from the Codell, Niobrara and "J" Sand Formations.

Order No. 513-5, Kokopelli and Timberline Fields, Garfield County: Approves the request for an order to establish 320-acre drilling and spacing units for Sections 8 and 17, Township 6 North, Range 91 West, 6th P.M., for the production of gas and associated hydrocarbons from the Iles Formation.

Order No. 407-330, Wattenberg Field, Weld County: Approves the request for an order to designate stand-up 80-acre drilling and spacing units and pool all nonconsenting interests in the units in the W½ of Section 10, Township 5 North, Range 63 West, 6th P.M., for the development and operation of the Codell-Niobrara Formations.

Order No. 389-5, Solo Lobo Field, Delores and Montezuma Counties: Approves the request for an order to establish approximate 1,280-acre drilling and spacing units for certain lands in Townships 39 and 40 North, Ranges 17 and 18 West, N.M.P.M., and allow up to 8 horizontal wells in each unit, with the permitted well to be located no closer than 460 feet to the outside boundary, for the production of gas and associated hydrocarbons from the Gothic Shale Formation.

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Order No. 1V-336, Weld County: Approves the Administrative Order by Consent for failure by TOP Operating Company to comply with Rule 906.d., for failing to perform timely remediation required by Remediation Work Plan #3743 at the Counter #2 Well located in the NE¼ NE¼ of Section 30, Township 2 North, Range 66 West, 6th P.M., the Counter #3 Well located in the SE¼ NE¼ of Section 30, Township 2 North, Range 66 West, 6th P.M., the Schneider #3 Well located in the NW¼ NW¼ of Section 30, Township 2 North, Range 66 West 6th P.M., the Knox #1-23 Well located in the SW¼ NW¼ of Section 23, Township 2 North, Range 67 West, 6th P.M., and the Knox #22-23 Well located in the SE¼ NW¼ of Section 23, Township 2 North, Range 67 West, 6th P.M., and assesses a fine of \$6,000.

Order No. 1V-337, Garfield County: Approves the Administrative Order by Consent for failure by Presco, Inc. to comply with Rules 324A.a., for failing to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste, 902.c., for failing to construct and operate a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit, 902.d. for failing to remove accumulated oil in a pit within 24 hours of discovery, 902.e., for failing to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public, 906.a., for failing to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable, 907.a.(1) for failing to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, 907.a.(2), for failing to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste, and 1002.e., for failing to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off, at the Battlement Mesa #27-44 well site located in the SE¼ SE¼ of Section 27, Township 7 South, Range 95 West, 6th P.M., and assesses a fine of \$16,000.

Order No. 1V-338, Garfield County: Approves the Administrative Order by Consent for failure by Presco, Inc. to comply with Rules 324A.a., for failing to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste, 902.c., for failing to construct and operate a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit, 902.d. for failing to remove accumulated oil in a pit within 24 hours of discovery, 902.e., for failing to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public, 906.a., for failing to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable, 907.a.(1) for failing to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, 907.a.(2), for failing to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste, and 1002.e., for failing to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off, at the Battlement Mesa #26-42 well site located in the SE¼ SW¼ of Section 26, Township 7 South, Range 95 West, 6th P.M., and assesses a fine of \$16,000.

Order No. 1V-339, Garfield County: Approves the Administrative Order by Consent for failure by Presco, Inc. to comply with Rules 324A.a., for failing to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste, 902.c., for failing to construct and operate a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit, 902.d.

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for failing to remove accumulated oil in a pit within 24 hours of discovery, 902.e., for failing to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public, 906.a., for failing to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable, 907.a.(1) for failing to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, 907.a.(2), for failing to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste, and 1002.e., for failing to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off, at the Battlement Mesa #34-24 well site located in the NW¼ NW¼ of Section 35, Township 7 South, Range 95 West, 6th P.M., and assesses a fine of \$16,000.

Order No. 1V-340, Garfield County: Approves the Administrative Order by Consent for failure by Presco, Inc. to comply with Rules 324A.a., for failing to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste, 902.c., for failing to construct and operate a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit, 902.d. for failing to remove accumulated oil in a pit within 24 hours of discovery, 902.e., for failing to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public, 906.a., for failing to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable, 907.a.(1) for failing to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, 907.a.(2), for failing to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste, and 1002.e., for failing to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off, at the Battlement Mesa #35-12 well located in the NE¼ NW¼ of Section 35, Township 7 South, Range 95 West, 6th P.M., and assesses a fine of \$16,000.

Order No. 1V-341, Garfield County: Approves the Administrative Order by Consent for failure by Presco, Inc. to comply with Rules 324A.a., for failing to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste, 902.c., for failing to construct and operate a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit, 902.d. for failing to remove accumulated oil in a pit within 24 hours of discovery, 902.e., for failing to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public, 906.a., for failing to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable, 907.a.(1) for failing to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, 907.a.(2), for failing to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste, and 1002.e., for failing to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off, at the Battlement Mesa #36-13 well site located in the NW¼ NE¼ of Section 36, Township 7 South, Range 95 West, 6th P.M., and assesses a fine of \$16,000.

Order No. 1V-342, Garfield County: Approves the Administrative Order by Consent for failure by Presco, Inc. to comply with Rules 324A.a., for failing to take precautions to prevent the

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unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste, 902.c., for failing to construct and operate a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit, 902.d. for failing to remove accumulated oil in a pit within 24 hours of discovery, 902.e., for failing to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public, 906.a., for failing to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable, 907.a.(1) for failing to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, 907.a.(2), for failing to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste, and 1002.e., for failing to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off, at the Battlement Mesa #36-23 well site located in the SW¼ NE¼ of Section 36, Township 7 South, Range 95 West, 6th P.M., and assesses a fine of \$16,000.

Order No. 1V-343, Garfield County: Approves the Administrative Order by Consent for failure by Presco, Inc. to comply with Rules 324A.a., for failing to take precautions to prevent the unauthorized discharge or disposal of E&P waste, chemical substances, trash, discarded equipment or other oil field waste, 902.c., for failing to construct and operate a pit which failed to provide for a minimum of two feet of freeboard between the top of the pit wall and the fluid level of the pit, 902.d. for failing to remove accumulated oil in a pit within 24 hours of discovery, 902.e., for failing to install appropriate netting or fencing, when necessary, to prevent significant adverse environmental impacts resulting from access to a pit by wildlife, migratory birds, domestic animals, or members of the general public, 906.a., for failing to control or contain spills/releases of E&P waste immediately upon discovery and impacts resulting from spills/releases to be investigated and cleaned up as soon as practicable, 907.a.(1) for failing to ensure that E&P waste is properly stored, handled or disposed of to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, 907.a.(2), for failing to conduct E&P waste management activities and to construct and operate E&P waste management facilities to protect the waters of the state from significant adverse impacts from E&P waste, and 1002.e., for failing to implement BMPs to minimize offsite erosion and sedimentation by controlling stormwater run-off, at the Chevron #34-4 (PD34) well site located in the NW¼ NW¼ of Section 34, Township 7 South, Range 95 West, 6th P.M., and assesses a fine of \$16,000.

Robert A. Willis, Acting Secretary

Approved:

Harris Sherman, Chair