

## RECORD OF PROCEEDINGS

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June 1, 2010

The Oil and Gas Conservation Commission met on March 25 at 9:00 a.m. in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado.

### **Roll Call:**

Those present were:

Joshua Epel	Chair
Michael P. Dowling	Vice Chair
Richard D. Alward	Commissioner
Mike King	Commissioner
Mark Cutright	Commissioner
Tom Compton	Commissioner
Tresi Houpt	Commissioner
Martha Rudolph	Commissioner
Matt Lepore	Assistant Attorney General
David Neslin	Director
Carol Harmon	Hearings Manager

Absent:

DeAnn Craig

### **Executive Director's Report:**

Commissioner King introduced himself by saying that he has been at DNR for four years and a half years, sits on 18 boards and that he still has a lot to learn. He said that he is excited about the opportunity to participate in the Commission and would like to address the challenges that the DNR faces.

### **Director's Report:**

Director Neslin reported on the following (from the written June Staff Report):

- Northwest Colorado: The next meeting of the Northwest Colorado Oil and Gas Forum is scheduled for June 3, 2010, at 10:00 am at the Colorado Mountain College on the West Garfield Campus, Rifle, Colorado. Director Neslin will attend the meeting with several of the COGCC managers and staff from the Rifle Office. He mentioned that this is a great opportunity for the industry, communities, and local governments, to gain an understanding of the industry's activities and for sharing of information.
- The Commission also participated in an EnCana Energy Expo which was held last month at Garfield County Fairgrounds in Rifle. There was an exhibit staffed by the COGCC members of the Environmental Unit, Engineering Unit, and Field Inspection Unit.
- Project Rulison: The Rulison Sampling and Analysis Plan (RSAP) is in the process of being updated. Comments received from various stakeholders are being incorporated into Revision 3 of RSAP.
- Project Rio Blanco: The Rio Blanco Sampling and Analysis Plan (SAP) is in the process of being finalized. The SAP is very similar to RSAP in structure and approach, but it is a different site, different area, and has a different history. The COGCC staff is working with the stakeholders to develop a sampling and analysis plan that fits the circumstances present there.

- Southwest Colorado: The next Gas and Oil Regulatory Team (GORT) /Southwest Colorado Oil and Gas Stakeholders meeting is scheduled for July 15, 2010, at 8:30 am at the La Plata County Fairgrounds in Durango, Colorado.

- There is a 4M Pilot Scale Mitigation Project in La Plata County. The system installed is intended to reduce methane releases to the atmosphere and to increase the run time and production of electricity from the turbine units. The turbine generated in excess of 16,000 kilowatt hours of power last year; COGCC is hopeful that with the optimization program that is underway, there will be an increase in power generation and further reduction of methane released. Additional reports and information are posted on the website. The installation of the 4M Monitoring Wells in La Plata is complete and 3 new La Plata County wells have been instrumented. Final reclamation at the sites is underway or was initiated last month. There will be a final report formulated for these wells later in the year.

- The San Juan Basin Coalbed Methane Water Quality Analysis (WQA) project continues. The project contractor submitted a draft report to the COGCC on April 28, 2010, and the report is currently under review by COGCC staff. There was a presentation made to the La Plata County Board of Commissioners on that analysis.

- Southeastern Colorado: Historic Florence Oil Field Gas Seep Survey: The Florence Oil Field is one of the older oil fields in Colorado. There are numerous abandoned oil wells, and some that have not been located. The COGCC hired a contractor to identify and digitize the locations of historic oil and gas wells in the Florence field to determine the potential hazards posed by these wells.

- Corsentino Dairy Farms Site Investigation and Remediation Work plan is continuing. Documents related to this remediation can be viewed on the COGCC webpage.

- The Methane Investigation Monitoring and Mitigation Plan (MIMMP) in Huerfano County dealing with Petroglyph Energy Inc. continues. The U.S. Environmental Protection Agency (EPA) issued the injection permits, regarding Petroglyph Energy Inc.'s applications for wells that would be used to inject Vermejo Formation water produced from coalbed methane (CBM) wells into water-bearing units in the Poison Canyon Formation. The application to the Division of Water Resources is still pending. Additional reports and information are posted on the website.

- COGIS Projects, Updates and Changes to Electronic Form Submissions (eForm): Attempts are being made to digitize existing forms, and to create additional electronic forms. This is helping to increase staff efficiency across all areas.

- Variances: A list of variances granted since the last hearing are described below:

- The COGCC granted a number of variance requests by ExxonMobil Oil Corporation from Rule 317.i. dealing with production casing compression strength requirement for 59 wells located on five pads in the Freedom Unit and Piceance Creek. The COGCC has issued similar variances from that rule to Exxon in the past. As written in the staff report, ExxonMobil contends and the staff agrees that the requested variances do not violate the basic intent of the Oil & Gas Conservation Act.

- A permit under the exigent circumstances rule, Rule 303.I.(2), was issued to Vectra Oil and Gas. The exigent circumstances rule allows the COGCC to issue permits without notice or consultation, where it is necessary to avoid significant economic hardship. After consultation with the local government, COGCC staff was satisfied that this action was supported by both the local government and by the surface owner, and that there are no significant environmental issues associated with this permit. Under the given circumstances the COGCC took advantage of the rule and issued a permit, so that the operator would not suffer serious standby costs.

- Permits. Thom Kerr, Permitting Manager, provided an update on permit activity.
  - The COGCC has received 480 drilling permits and processed 649, thus decreasing the backlog at the beginning of the month from 1127 the prior month to just over a 1000 this month. The COGCC received 57 recompletions in the month of April and processed 33, leaving a backlog of 41 recompletion permits.
  - There are a few Form 2A assessment locations that are still outstanding, primarily due to the required timing for a DOW consultation.
  - The COGCC staff has come to an agreement with the CDPHE that the proximity to property lines would no longer trigger consultation, as the CDPHE agreed that it was not a safety setback issue. The CDPHE rationale is that the setback alone is not enough to warrant consultation. If there is a variance that has been requested at the same time as a result of the setback or separate from the setback, then it would trigger consultation.
  - The building setback review reports are available on the CGCC website. In context to these reports under the column “New Location”, the meaning of “null” is equivalent to a zero, or no value. The beginning of this report is April 2009, the effective date of the amended rules.
- The Division of Wildlife will be talking to the Commission in July, to talk about the consultation process and give their perspective on how the process is working, they will also address some of the wildlife mitigation agreements and landscape level mitigation plans.
- Director Neslin mentioned that in the month of May, the staff approved more than 600 permits, and for the first five months of the year, the staff has approved a total of over 2,800 drilling permits. Mr. Neslin continued by saying that if this were to continue, 2010 would be the second busiest year in the Commission’s permitting history. He also added that in the year 2007, the Commission issued 6,400 permits and in 2008 the Commission issued more than 8,000 permits, and that drilling activities have also steadily increased in this year. In September 2009, there was an average of 40 drilling rigs active in the State. In April this number increased to 53. Most of the additional rigs are working in Northern Colorado, where the operators are benefitting from higher oil prices.
- Director Neslin commended Mr. Kerr and his staff for making progress in bringing down average permit processing time. The completeness reviews are now down to about one or two business days. In Southern and Eastern Colorado, the average permit processing time is 25 to 30 days. In Northern Colorado and DJ Basin and Wattenberg Field, it is 30 to 40 days, and on the West Slope the average time is 40 to 50 days. Some of the additional time is attributable to larger drilling pads out on the West Slope. Mr. Neslin hopes to continue to bring down the average processing time throughout the year, while ensuring that environmental issues receive appropriate scrutiny and attention. Consultations with the Department of Health and Division of Wildlife will continue to be made in appropriate circumstances.
- Colorado Petroleum Association (CPA) proposed rulemaking: About two months ago, COGCC received a rule making application from the CPA, suggesting an amendment to the rules dealing with the disposal of synthetic pit liners. The matter has been under active consideration by Matt Lapore, who is consulting with numerous other parties including EPA. Under these circumstances, the staff believes that it would be prudent to defer action for one more month and see if the staff receives any important and pertinent input from the EPA. Thus, consideration of Mr. Lapore’s memorandum and action by this Commission should be deferred to the July hearing. The COGCC staff has had a couple of productive meetings with the CPA and Colorado Environmental Coalition, as well as representatives of the health department, to explore

opportunities for finding some compromise of some of the disputed issues associated with the proposal.

- The EPA is undertaking a study on hydrofracturing at the direction of Congress. This has received a lot of publicity over the last six months. Director Neslin's understanding is that the EPA will be coordinating with the State on this study. The COGCC addressed this as a part of its rule making process 18 months ago. It is the staff's understanding that the EPA will hold a public meeting in Denver, either during June or July. The staff will provide input to the EPA in this study.

- Baca National Wildlife Refuge Lexam matter: Hearings Manager Harmon explained that there is currently no drilling occurring at the refuge. The staff has issued two APDs to Lexam, but a federal court injunction has been issued, blocking further drilling. Apparently, there have been talks about a settlement agreement between Lexam and various stakeholders. In January 2010, an article reported that Lexam may be willing to sell its mineral rights. After discussion as to whether a hearing on the matter was appropriate, it was agreed that Director Neslin would call the petitioners to inquire as to how they want to proceed on the matter.

### **Presentation - Williams Recycling Program for Pit Liners:**

Mike Paules, Manager for Environmental Health & Safety for Williams Production; Scott Gustin, principal with InterTech Environmental & Engineering; Mike Gardner, Environmental Team Lead, Piceance Operations for Williams Production.

The purpose of the presentation was to explain the various components of the Williams recycling program as it applies to pit liners and associated materials. The program was driven by the refusal of Garfield County's landfill to accept spent pit liners, and Rio Blanco County's growing reluctance to do so. The implementation of the new COGCC rules in April 2009 no longer allow for onsite disposal of pit liners. Thus, Williams Production was faced with trying to manage a number of pit closures and looking at how to dispose of the pit liners. Cost associated with hauling the liners to a distant landfill was becoming a concern. Williams wanted to explore whether it made sense to establish a centralized staging area for multiple operators for recycling spent pit liners.

The pilot testing for the pit liner recycling program has been studied for eight to nine months in Parachute. The liner system has two components; outer (top) shell is basically a geomembrane type of material, like HDPE, PVC, polyethylene etc., and the second layer is thicker felt-like material. The liner material is recycled for various products, but the felt material can not be recycled. It is considered waste. The recycling process is driven by the need for predictability.

Pit closure is done carefully to avoid comingling of different materials. Pit materials are segregated and dried. Great care is taken in handling the liner and to clean foreign material from its surface. The liner is carefully removed and baled using a truck-mounted baling device, similar to that used for baling cardboard for recycling. The bale is tagged for identification purposes. The bale goes to a centralized location for stockpiling. Once enough bales are accumulated, they are transported to a recycling facility in Denver. At the recycling facility, the bales are shredded, and used as a feedstock to make industrial grade plastic products. The felt portion of the liner is collected and transported to a facility in Utah, where it is used as a supplemental fuel in an asphalt batch plant. The key is to keep the recyclable geomembrane liner clean and keep it within the specifications of the recycling facility accepting it. Frequent testing of the material is required to assure this compliance, but if properly cleaned before baling, the material is not considered hazardous waste and is acceptable for recycling.

This program is an innovative, greener and smarter way for disposal of pit liners, minimizing the impacts of the activity done by operators and may prove to be generally sustainable and economical. The recycling process is more cost effective than taking the liner to a land fill for disposal, and thus saves money. It turns what is typically considered a waste, to a resource. The Williams Production team plans to make this presentation to BLM, county officials, and anyone else who is interested.

### **Presentation: Blowout Prevention Equipment:**

Stuart Ellsworth, COGCC Supervising Engineer for Eastern Colorado. In the context of the BP spill in the Gulf of Mexico, the presentation described: the COGCC's rules regarding blow out prevention (BOP) equipment; what the COGCC requires; why the COGCC believes the rules are adequate; and what are the practices of companies in Colorado. The BOP is a mechanical piece of equipment used to control the wellbore through a single or a set of preventers (rams) to seal or restrict the flow in the wellbore's annular space. Blind rams are used in Colorado. The COGCC has two basic series of rules, general drilling rules (300 Series Rules) requiring pressure control at all times, and Series Safety Rules (600 Series Rules). Rules 603.i. and 603.e., specifically address statewide BOP requirements and high density requirements for BOP equipment respectively. The COGCC engineering and inspection staffs have attended a three-day well control class (November 2009), as well as a well safety class and an H<sub>2</sub>S class (April 2010). The inspection group is reviewing its inspection protocols.

Blowouts in Colorado are fairly rare, from 2006 to 2010; there were six incidents of load control issues. Only one can be characterized as a blowout in 24,000 wells that were drilled.

### **Commissioner Comments:**

Commissioner Compton asked about a letter received from San Juan Citizens Alliance asking COGCC about a possible Comprehensive Drilling Plan (CDP) and Geographic Area Plan (GAP). Director Neslin responded that this was a letter received last month by the Commission raising issues pertaining to potential Gothic Shale development. He added that he plans to follow up with this and respond back to the San Juan Citizens Alliance. He stated that he does not have adequate staff resources to undertake a GAP at this time, and that he will look to the Commission for direction with regard to establishing priorities regarding development of GAPs. Commissioner Houpt commented that a GAP is a tool put into place for these kinds of scenarios. She would like the staff to look more closely at requests like this. She also suggested that the Commission place high priority on these matters and see to it that they are not lingering on the sidelines. Director Neslin said that the environmental staff will be busy, primarily working on reducing the enforcement backlog, and working out compliance matters. Commissioner Houpt suggested that the Commission should be engaged in what needs to be high priority.

### **Audience Comments:**

Mr. Seman, representing Colorado Petroleum Association (CPA), asked whether there were any actions pending in the executive session regarding CPA. Page 6 of the agenda referred to a lawsuit captioned, *CPA v. COGCC*. This was a typographic error and should have been *Colorado Oil and Gas Association v. COGCC*.

Ms. Tisha Schuller, President of the Colorado Oil and Gas Association. Ms. Schuller wanted to make sure that the Commission received their invitations to the Energy Epicenter Conference coming up on July 7-9, 2010. She said that the Conference will feature: COGCC's environmental awards; interviews with gubernatorial candidates; a preconference session on compressed natural gas vehicles; a session about hydraulic fracturing and its impacts on gas supply in Colorado, nationwide and worldwide; the importance of looking at natural gas and renewable energy in combination; and House Bill 1365, the Clean Air-Clean Job Bills. She also mentioned her Association's emphasis on outreach, including several events scheduled to feature young professionals and women in the industry.

### **Consent Agenda:**

Chairman Epel asked if any Commissioners had a conflict of interest with any of the items on the consent agenda. Commissioner Cutright mentioned that his company does business with EnCana, Noble and Kerr-McGee and he needed to recuse himself from

Cause 318, Docket No. 1006-SP-16. Ms. Harmon mentioned that there was a change in the consent agenda and that the Docket No. 1003-GA-05, which was an application by Delta Petroleum Corporation, will be taken up at the end of the consent agenda.

Items pulled from the Consent Agenda included Docket Nos.:

1006-SP-16  
1006-SP-17  
1006-GA-05  
1006-AW-05  
1006-EX-02  
1006-EX-03  
1006-EX-04  
1006-UP-44  
1006-UP-45

A motion was made by Commissioner Compton to approve the remainder of the consent agenda, seconded by Vice Chair Dowling and approved unanimously as follows:

- Cause No. 191, Docket No. 1006-AW-04, Mamm Creek Field, Garfield County, Request for an order to allow the equivalent of one optional well per 10 acres, with the permitted well to be located no closer than 100 feet from the lease line, for certain lands in Township 6 South, Range 91 West, 6th P.M., for the production of gas and associated hydrocarbons from the Iles Formation.
- Cause No. 510 Docket No. 1006-SP-13, Grand Valley Field, Garfield County, request for an order contracting the size of the North Parachute Ranch Unit as established in Order No. 479-20 and 510-49, for certain lands in Township 5 South, Range 95 West, 6th P.M., and Township 6 South, Range 96 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.
- Cause No. 510 Docket No. 1006-SP-14, Grand Valley Field, Garfield County, request for an order to vacate the existing 40-acre drilling and spacing unit established in Order No. 510-36, and establish a 160-acre drilling and spacing unit consisting of the NE¼ of Section 35, Township 7 South, Range 96 West, 6th P.M., and continue to allow the equivalent of one well per 10 acres, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.
- Cause No. 407 Docket No. 1006-SP-15, La Poudre South Field, Weld County, request for an order to vacate the existing 80-acre drilling and spacing unit established in Order No. 407-87, and establishing two 40-acre drilling and spacing units consisting of the SW¼ SE¼ and SE¼ SE¼ of Section 25, Township 6 North, Range 67 West, 6th P.M., for the production of gas and associated hydrocarbons from the Codell and Niobrara Formations.
- Cause No. 407 Docket No. 1006-UP-37, Wattenberg Field, Weld County, request for an order to pool all nonconsenting interests in the established 80-acre drilling and spacing unit consisting of the S½ SE¼ of Section 25, Township 5 North, Range 66 West, 6th P.M., to accommodate the Curtis 15-25 Well, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 407 Docket No. 1006-UP-38, Wattenberg Field, Weld County, request for an order to pool all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the SW¼ SE¼, SE¼ SW¼ in Section 25 and NW¼ NE¼, NE¼ NW¼ in Section 36, Township 5 North, Range 66 West, 6th P.M., to accommodate the Curtis

36-25 Well, for the development and operation of the Codell and Niobrara Formations.

- Cause No. 407 Docket No. 1006-UP-39, Wattenberg Field, Weld County, request for an order to pool all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the W $\frac{1}{2}$  SE $\frac{1}{4}$  and E $\frac{1}{2}$  SW $\frac{1}{4}$  in Section 25, Township 5 North, Range 66 West, 6th P.M., to accommodate the Curtis 23-25 Well, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 407 Docket No. 1006-UP-40, Wattenberg Field, Weld County, request for an order to pool all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the S $\frac{1}{2}$  SE $\frac{1}{4}$  in Section 25 and the N $\frac{1}{2}$  NE $\frac{1}{4}$  in Section 36, Township 5 North, Range 66 West, 6th P.M., to accommodate the Curtis 37-25 Well, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 232 & 407 Docket No. 1006-UP-41, Wattenberg Field, Weld County, request for an order to pool all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the W $\frac{1}{2}$  NE $\frac{1}{4}$ , E $\frac{1}{2}$  NW $\frac{1}{4}$  of Section 33, Township 5 North, Range 66 West, 6th P.M., to accommodate the Ashton J33-18D Well, for the development and operation of the Codell, Niobrara and "J" Sand Formations.
- Cause No. 407 Docket No. 1006-UP-42, Wattenberg Field, Weld County, request for an order to pool all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the NW $\frac{1}{4}$  of Section 33, Township 5 North, Range 66 West, 6th P.M., to accommodate the Ashton J33-19 Well, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 407 Docket No. 1006-UP-43, Wattenberg Field, Weld County, request for an order to establish a 160-acre drilling and spacing unit in the SE $\frac{1}{4}$  of Section 13, Township 4 North, Range 67 West, 6th P.M., and to pool all nonconsenting interests, to accommodate the Bernhardt 13D, Bouge 1, and Brindle 1 Wells, for the development and operation of the Codell and Niobrara Formations.

Remaining Items on the Consent Agenda:

Docket Numbers 1006-EX-02; 1006-EX-03; and 1006-EX-04

Commissioner Houpt asked staff how the protests that were converted to Rule 510 Statements were resolved. Hearings Manager Harmon stated that the party making the statements agreed to withdraw protests and comment at the application phase for a Permit to Drill (Form 2) and Oil and Gas Location Assessment (Form 2A). Commissioner Houpt expressed an interest in considering potential groundwater well contamination in this area more deeply. This would be done in the form of an issue briefing at the July Commission meeting.

Commissioner Cutright moved for the approval of the following matters: Docket No. 1006-EX-02; Docket No. 1006-EX-03; and Docket No. 1006-EX-04, as described below.

- Cause No. 191, Docket No. 1006-EX-02, Parachute Field, Garfield County, request for an order for an exception location for the Twin Creek 12-5A2 Well with the proposed bottomhole to be located 1,560 feet FNL and 660 feet FWL in the SW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 12, Township 7 South, Range 92 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.
- Cause No. 191, Docket No. 1006-EX-03, Parachute Field, Garfield County, request for an order for an exception location for the proposed

Twin Creek 12-4D1 Well with the bottomhole to be located 1,035 feet FNL and 660 feet FWL in the NW¼ NW¼ of Section 12, Township 7 South, Range 92 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.

- Cause No. 191, Docket No. 1006-EX-04, Parachute Field, Garfield County, request for an order for an exception location for the proposed Twin Creek 12-4A1 Well with the bottomhole to be located 454 feet FNL and 660 feet FWL in the NW¼ NW¼ of Section 12, Township 7 South, Range 92 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.

The motion was seconded by Vice Chair Dowling and approved unanimously.

To follow up on the issues raised in this discussion, it was suggested that staff contact Dr. Geoffrey Thein, communicate with the county representatives regarding this matter, look at new information that has come to light within the past year, and give a 15-30 minute presentation on this matter at the July Commission meeting.

#### Docket No. 1006-SP-16

This was the matter from which Commissioner Cutright recused himself. Commissioner Dowling moved for the approval of this matter, seconded by Commissioner Compton and passed unanimously by the participating Commissioners, with Commissioner Cutright not participating. Approved as follows:

- Cause No. 318 Docket No. 1006-SP-16, Republican Field, Yuma County, request for an order to vacate the existing 160-acre drilling and spacing unit established in Order No. 318-3, and establish two 80-acre stand-up drilling and spacing units consisting of the E½ SW¼ and the W½ SW¼ of Section 18, Township 1 North, Range 44 West, 6th P.M., for the production of gas and associated hydrocarbons from the Niobrara Formation.

#### Docket No. 1006-SP-17

Commissioner Houpt inquired as to how far into the DOE notice area for the Rulison Project would the directional drilling occur as a result of this approval. Mr. William Keefe, attorney for the applicant explained that the application replaces existing 40-acre drilling and spacing units with a single spacing unit, without changing the drilling density. Thus, the approved bottomhole well locations would not change.

Vice Chair Dowling moved for the approval of this matter described as follows:

- Cause No. 139 Docket No. 1006-SP-17, Rulison Field, Garfield County, request for an order to vacate the existing 40-acre drilling and spacing units established in Order 139-73, and establish one approximate 131.87-acre drilling and spacing unit consisting of Lot 1 (26.34 acres), Lot 2 (25.53 acres), S½ NE¼ in Section 18, Township 7 South, Range 94 West, 6th P.M., and allow the continued equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

The motion was seconded by Commissioner Compton and passed 7-1 with Commissioner Houpt voting nay.

#### Docket No. 1006-UP-44 and Docket No. 1006-UP-45

After some clarifying questions, Commissioner Cutright moved for the approval of Docket No. 1006-UP-44 and Docket No. 1006-UP-45, described as follows:



- Cause No. 5 Docket No. 1006-UP-44, Peetz West Field, Weld County, request for an order to establish the Peetz West Field J Sand Unit for an enhanced recovery project consisting of certain lands in Section 6, Township 11 North, and Section 31 Township 12 North, Range 52 West, 6th P.M., and Section 1, Township 11 North, and Section 36, Township 12 North, Range 53 West, 6th P.M., for the production of gas and associated hydrocarbons from the “J” Sand Formation.
- Cause No. 5 Docket No. 1006-UP-45, Peetz West Field, Weld County, request for an order to establish the Peetz West Field D-2 Sand Unit for an enhanced recovery project consisting of certain lands in Sections 5, 6, & 7, Township 11 North, and Section 31, Township 12 North, Range 52 West, 6th P.M., and Section 36, Township 12 North, Range 53 West, 6th P.M., for the production of gas and associated hydrocarbons from the “D” Sand Formation.

The motion was seconded by Commissioner Houpt and approved unanimously.

#### Docket No. 1006-AW-05

Commissioner Houpt asked whether this application covered land within the Battlement Mesa PUD. After consultation with others (off the record), William Keefe, attorney for the Applicant responded that a corner of the 320 acre unit in the N½ of Section 7, Township 7 South, Range 95 West, is within the Battlement Mesa PUD. However, the existing pads where wells are currently drilled, and future pad where the remainder of wells will be drilled, are not within the Battlement Mesa PUD.

Commissioner Houpt moved for the approval of this application described as follows:

- Cause No. 440, Docket No. 1006-AW-05, Parachute Field, Garfield County, request for an order to allow the equivalent of one optional well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary for the N½ of Section 7, Township 7 South, Range 95 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.

Seconded by Commissioner Compton and approved unanimously.

#### Docket No. 1003-GA-05

Applicant attorney, Kenneth Wonstolen, introduced the matter which is the first application under Rule 1202.d(5). If approved, the Commission Order would have the effect of a wildlife mitigation plan, and eliminate the need for continuing consultation with DOW under Rule 306.c. with respect to Form 2As. Brian Macke, Regulatory Compliance Manager for Delta Petroleum Corporation, provided technical details behind the application. This application would provide for close to an 80% reduction in the number of authorized well sites and related surface infrastructure for the area.

Commissioner Compton moved for the approval of Docket No. 1003-GA-05, described as follows:

- Cause Nos. 1, 369, 399, 429, Docket No. 1003-GA-05, Vega, and Buzzard Creek Fields, Mesa County, request for an order to limit the number of wellsites according to Rule 503, to no more than three per section for lands consisting of Sections 6 and 7, Township 9 South, Range 92 West, 6th P.M. and Sections 12, 28 and 29, Township 9 South, Range 93 West 6th P.M., and limit the number of wellsites to a single location for lands consisting of Section 1, Township 8.5 South, Range 93 West, 6th P.M., and pursuant to Rule 1202.d(5), limiting ground disturbing activity during certain periods of time for each of the above mentioned sections, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

The motion seconded by Vice Chair Dowling and approved unanimously.

Docket No. 1004-OV-02

This matter was continued to the July meeting.

The Hearing was adjourned early afternoon, before the Commissioners' lunch.

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The Secretary was therefore authorized to issue the following orders:

- Cause No. 191-74, Docket No. 1006-AW-04, Mamm Creek Field, Garfield County, Order approving the equivalent of one optional well per 10 acres, with the permitted well to be located no closer than 100 feet from the lease line, for certain lands in Township 6 South, Range 91 West, 6th P.M., for the production of gas and associated hydrocarbons from the Iles Formation.
- Cause No. 510-53, Docket No. 1006-SP-13, Grand Valley Field, Garfield County, Order contracting the size of the North Parachute Ranch Unit as established in Order No. 479-20 and 510-49, for certain lands in Township 5 South, Range 95 West, 6th P.M., and Township 6 South, Range 96 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.
- Cause No. 510-54, Docket No. 1006-SP-14, Grand Valley Field, Garfield County, Order vacating the existing 40-acre drilling and spacing unit established in Order No. 510-36, and establishing a 160-acre drilling and spacing unit consisting of the NE¼ of Section 35, Township 7 South, Range 96 West, 6th P.M., and continuing to allow the equivalent of one well per 10 acres, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.
- Cause No. 407-366, Docket No. 1006-SP-15, La Poudre South Field, Weld County, Order vacating the existing 80-acre drilling and spacing unit established in Order No. 407-87, and establishing two 40-acre drilling and spacing units consisting of the SW¼ SE¼ and SE¼ SE¼ of Section 25, Township 6 North, Range 67 West, 6th P.M., for the production of gas and associated hydrocarbons from the Codell and Niobrara Formations.
- Cause No. 407-367, Docket No. 1006-UP-37, Wattenberg Field, Weld County, Order to pool all nonconsenting interests in the established 80-acre drilling and spacing unit consisting of the S½ SE¼ of Section 25, Township 5 North, Range 66 West, 6th P.M., to accommodate the Curtis 15-25 Well, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 407-368, Docket No. 1006-UP-38, Wattenberg Field, Weld County, Order pooling all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the SW¼ SE¼, SE¼ SW¼ in Section 25 and NW¼ NE¼, NE¼ NW¼ in Section 36, Township 5 North, Range 66 West, 6th P.M., to accommodate the Curtis 36-25 Well, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 407-369, Docket No. 1006-UP-39, Wattenberg Field, Weld County, Order pooling all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the W½ SE¼ and E½ SW¼ in Section 25, Township 5 North, Range 66 West, 6th P.M., to accommodate the Curtis 23-25 Well, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 407-370, Docket No. 1006-UP-40, Wattenberg Field, Weld County, Oder pooling all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the S½ SE¼ in Section 25 and the N½ NE¼ in Section 36, Township 5

North, Range 66 West, 6th P.M., to accommodate the Curtis 37-25 Well, for the development and operation of the Codell and Niobrara Formations.

- Cause Nos. 232-259 & 407-371, Docket No. 1006-UP-41, Wattenberg Field, Weld County, Order pooling all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the W $\frac{1}{2}$  NE $\frac{1}{4}$ , E $\frac{1}{2}$  NW $\frac{1}{4}$  of Section 33, Township 5 North, Range 66 West, 6th P.M., to accommodate the Ashton J33-18D Well, for the development and operation of the Codell, Niobrara and "J" Sand Formations.
- Cause No. 407-372, Docket No. 1006-UP-42, Wattenberg Field, Weld County, Order pooling all nonconsenting interests in a designated 160-acre wellbore spacing unit consisting of the NW $\frac{1}{4}$  of Section 33, Township 5 North, Range 66 West, 6th P.M., to accommodate the Ashton J33-19 Well, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 407-373, Docket No. 1006-UP-43, Wattenberg Field, Weld County, Order establishing a 160-acre drilling and spacing unit in the SE $\frac{1}{4}$  of Section 13, Township 4 North, Range 67 West, 6th P.M., and to pool all nonconsenting interests, to accommodate the Bernhardt 13D, Bouge 1, and Brindle 1 Wells, for the development and operation of the Codell and Niobrara Formations.
- Cause No. 191-75, Docket No. 1006-EX-02, Parachute Field, Garfield County, Order for an exception location for the Twin Creek 12-5A2 Well with the proposed bottomhole to be located 1,560 feet FNL and 660 feet FWL in the SW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 12, Township 7 South, Range 92 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.
- Cause No. 191-76, Docket No. 1006-EX-03, Parachute Field, Garfield County, Order for an exception location for the proposed Twin Creek 12-4D1 Well with the bottomhole to be located 1,035 feet FNL and 660 feet FWL in the NW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 12, Township 7 South, Range 92 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.
- Cause No. 191-77, Docket No. 1006-EX-04, Parachute Field, Garfield County, Order for an exception location for the proposed Twin Creek 12-4A1 Well with the bottomhole to be located 454 feet FNL and 660 feet FWL in the NW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 12, Township 7 South, Range 92 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.
- Cause No. 318-9, Docket No. 1006-SP-16, Republican Field, Yuma County, Order vacating the existing 160-acre drilling and spacing unit established in Order No. 318-3, and establishing two 80-acre stand-up drilling and spacing units consisting of the E $\frac{1}{2}$  SW $\frac{1}{4}$  and the W $\frac{1}{2}$  SW $\frac{1}{4}$  of Section 18, Township 1 North, Range 44 West, 6th P.M., for the production of gas and associated hydrocarbons from the Niobrara Formation.
- Cause No. 139-109, Docket No. 1006-SP-17, Rulison Field, Garfield County, Order vacating the existing 40-acre drilling and spacing units established in Order 139-73, and establishing one approximate 131.87-acre drilling and spacing unit consisting of Lot 1 (26.34 acres), Lot 2 (25.53 acres), S $\frac{1}{2}$  NE $\frac{1}{4}$  in Section 18, Township 7 South, Range 94 West, 6th P.M., and allowing the continued equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.
- Cause No. 5-1, Docket No. 1006-UP-44, Peetz West Field, Weld County, Order establishing the Peetz West Field J Sand Unit for an enhanced recovery project consisting of certain lands in Section 6, Township 11 North, and Section 31 Township 12 North, Range 52 West, 6th P.M., and Section 1, Township 11 North, and Section 36, Township 12 North, Range 53 West, 6th P.M., for the production of gas and associated hydrocarbons from the "J" Sand Formation.

- Cause No. 5-2 Docket No. 1006-UP-45, Peetz West Field, Weld County, Order establishing the Peetz West Field D-2 Sand Unit for an enhanced recovery project consisting of certain lands in Sections 5, 6, & 7, Township 11 North, and Section 31, Township 12 North, Range 52 West, 6th P.M., and Section 36, Township 12 North, Range 53 West, 6th P.M., for the production of gas and associated hydrocarbons from the “D” Sand Formation.
- Cause No. 440-61, Docket No. 1006-AW-05, Parachute Field, Garfield County, Order allowing the equivalent of one optional well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary for the N½ of Section 7, Township 7 South, Range 95 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork Formation.
- Cause Nos. 1-151, 369-7, 399-7, 429-12, Docket No. 1003-GA-05, Vega, and Buzzard Creek Fields, Mesa County, Order limiting the number of wellsites according to Rule 503, to no more than three per section for lands consisting of Sections 6 and 7, Township 9 South, Range 92 West, 6th P.M. and Sections 12, 28 and 29, Township 9 South, Range 93 West 6th P.M., and limiting the number of wellsites to a single location for lands consisting of Section 1, Township 8.5 South, Range 93 West, 6th P.M., and pursuant to Rule 1202.d(5), limiting ground disturbing activity during certain periods of time for each of the above mentioned sections, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

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Carol Harmon, Secretary

Approved:

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Joshua Epel, Chair