

RECORD OF PROCEEDINGS

May 7, 2009

The Oil and Gas Conservation Commission (“COGCC”) met on May 7, 2009 at 9:00 a.m. in Suite 801 of The Chancery Building, 1120 Lincoln Street, Denver, Colorado, for a hearing in Cause Nos. 1R, 191 and 440.

Those present were:

Harris Sherman	Chair
Joshua Epel	Vice-Chair
Richard Alward	Commissioner
Tom Compton	Commissioner
DeAnn Craig	Commissioner
Mark Cutright	Commissioner
Michael Dowling	Commissioner
Trési Houpt	Commissioner
Jim Martin	Commissioner
Kelly Rosenberg	Assistant Attorney General
David Neslin	Director
Rob Willis	Acting Hearings Manager

Commissioners Alward and Houpt appeared by telephone, and Commissioner Martin, due to scheduling conflicts, only appeared in Cause No. 1R. Chair Sherman announced that Commissioner Craig was confirmed by the senate on April 9, 2009. A motion was made by Commissioner Dowling to approve the March 2009 minutes, seconded by Commissioner Compton, and unanimously approved.

There was no report from the Executive Director.

Staff Report. Director Neslin stated that 2,069 APDs were approved as of April 27, 2009. At this pace, it is estimated that approximately 6,455 APDs will be approved in calendar year 2009 using a calculation of average permits approved daily-to-date for the entire year. Last month it was decided that this was probably not a very accurate prediction, considering the number of permits pending approval at the beginning of the year and the declining rig activity. Accordingly, it may be more accurate to pertinent to consider permits received, as opposed to permits approved. If the number of permits received is used, then the 2009 permit numbers would be 7,230, reflecting the large number of permits that were submitted by May 1, 2009, to beat the effective date of the Final Amended Rules. Either number indicates a decrease in permit activity over the previous record high of 8,027 APDs approved in 2008, which was 26% higher than the 6,368 APDs approved in 2007.

Northwest Colorado: The Northwest Colorado Oil and Gas Forum (“Forum”) is an informal gathering of local, state, and federal government officials, oil and gas industry representatives, and citizens that have met regularly since 1989. The purpose of the Forum is to share information about oil and gas development in northwest Colorado and to make government officials and oil and gas industry representatives easily accessible to the public. Currently the meetings are conducted once per quarter and are co-chaired by COGCC’s Director, Dave Neslin, and Garfield County Commissioner, Mike Samson. The next meeting is scheduled for June 4, 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

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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 three operators currently holding most of the oil and gas leases within 3 miles of the Project Rulison test site (Noble Energy, Inc., Williams Production RMT, and EnCana Oil & Gas (USA)) 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 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.

The RSAP will be modified as needed to reflect lessons learned through its implementation. As previously reported, COGCC staff met with the operators on November 19, 2008, to discuss possible revisions. Subsequently, a small technical working group met on December 4, 2008, to discuss such revisions in greater detail. The 3rd and 4th Quarter 2008 Operational and Monitoring Reports for activities subject to the RSAP have been reviewed by staff and posted to the COGCC website.

Southwest Colorado: Ongoing investigation, reclamation and mitigation of residual methane in the vicinity of the Bryce 1-X Well area, near Bondad, Colorado continues. The next sampling round is scheduled for August 2009.

The next Gas and Oil Regulatory Team ("GORT"), Southwest Colorado Oil and Gas Stakeholders meeting is tentatively scheduled for July 16, 2009, at 8:30 am at the La Plata County Fairgrounds in Durango, Colorado.

As part of the Fruitland Formation Outcrop Mitigation and Monitoring Project ("4M Project"), the Colorado Geological Survey ("CGS") is finalizing 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 Fruitland Formation Outcrop Monitoring ("3M Project"). The work included 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. The final map and associated report will be posted to the website shortly after receipt from the CGS.

Drilling and installation of monitoring wells for the 4M Project in Archuleta County was completed in the fall of 2008. Due to constraints imposed by weather and seasonal construction restrictions, site reclamation is expected to occur in the spring of 2009.

Pressure monitoring devices were installed during the week of December 1, 2008. 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.

Equipment installation began the week of April 6, 2009, at both 4M Outcrop Mitigation Pilot Project locations in La Plata County. Construction of equipment sheds and installation of underground power lines was completed in mid-April and placement of the pilot test equipment is proceeding. Operation is anticipated to begin this month and testing of the systems will continue for one year. The equipment enclosures are soundproofed and painted in a visibly neutral manner to lessen impacts to surrounding property owners. Re-vegetation actions taken last fall are showing signs of success, with new grass visible at both locations. Alternative reclamation may be necessary on the east side of South Fork Texas Creek; however, snowmelt from the north-facing slope ponded on the subsurface liner and flooded the near-creek locations. Re-vegetative success will be monitored at both locations

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throughout the summer.

A Request For Proposal (“RFP”) for the 4M Monitoring Well Installation–La Plata County Colorado (PHA-950) was posted on April 13, 2009. A mandatory pre-bid onsite meeting was held on April 22, 2009. The pre-bid meeting was attended by representatives from a dozen consulting firms, 3 drilling companies, and several representatives from construction, reclamation, and well completion companies. During the pre-bid meeting, prospective proposers visited all 5 of the potential well sites. COGCC and DNR procurement staff answered and recorded questions at each location. Questions and answers are available on the DNR procurement website:

<https://www.gssa.state.co.us/BdSols.nsf/OByCats/57cb12f8f70d94b58725759900759084?OpenDocument>.

COGCC continues to negotiate with private surface owners to finalize access agreements. Bids are due on May 18, 2009, and a contractor will be selected after that. Pending contractual negotiations, it is anticipated that drilling activities will begin sometime during the summer of 2009.

COGCC has contracted with InSitu, Inc. to upgrade the existing 7 La Plata County Outcrop monitoring wells to the same telemetry system that is being used in the Archuleta County monitoring program and that will also be used in the new La Plata County monitoring program. The original telemetry system used in the 3M Outcrop monitoring project became obsolete in 2007 when the communication network was upgraded from analog to digital technology and data downloads have been conducted manually since that time. Once complete, all outcrop monitoring wells will be on the same telemetry system allowing once again for real-time evaluation of data.

With regards to the Fruitland Formation Outcrop Monitoring Project (“3M Project”), the January 2009 monitoring report is available on the COGCC website.

Steve Lindblom and Karen Spray 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 CGS, 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: In 2008 the COGCC investigated a surface owner complaint in Weld County alleging that trees had been damaged by the application of certain herbicides used by an operator to control weeds. Cuttings from the damaged trees were taken to the Plant Diagnostic Clinic at Colorado State University. Soil samples were also collected within the drip line of the affected trees. After examining the plant specimens and reviewing pictures of the trees and surrounding area, experts at the diagnostic clinic concluded that the damage to the trees was consistent with herbicide injury. The operator was very cooperative and has made the appropriate changes to its weed management plan and has settled this matter with the landowner.

Based on this case, the COGCC would like to encourage all operators to review their weed management practices to ensure that herbicides are being applied properly in accordance with the manufacturer's directions. In addition, employees should be properly trained in the application of these products as well as the associated health and safety hazards. While it is very important to control noxious weeds at oil and gas locations, it is also very important to prevent potential adverse impacts to the environment that can be caused by the improper use of herbicides.

Sampling of the Ellsworth water well in September 2008 and March 2009 indicated that this water well contains what appears to be a combination of biogenic and thermogenic methane gas. The

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source of the thermogenic gas is being investigated and may be attributable to oil and gas related activities near the water well.

In response to concerns from other area residents near the towns of Ft. Lupton and Hudson regarding the potential for ignitable quantities of flammable gas in their water wells, the COGCC conducted a public meeting on March 27, 2009, in Hudson. In addition, the COGCC has collected samples from water wells for 13 area residences in the Ft. Lupton-Hudson-Keensburg area. This sampling was used to characterize the gas in these wells and to determine its origin. Biological (biogenic) methane gas is very common in Laramie Fox Hills Aquifer water wells in Weld County. However, the presence of thermogenic methane gas is not common and may indicate an impact from oil and gas activities.

Gas composition and isotope results have been received for all 13 of the water wells sampled by the COGCC. One water well contained only a trace amount of methane, 11 of the water wells contained biogenic (biological generated) methane gas, and one water well contains what appears to be a combination of biogenic and thermogenic methane gas. COGCC staff will continue to investigate the sources of the thermogenic gas in this well and in the Ellsworths' well.

In addition to the COGCC collected water well samples, Anadarko and Noble Energy, the two oil and gas operators with wells in the vicinity of the Ellsworth water well, have jointly collected samples from 15 water wells. These samples have also been analyzed for gas composition and stable isotopes of methane.

To date, the COGCC has received gas composition results for all 15 water wells and methane isotope results for 4 of the water wells sampled by Anadarko and Noble Energy. Based on the gas composition results, 6 water wells did not contain methane or any other hydrocarbon gases. Based on gas composition, 9 of the water wells sampled appear to contain biogenic or biological generated methane gas, and samples from these water wells were sent to the laboratory for stable isotope analysis. The isotopic results have been received and corroborate the biogenic source of the gas in 4 of the water wells. The isotopic results for the other 5 water wells are pending.

Southeast Colorado: One monitoring well, four recovery, and eight injection wells have been drilled, completed and tested by Petroglyph Energy Inc. ("PEI") as part of Phase 1 of the Methane Investigation, Monitoring and Mitigation Plan ("MIMMP") in Huerfano County. Treatment under Phase 1 consists of physically separating dissolved methane from the recovered ground water using a vertical separator. The methane is sent to a controlled flare for combustion. Operation of the pump, treatment, and injection system started on December 8, 2008. More than 2.8 million gallons of water had been pumped to the surface and treated as of April 27, 2009. More than 95% of that water had been re-injected into the aquifer after treatment.

PEI has applied to the Bureau of Land Management ("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. A decision by BLM is anticipated in the near future. Petroglyph has received permission from the Division of Water Resources to drill a monitoring well at this site.

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

During the period from January 22, 2009, to February 27, 2009, NAH and PEI screened 76 domestic water wells for the presence of methane with hand-held methane detectors for changes in percent volume of methane, %LEL, and %O₂; 57 of the monitored wells showed little change from the

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previous month's monitoring, 10 wells showed increases in methane concentration, and nine 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.

Within the next month the EPA is expected to issue draft permits for public comment with respect to PEI's applications to allow the injection of Vermejo Formation water produced from coalbed methane ("CBM") wells. PEI has submitted an application to the Division of Water Resources to ask for changes to water sources and injection as part the process of initiating Phase II. Approval to operate some of PEI's CBM wells by the Director would also be needed to initiate Phase II.

Staff organization: The COGCC is pleased to announce the addition of Chuck Browning to the staff as an Engineering Physical Science Technician II. Chuck resides in Whitewater, and he is filling a vacant Field Inspector position for the Northwest area. Chuck graduated from Stephen F. Austin State University with a B.S. in Geology, and he has more than 20 years experience in the oil and gas industry.

The COGCC is pleased to announce the addition of Colby Horton to the staff as an Engineering Physical Science Technician II. Colby resides in Fort Morgan. He is filling the vacant Northeast Field Inspector position. Colby graduated from the University of Northern Colorado with a B.S. in Biology/Chemistry. He has over 7 years of oil and gas industry experience. Prior to joining COGCC, Colby was working with a well site consultant.

Fourteen new positions have been or are currently being advertised. These include the positions for the new oil and gas location assessment group that will be responsible for the environmental review of Form 2A and reclamation positions in the field inspection group.

Public outreach: Director Neslin made a presentation entitled "Understanding the COGCC Rulemaking" at the Platts 3rd Annual Rockies Gas and Oil Conference on April 16, 2009, in Westminster, Colorado.

Fiscal Year 2009-10 Budget Request: The Department of Natural Resources ("DNR") submitted its recent budget request to the General Assembly on November 1, 2008. Included in the request was a decision item for four additional full-time employees and two contractors for the COGCC's information management section. The total cost of the decision item, which included one production analyst, one imaging system administrator, and two records technicians would have been \$246,154 in FY 2009-10 and \$225,242 in FY 2010-11. During the Department's figure setting hearing on February 26, 2009, the Joint Budget Committee ("JBC") voted to deny the decision item. The Committee also approved JBC staff's recommendation to reduce the agency's Special Environmental Protection and Mitigation Studies line item by \$175,000, from its normal annual appropriation of \$500,000.

In addition to the budget reductions noted above, the General Assembly approved a 1.82% cut to personal services budgets throughout State government, including the COGCC's. The Governor's guidelines for implementing this cut are forthcoming.

Fiscal Year 2008-09 Budget Reductions: Due to the anticipated downturn in industry activity, JBC voted on February 4, 2009, to reduce the COGCC's current fiscal year budget by \$800,000 and permanently eliminate the following three full-time positions and convert them to contract positions:

- Environmental Technician
- Application Programmer
- Permit/Compliance Technician

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HB 07-1298 and HB 07-1341 Rulemaking Update: The COGCC's Final Amended Rules adopted on December 11, 2008, were signed by Gov. Ritter (as part of HB 1292) on April 22, 2009. 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.

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 July 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 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.

COGCC staff conducted training sessions on the Final Amended Rules at various locations around the state. Schedules, agendas, slide presentations, a permitting handbook, and a page for frequently asked questions are posted on the COGCC website, www.colorado.gov/cogcc, "Final Amended Rules," or "New Look and Training Data."

COGCC staff has developed new Form 2A, contemplated by Rule 303.d., and new Form 36, contemplated by Rule 206.b., of the Final Amended Rules. Both forms are posted on the COGCC website, on the homepage under "Forms."

A rulemaking hearing regarding confirming non-substantive changes to the Final Amended Rules was held on March 30, 2009. These changes responded to concerns expressed by the Office of Legislative Legal Services.

An emergency rulemaking regarding delaying the effective date of the Final Amended Rules on federal lands was held on April 14, 2009. The Commission approved a temporary amendment to Rule 201A that changes the effective date of the Final Amended Rules on federal lands from May 1, 2009, to July 1, 2009.

A rulemaking hearing regarding proposed amendments to several maps for the 1200 Series, Protection of Wildlife Resources, and Rule 317B, Surface Water Areas, to reflect further verification of their contents and coverage was held on April 28, 2009, at the Sheraton Hotel in Downtown Denver.

A rulemaking hearing regarding proposed amendments to Final Amended Rule 503.b.(7) will be held today. The Commission will consider whether to delete the Colorado Department of Public Health and Environment and the Colorado Division of Wildlife as parties that can seek a hearing before the Commission on an approved Application for Permit-to-Drill.

Details of all rulemaking hearings can be found on the homepage of the Commission's website at: www.colorado.gov/cogcc.

Miscellaneous Requests for APD Hearings: On March 20, 2009, Luke Danielson, on behalf of the San Luis Valley Citizens Alliance, *et al.*, filed an "Amended Petition for Hearing, Protest, and Objection to the Approval of Applications for Permit to Drill within Baca National Wildlife Refuge and Motion to Intervene." The petition seeks a Commission hearing on pending APDs filed by Lexam Explorations (USA) Inc. within the Baca National Wildlife Refuge. Based on the determination that the petitioners lacked standing, the Director issued Mr. Danielson a letter indicating that the petition

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would not be docketed for an adjudicatory hearing, however the comments and objections would be considered by the Director prior to approval of the APDs.

On March 30, 2009, Mr. Danielson, on behalf of the Grand Valley Citizens Alliance, *et al.*, filed a “Petition for Hearing and Appeal Regarding Director’s Determination to Deny Hearing on Drilling Permits” seeking a Commission hearing on pending APDs located near the Rulison blast site. Acting in accordance with past direction from the Commission based on the determination that the petitioners lacked standing, the Director issued Mr. Danielson a letter indicating that the petition would not be docketed for an adjudicatory hearing, however the comments and objections would be considered by the Director prior to approval of the APDs.

On March 30, 2009, Mr. Danielson, on behalf of the Grand Valley Citizens Alliance, *et al.*, filed a “Petition for Hearing, Protest, and Objection to the Approval of Applications for the Permit to Drill Near Rulison Blast Site and Motion to Intervene” seeking a Commission hearing on pending APDs located near the Rulison blast site. Acting in accordance with past direction from the Commission based on the determination that the petitioners lacked standing, the Director issued Mr. Danielson a letter indicating that the petition would not be docketed for an adjudicatory hearing, however the comments and objections would be considered by the Director prior to approval of the APDs.

On April 20, 2009, Mr. Danielson, on behalf of the Southwest Colorado Surface Owners’ Alliance, filed a “Petition for Hearing, Protest, and Objection to the Approval of Application for Permit to Drill Within the Gothic Shale Formation in Dolores County and Motion to Intervene” seeking a Commission hearing on pending APDs filed by Bill Barrett Corporation. Based on the determination that the petitioners lacked standing, the Director issued a letter indicating the petition would not be docketed for an adjudicatory hearing, however, the comments and objections would be considered by the Director prior to approval of the APDs.

The Denver District Court recently issued a ruling dismissing a lawsuit filed by Mr. Danielson, on behalf of the Grand Valley Citizens Alliance, *et al.*, challenging the approval of certain APDs filed in the area of the Rulison blast site. Director Neslin stated that Mr. Danielson, during the Public Comment period of the June 11-12, 2009 Commission hearing, will address the Commission and explain why he feels the Commission should conduct a hearing on his applications, and that those operators affected by Mr. Danielson’s requests will have an opportunity to respond. Chair Sherman pointed out that the Commission can decide to initiate proceedings, on its own motion, under Rule 502.a.

A preliminary docket for the May 2009 hearing was provided.

A variance under Rule 502.b. was granted: (1) A variance under Rule 502.b. was granted on April 14, 2009, with the approval of the Application for Permit-to-Drill the Encana Oil & Gas (USA) Inc. Vessels Minerals #14-19, 4-6-19, 2-4-19, and 13-19 Wells, located in the NW¼ of the SW¼ of Section 19, Township 1 North, Range 68 West in Weld County. The well locations are an exception to Rule 603.b. high density area rules for building units.

Report from the Assistant Attorney General. AAG Kelly Rosenberg reported that motions have been filed in *James R. Carnahan and Colleen Carnahan v. COGCC, et al.*, Case No. 09CV0614, wherein the complainants have requested declaratory judgment for alleged violations of the Oil and Gas Conservation Act and the APA. On May 4, 2009, the Denver District Court entered its decision in *Grand Valley Citizens’ Alliance, et al., v. COGCC, et al.*, Case No. 08CV10869, effectively dismissing the lawsuit. Lastly, the COGCC was served with a lawsuit filed by the Colorado Oil & Gas Association (“COGA”) regarding the Final Amended Rules (COGA v. COGCC, Denver District Court, Division 2, Case No. 09CV4435).

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Comments from the Commissioners. Commissioner Cutright discussed the Vance decision and encouraged the Commission to enter into discussions with the State Engineer to address the ramifications of the decision. Chair Sherman requested a report from the State Engineer regarding this matter at the next Commission hearing.

Commissioner Alward attended CDOW's Piceance Research Update on April 27, 2009 in Grand Junction and made a report on that update.

Vice-Chair Epel assumed role as Commission liaison to Water Quality Control Commission to attend quarterly meetings to discuss groundwater standards and concerns, and report back to the Commission.

Commissioner Dowling reasserted that the Commission ordered that the APD Interim Policy is to remain in effect for riparian areas until the Commission conducts additional rulemaking to address riparian area protection. Further, he requested that the Staff Report include a provision which contains the number of APDs which are filed in riparian areas.

Comments from the Audience. Ken Wonstolen, oil and gas attorney, stated that several national and state trade associations have established a new website, energyindepty.org, as a resource to the Commission to monitor regulatory trends.

Consent Agenda. Commission Dowling moved to approve all matters set forth under the Consent Agenda, seconded by Commissioner Craig, and approved unanimously. The following matters were approved:

Cause No. 440, Docket No. 0905-AW-03, Garfield County, request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 200 feet from the unit boundary for Sections 9 and 10 and the NW¼ of Section 11, Township 7 South, Range 95 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Cause No. 191, Docket No. 0905-SP-16, Garfield County, request for an order to vacate the 640-acre drilling and spacing unit established in Order 191-4, consisting of Section 24, Township 6 South, Range 92 West, 6th P.M., and establish an approximate 320-acre drilling and spacing unit consisting of the W½ of Section 24, and designate the E½ of said Section as unspaced, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

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

Cause No. 112, Docket No. 0905-AW-02, La Plata County, request for an order to allow up to four optional infill wells in the existing 320-acre drilling and spacing unit, with the permitted well to be located no closer than 660 feet from the unit boundary and no setback to interior quarter section line, for the S½ of Section 20, Township 33 North, Range 8 West, N.M.P.M., for the production of gas and associated hydrocarbons from the Fruitland coal seams.

Cause No. 191, Docket No. 0903-UP-03, Garfield County, request for an order to pool all nonconsenting interests in the 80-acre drilling and spacing unit for the E½ NE¼ of Section 11, Township 6 South, Range 93 West, 6th P.M., for the development and operation of the Williams Fork, Iles and Mancos Formations.

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.

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Presentation by BBC of Development of Gothic Shale Formation in Dolores/Montezuma Counties. A presentation regarding the development and production of gas by Bill Barrett Corporation ("BBC") from the Gothic Shale Formation in Dolores and Montezuma Counties was made by Bill Keefe, attorney for BBC, Kurt Reinecke, Executive Vice President of Exploration for BBC, Earuch Broacha, Senior Completions Engineer for BBC, and Scot Donato, Manager of Environment, Health and Safety for BBC.

Rulemaking – Cause No. 1R, Docket No. 0905-RM-01. The proposed amendment to Rule 503.b.(7) was duly noticed for rulemaking hearing, and considered by the Commission. It was proposed that subparts (D) and (E) be deleted from Rule 503.b.(7), said amendment effectively eliminating the ability of CDPHE and CDOW to seek appeal of the approval of APDs. Director Neslin introduced the proposed amendment and gave the COGCC staff recommendation. State Representative Kathleen Curry was recognized and made her statement to the Commission in support of the proposed amendment. Michael Freeman, attorney for the Colorado Environmental Coalition, was recognized and spoke against the proposed amendment. Paul Zogg, attorney for Western Colorado Congress, Grand Valley Citizens' Alliance, Marsha and Wesley Kent, and Cary and Ruth Weldon, was recognized and spoke against the proposed amendment. Vice-Chair Epel moved to approve the proposed amendment to Rule 503.b.(7), striking subparts (D) and (E) from said rule, and the proposed Statement of Basis and Purpose, seconded by Commissioner Craig, and unanimously approved. Chair Sherman directed CDPHE and CDOW staff to provide periodic updates on the manner in which their recommendations were being considered in the COGCC approval process.

The hearing adjourned at approximately 12:35 p.m.

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The Secretary was therefore authorized to issue the following orders:

Order No. 440-56, Parachute Field, Garfield County: Approves the request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 200 feet from the unit boundary for Sections 9 and 10 and the NW¼ of Section 11, Township 7 South, Range 95 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Order No. 191-64, Mamm Creek Field, Garfield County: Approves the request for an order to vacate the 640-acre drilling and spacing unit established in Order 191-4, consisting of Section 24, Township 6 South, Range 92 West, 6th P.M., and establish an approximate 320-acre drilling and spacing unit consisting of the W½ of Section 24, and designate the E½ of said Section as unspaced, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

Robert A. Willis, Acting Secretary

Approved:

Harris Sherman, Chair