

RECORD OF PROCEEDINGS

September 16, 2010

The Oil and Gas Conservation Commission (“COGCC”) met on September 16, 2010, in Suite 801 of The Chancery Building, 1120 Lincoln Street, Denver, Colorado.

Roll Call of Commissioners

Present:

Joshua Epel	Chairman
Michael P. Dowling	Vice Chairman
Richard D. Alward	Commissioner
Mark Cutright	Commissioner
Tom Compton	Commissioner
Mike King	Commissioner
Tresi Hought	Commissioner
Martha Rudolph	Commissioner (arrived at 9:45)
Matt Lepore	Assistant Attorney General
David Neslin	Director
Carol Harmon	Hearings Manager

Absent:

Deann Craig	Commissioner
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DNR Executive Director’s Report:

Commissioner King reported on the following matters on behalf of the Department of Natural Resources (DNR):

- Recent wildfires along the northern Front Range have pointed out the increasing dangers of three million acres of dead lodgepole pine trees in the state. The Governor has established a forest health initiative.
- Budget matters across all state programs continue to be stressful, although because COGCC is self-funded and not reliant of the state general fund, it is in better condition than agencies dependent on the general fund. However, there is an ongoing threat of the legislature using DNR division’s self-funded revenues as a means of mitigating general fund deficits.
- Colorado River Access task Force continues to look for negotiated, compromise solutions, as opposed to wanting to seek resolution of river access issues through a Colorado Supreme Court decision. The task force is seeking a river by river solution, instead of a single statewide solution.

Commissioner Cutright stated that he thought that the COGCC was well postured to step up to exercise regulatory authority regarding geothermal resources. Commissioner King stated that similar thoughts have been expressed regarding *in situ* oil shale and uranium, but he knew of no formal legislative effort to modify the status quo.

Director’s Report:

Director Neslin reported the following:

- The Northwest Colorado Oil and Gas Forum (Forum) is an informal gathering of

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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. The next meeting is scheduled for December 2, 2010.

- The Final Revision 3 of the Rulison Sampling and Analysis Plan (RSAP) has been posted on the COGCC website.
- The Rio Blanco Sampling and Analysis Plan (SAP) Revision 1, July 2010, was finalized and has been posted on the COGCC website.
- The next GORT/Southwest Colorado Oil and Gas Stakeholders meeting is scheduled for October 14, 2010, at 8:30 am at the La Plata County Fairgrounds in Durango, Colorado.
- Fruitland Formation Outcrop Mitigation and Monitoring Projects - The pilot test of recovering gas from one of the COGCC monitoring wells was not successful, because gas production was too low. So the well is once again being used as a monitoring well only. Increased power generation has resulted in more noise at the mitigation site. COGCC is working with the contractor, LT Environmental, Inc., and the surface owner, BP America Production Company, to add additional sound control measures in the immediate future.
- 4M Monitoring Wells La Plata and Archuleta Counties - The final report for 2009 field activities is available on the COGCC website. The Deep Canyon monitoring well in Archuleta County was completed and instrumentation was installed on June 2, 2010. A final report on field activities is available on the COGCC website.
- Ongoing Investigation, Reclamation, and Mitigation of Residual Methane in the Vicinity of the Bryce 1-X Well Area, Bondad, Colorado - The North well was resampled by Four Corners Geoscience, contracted to the COGCC on August 25, 2010, to evaluate increases in total dissolved solids and chloride. Results and follow-on actions are pending.
- Baseline Water Quality Sampling – Weld County - COGCC staff have initiated a limited baseline surface and groundwater sampling program in northern Weld County. At the request of a local landowner concerned about potential impacts from proposed oil and gas development of the Niobrara Formation in northern Weld County, COGCC staff and contractors have collected samples from springs, ponds and selected domestic and irrigation wells. Initial analytical results indicate that surface water and shallow groundwater quality is excellent with total dissolved solids of approximately 250 milligrams per liter and exhibiting no impacts from existing oil and gas operations on the area.
- Historic Florence Field - COGCC Engineering, Field Inspections, and Environmental staff met with the city manager and the city planner for Florence on August 4, 2010. A summary of the activities intended to aid locating potentially leaking orphaned wells conducted by COGCC staff or contractors over the last 16 months was presented and discussed by the group.
- Methane Investigation Monitoring, and Mitigation Plan (MIMMP) - Huerfano County - Phase 2 operations started on August 6, 2010. Approximately 200,000 gallons of Vermejo Formation water was pumped from the Rohr 04-10. The Vermejo Formation water was mixed with Poison Canyon Formation water, treated in a reverse osmosis system to ensure compliance with U.S.

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Environmental Protection Agency and COGCC conditions of approval for Phase 2 operations.

- New staff:
 - Permitting group has added two new staff - Gary Gosiak and Don Sharp.
 - Hearings group has added Peter Gowen as a Hearing Officer.
 - Oil and Gas Location and Assessment Group has added two staff - Rick Allison and Arthur Koepsell.
- Public outreach activities:
 - Steve Lindblom and Bob Chesson met with Janell Barrilleaux, the Director of Environmental Services at Denver International Airport (DIA) and member of the Water Quality Control Commission. The purpose of this meeting was to provide an overview of the oil and gas locations on DIA property or adjacent to DIA property that are regulated by COGCC.
 - On August 25, 2010, COGCC Director Neslin and several managers and supervisors met with representatives of Elbert County to discuss the potential for future oil and gas development.
 - Margaret Ash participated in a workshop sponsored by the International Erosion Control Association and the Stormwater Forum in Rifle, Colorado, on August 26, 2010. The workshop was an open forum for the exchange of local and regional information on erosion and sediment control.
 - On September 15, 2010, staff from the field inspection and engineering units of the COGCC met with the Colorado Division of Wildlife staff from the Northeast Region to provide training and conduct information transfer.
- Variances
 - Two 502.b variances were granted to Noble Energy: 1) for Rule 318A.e. (7) (rule of eight bottom hole locations per quarter section); and 2) for an exception location to Rule 318.a. More than 93% of the encroached-upon mineral owners consented to the exception location and no objections were received by the operator or COGCC.
 - Two expedited permit approvals (less than 20 day comment period) were granted to two small operators to accommodate immediate availability of drilling rigs. Companies involved were Great Western Oil & Gas, and Mineral Resources.
- Thom Kerr explained tables depicted on pages 14-22 of Staff Report. Director Neslin pointed out that the current number of active permits today is roughly the same as during the peak of oil and gas activity in 2008.
- Regarding the volume of data contained in the tabulated reports, Director Neslin asked the Commissioners if collectively, the Commission might be satisfied with a lower volume of information, as the time for Thom Kerr to prepare the reports is substantial, and takes away from other priorities. Commissioner Dowling suggested that staff make a recommendation for the Commission to consider.
- Geographic Area Plan (GAP) for Gothic Shale Area (Delores and Montezuma Counties) - In response to a Commission inquiry made at the August 2010 Commission meeting, Director Neslin reported that staff has considered the merits of initiating a GAP pursuant to Rule 513 for the Gothic Shale area of

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Delores and Montezuma Counties. The staff conclusion is that it is premature to begin a GAP at this time for three reasons:

- 1) The current level of permit and drilling activity is low and not significant. It currently represents about 1% of total activity in the state.
- 2) Necessary information to develop a GAP is unavailable. Allowing more exploratory drilling would provide vital information necessary to develop a GAP.
- 3) Some steps toward data collection have been initiated already, including establishing baseline water quality information for domestic wells. Additional efforts to gather necessary and useful information for a GAP can be continued without formally initiating a GAP process. A formal process would consume serious levels of both staff and Commission time.

The staff recommendation is to defer the initiation of the GAP process for the time being.

Audience Comments:

GAP for the Gothic Shale Area of Delores County and Montezuma County.

Josh Joswick, representing the San Juan Citizen's Alliance, spoke in favor of initiating a GAP for the Gothic Shale area of Delores County and Montezuma County without delay. He suggested that now is the best time to initiate such a planning effort, in anticipation of rapid development as opposed to in response to it. He stated that he has heard reports of the possibility of up to 1800 wells being sited in the area. He stated that there is only one operator in the area at present (Bill Barrett Company) and that it is ready to proceed with rapid development pending favorable market conditions and financing. Mr. Joswick expressed the sentiment that proactive implementation of a GAP at this time would save permitting resources in the long run. He expressed strong support for a pro-active approach.

Commissioner Comments:

GAP for the Gothic Shale Area of Delores County and Montezuma County.

Commissioner Compton inquired as to what amount of data would be necessary or sufficient to initiate a GAP for the Delores County and Montezuma County Gothic Shale area. He stated a preference for establishing ahead of time, a targeted amount of data that would trigger initiation of a GAP for the area. His perception is that at the moment, there is too much uncertainty about the GAP process, few fully understand the process, and there is a risk that constituents all across the state will want them eventually.

Commissioner Alward recognized budgetary restrictions to initiating a GAP, but stressed the need to plan for development as opposed to react to it. He would like to signal intent to develop a GAP for the area, and begin to seek necessary information so as not to be caught flat-footed when the need ripens.

Commissioner Houpt stated that there is no better time to initiate a plan for development than before a high level of activity begins. She thought that the Delores County and Montezuma County Gothic Shale area is the type of area that the rule was envisioned to

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address. She stated a preference to move forward to put a plan in place without delay, suggesting that a GAP is a dynamic, adaptive document. She wants to avoid the piecemeal approach that occurred in the Piceance basin.

Commissioner Epel stated a desire to consider GAP process issues and relative priorities in the context of a Commissioner's retreat at the beginning of 2011. He further suggested focusing more on the process than a specific plan at this point. He suggested that non-government organizations (academic, industry, or environmental) might be available and interested in assisting in the effort, and could prove valuable to a GAP effort.

Commissioner Rudolph expressed support for the concept of dealing with the GAP issue in the context of a Commission retreat. She is particularly interested in articulating the process for developing a GAP, as the commissioners are disadvantaged by not knowing what a GAP looks like and what its scope entails.

Commissioner Dowling supported the concept of proceeding with a GAP for the Delores County and Montezuma County area. He suggested consultation with the operator as to how the operator plans to schedule development activity. He further suggested development of a 3-5 page high level staff memo describing the scope of a GAP undertaking. He also expressed the notion that if done right, a GAP translates to short term pain for long term gain, in that a GAP should make permitting substantially more efficient upon its completion.

In response to the above discussion on a GAP process, it was agreed that staff would prepare a high level GAP scoping memo for the December Commission meeting.

Commissioner Comments - Other Topics

Chairman Epel suggested that Carol Harmon begin to plan for a two-day Commissioner retreat in February 2011. It would be used to establish Commission priorities for the 2011 calendar year, including further consideration of the GAP process and priorities.

Commissioner Compton described a recent informational program, presented by industry representatives, on the new play in the Niobrara Formation in the four southeastern counties of Wyoming. It was attended by over 600 people. He stated that some have predicted that as much as one million to thirty million barrels of oil per square mile could be produced in that area of Wyoming. He suggested that staff consider organizing a similar program for the northeastern part of Colorado.

Consent Agenda

Chairman Epel asked if any Commissioners had a conflict of interest with any of the items on the consent agenda. Director Cutright disclosed that his company had a professional relationship with Noble Energy relevant to Docket No. 1009-SP-24, and also with Kinder Morgan, relevant to Docket No. 1009-OV-08 and Docket No. 1009-OV-09, none of which would interfere with his ability to fairly consider the matters.

Commissioner Dowling moved for the approval of the first item on the Consent Agenda as follows:

Cause No. 440, Docket No. 1009-SP-24, Parachute Field, Garfield County
Applicant: Noble Energy, Inc.

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Subject: Request to establish two drilling and spacing units to include truncated portions of adjacent sections. One drilling and spacing unit is proposed for Section 4, Lots 6, 7, 8, 9, 10 and all of Section 9, Township 8 South, Range 95 West, 6th P.M. (approximately 710.88 acres). The second drilling and spacing unit is proposed for Section 3, Lots 6, 7, 8, 10 and W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$, and W $\frac{1}{2}$ E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 10, Township 8 South, Range 95 West, 6th P.M. (approximately 618.73 acres).

The motion was seconded by Commissioner Alward. After a few clarifying questions were answered, the motion was approved unanimously.

Commissioner Dowling moved for the approval of the second item on the Consent Agenda as follows:

Cause No. 232 & 407, Docket No.1009-UP-53, Wattenberg Field, Weld County

Applicant: Synergy Resources Corporation

Subject: Request to confirm a 160-acre wellbore spacing unit consisting of the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 20 and W $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 21, Township 5 North, Range 66 West, 6th P.M. to accommodate the Meyer #2 Well (API #05-123-29169) and to pool all nonconsenting interests in the wellbore spacing unit.

The motion was seconded by Commissioner Alward, and approved unanimously.

Hearing Matters

(These matters were taken out of order without objection, as a matter of convenience to the attorney who was representing Morgan, Logan and Lincoln Counties.)

- Cause No. 1, Docket No. 1009-GA-13, Morgan County - Request for Commission hearing to seek a partial exemption from Rule 804. Visual Impact Mitigation, which requires operators to paint production facilities in earth tone colors by September 1, 2010. Applicant requests that the painting requirement occur upon installation of production equipment or repainting as part of regular maintenance.

Morgan County Attorney, George Monsson, explained the substance of the County's application. Morgan County believes that enforcement the September 1, 2010 deadline of Rule 804 is not necessary for the protection of public health, safety and welfare, or the environment on the Application Lands and, thus, the Application Lands should be exempted from this rule for the following reasons:

- a. Oil and gas production facilities are not located where they will distract drivers on public highways.
- b. The County, particularly in those areas where the affected oil and gas facilities are located, is not densely populated. So, aesthetics of the tanks and other production facilities are not a significant concern.
- c. Oil and gas production facilities which are not painted in earth tone colors facilitate the response of emergency services to the sites.
- d. The public, as represented by the Board of County Commissioners of Morgan County, has expressed a desire for an exemption from enforcement of Rule 804.
- e. Many of the facilities which have not already been painted in earth tone colors

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pursuant to the previous version of Rule 804 are low producing “stripper” wells which are of marginal economic viability. Enforcement of the present version of Rule 804 could result in wells being shut-in, which will reduce county revenues and resource production and will increase unemployment. Between 2000 and 2009 Morgan County oil production declined by 23.4% and gas production by 51.3%. Enforcement of the current version of Rule 804 will only exacerbate this decline. At least half of the facilities in Morgan County will be affected by enforcement of Rule 804.

Commissioner Compton moved for the approval of the application, waiving the September 1, 2010 deadline, but still requiring that any oilfield equipment, including tank batteries, must be painted in earth tone colors upon installation or repainting as part of regular maintenance, with the understanding that production facilities shall be kept in good condition and subject to regular, effective maintenance. Motion was seconded by Commissioner Houpt, and approved unanimously.

- Cause No. 1, Docket No. 1009-GA-14, Logan County - Request for Commission hearing to seek a partial exemption from Rule 804. Visual Impact Mitigation, which requires operators to paint production facilities in earth tone colors by September 1, 2010. Applicant requests that Rule 804, as it existed prior to the 2009 amendments, be applicable to operators in the County.

Attorney, George Monsson, explained the substance of the application, which was essentially the same as the application for Morgan County that was just considered by the Commission. The County states in its application that it believes that enforcement the September 1, 2010 deadline of Rule 804 is not necessary for the protection of public health, safety and welfare, or the environment on the Application Lands and, thus, the Application Lands should be exempted from this rule for the following reasons:

- a. Oil and gas production facilities are predominantly located in areas where they will not distract drivers on public highways.
- b. The area of the County, where the majority of the affected oil and gas facilities are located is not densely populated. Accordingly, the visual impact of the tanks and other production facilities is substantially mitigated.
- c. The public, as represented by the Board of County Commissioners of Logan County, has expressed a desire for an exemption from enforcement of Rule 804.
- d. Many of the older production facilities which have been exempt from the requirements of Rule 804 are low producing “stripper” wells of marginal economic utility and little remaining useful life. Enforcement of the present version of Rule 804 could result in wells being shut-in as the cost of compliance will outweigh the economic returns possible. This will reduce county revenues and resource production and will increase unemployment. Between 1999 and 2009 Logan County oil production declined from 231,199 barrels in 1999 to 210,042 barrels in 2009. Annual gas production declined from 385,601 MCF in 1999 to 237,847 MCF in 2009. Enforcement of the current version of Rule 804 will only exacerbate this decline. At least half of the facilities in Logan County will be affected by enforcement of Rule 804.

Commissioner Houpt moved for the approval of the application, waiving the September 1, 2010 deadline, but still requiring that any oilfield equipment, including tank batteries, must be painted in earth tone colors upon installation or repainting as part of regular maintenance, with the understanding that production facilities shall be kept in good

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condition and subject to regular, effective maintenance. Motion was seconded by Commissioner Compton and approved unanimously.

- Cause No. 1, Docket No. 1009-GA-15, Lincoln County - Request for Commission hearing to seek a variance from Rule 804., Visual Impact Mitigation, to exempt all operators within the County from painting production facilities, which are observable from any public highway, with uniform, non-contrasting, non-reflective color tones and with colors matched to but slightly darker than the surrounding landscape by September 1, 2010.

Attorney, George Monsson, explained the substance of the application, which was similar to applications by Morgan County and Logan County that were just considered by the Commission, except that it sought a total exemption from the application of the rule. The County states in its application that it believes that enforcement the September 1, 2010 deadline of Rule 804 is not necessary for the protection of public health, safety and welfare, or the environment on the Application Lands. It claims the Application Lands should be exempted from this rule because the county is not densely populated, so aesthetics of the tanks and other production facilities are not a concern. When asked if Lincoln County would consider an exemption on the same terms as Morgan and Logan Counties, as had just been approved, counsel for Lincoln County responded in the affirmative.

Commissioner Dowling moved for the approval of the application, waiving the September 1, 2010 deadline, but still requiring that any oilfield equipment, including tank batteries, must be painted in earth tone colors upon installation or repainting as part of regular maintenance, with the understanding that production facilities shall be kept in good condition and subject to regular, effective maintenance. Motion was seconded by Commissioner Alward and approved unanimously.

- Cause No. 1, Docket No. 1009-GA-12, Statewide - Colorado Petroleum Association. Request for rulemaking hearing to amend Rule 905.b.(3)A.

Attorneys John Seman and Scott M. Campbell appeared on behalf of the applicant to request a continuation. The previous day, the U.S. Environmental Protection Agency, (EPA) Office of Resource Conservation and Recovery, issued a letter in response to a request for an agency opinion on whether spent synthetic pit liners were exempt from Resource Conservation and Recovery Act regulation. The continuation was requested because this subject was the subject matter of the application, and the applicant had not had sufficient time to consider the implications of the EPA letter.

Michael Freeman, counsel for the Colorado Environmental Coalition, (CEC) expressed his client's objection to the continuance on the following grounds:

- 1) The CEC considers the EPA letter as dispositive of the matter, essentially claiming that the relief requested in the proposed rulemaking by the Colorado Petroleum Association is contrary to federal regulation and that the state regulation is identical to federal requirements.
- 2) There is no need to consume more staff resources in further consideration of this matter.
- 3) Rule 905 needs to be implemented as written, and this will promote regulatory certainty, which is important to the industry.

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Commissioner Rudolph commented that she wants to participate in the Commission's deliberations in this matter, but has a conflict with the October Commission meeting in Riffle. Additionally, she wants to be able to confer with CDPHE staff prior to Commission deliberations on this matter.

Director Neslin supported granting the continuance and stated that the parties present today have raised a legitimate question of law as to whether the federal interpretation of EPA's authority leaves any discretion to the state as to how the state must treat spent synthetic pit liners under state hazardous waste law. He suggested that the parties brief the matter with sufficient time for state staff to consider the briefs prior to the continued hearing on the matter.

The Commissioners expressed a general sentiment that they wanted to consider the matter at a time when Commissioner Rudolph was available to participate. The continuance was granted with the new hearing expected to be in November, unless Commissioner Rudolph's schedule permitted an earlier October hearing date.

Administrative Order By Consent

- Cause No. 1V, Docket No. 1009-OV-08, Montezuma County

Request for approval for approval of an Administrative Order by Consent with Kinder Morgan for violations of Rules 303., 308A, and 308B for oil and gas operations at the HE #5 Well (API No. 05-083-06601), located in the SE¼ SW¼ of Section 36, Township 38 North, Range 19 West, N.M.P.M.

Enforcement Officer, Rob Willis summarized the findings in the proposed Administrative Order by Consent in this matter. Commissioner Houpt stated that she thought that the \$2,000 penalty was not a sufficient deterrent. Mr. Willis reported that it is in line with how similar cases have been resolved in the past, in cases of good faith errors and where there was no significant detriment to public health, safety, welfare, and the environment. Commissioner Houpt expressed an interest in seeing higher penalties for this type of matter in the future.

Commissioner Compton moved for approval of the Administrative Order by Consent in this matter as presented. The motion was seconded by Commissioner Cutright, and approved unanimously.

- Cause No. 1V, Docket No. 1009-OV-09, Montezuma County

Request for approval for approval of an Administrative Order by Consent with Kinder Morgan for violations of Rules for violations of Rules 303., 308A, and 308B for oil and gas operations at the Sand Canyon #10 Well (API No. 05-083-06604), located in the SW¼ NW¼ of Section 8, Township 35 North, Range 18 West, N.M.P.M.

Enforcement Officer, Rob Willis summarized the findings in the proposed Administrative Order by Consent in this matter. The operator had a systematic deficiency in processing permit applications for a considerable period of time that has now been corrected. It was relying on incorrect advice from BLM that a BLM permit was all that was needed and that a state permit was not needed. Mr. Willis stated that Kinder Morgan had several more similar instances where it neglected to seek appropriate state permits during this same time period, which it was continuing to research and remedy. Mr. Willis stated that the Commission should expect to see more similar enforcement

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actions in the future concerning this operator, as the operator discovers more similar situations dating back to the same period and these incidents work their way through the enforcement process. Commissioner Houpt expressed the same concern about the magnitude of this penalty as she did in the previous matter.

Commissioner Compton moved for approval of the Administrative Order by Consent in this matter as presented. The motion was seconded by Commissioner Cutright, and approved unanimously.

Approval of Proceedings

Commissioner Dowling moved for the approval of the August 2010 minutes as presented. The motion was seconded by Commissioner Compton and approved unanimously.

Adjourned 11:55 a.m.

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The Secretary was therefore authorized to issue the following orders:

Order No. 440-63, Docket No. 1009-SP-24, Parachute Field, Garfield County: Approves a request to establish two drilling and spacing units to include truncated portions of adjacent sections. One drilling and spacing unit is proposed for Section 4, Lots 6, 7, 8, 9, 10 and all of Section 9, Township 8 South, Range 95 West, 6th P.M. (approximately 710.88 acres). The second drilling and spacing unit is proposed for Section 3, Lots 6, 7, 8, 10 and W½, W½ E½, and W½ E½ E½ of Section 10, Township 8 South, Range 95 West, 6th P.M. (approximately 618.73 acres).

Order No. 232-261 and Order No. 407-377, Docket No.1009-UP-53, Wattenberg Field, Weld County: Approves a request to confirm a 160-acre wellbore spacing unit consisting of the E½ NE¼ of Section 20 and W½ NW¼ of Section 21, Township 5 North, Range 66 West, 6th P.M. to accommodate the Meyer #2 Well (API #05-123-29169) and to pool all nonconsenting interests in the wellbore spacing unit.

Order No. 1-156, Docket No. 1009-GA-13, Morgan County: Approves a request for a partial exemption from Rule 804. Visual Impact Mitigation, which requires operators to paint production facilities in earth tone colors by September 1, 2010.

Order No. 1-157, Docket No. 1009-GA-14, Logan County: Approves a request for a partial exemption from Rule 804. Visual Impact Mitigation, which requires operators to paint production facilities in earth tone colors by September 1, 2010.

Order No. 1-158, Docket No. 1009-GA-15, Lincoln County: Approves a request for a variance from Rule 804., Visual Impact Mitigation, to exempt all operators within the County from painting production facilities, which are observable from any public highway, with uniform, non-contrasting, non-reflective color tones and with colors matched to but slightly darker than the surrounding landscape by September 1, 2010.

Order No. 1V-351, Docket No. 1009-OV-08, Montezuma County: Approves an Administrative Order by Consent with Kinder Morgan for violations of Rules 303., 308A, and 308B for oil and gas operations at the HE #5 Well (API No. 05-083-06601), located in the SE¼ SW¼ of Section 36, Township 38 North, Range 19 West, N.M.P.M.

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Order No. 1V-352, Docket No. 1009-OV-09, Montezuma County: Approves an Administrative Order by Consent with Kinder Morgan for violations of Rules for violations of Rules 303., 308A, and 308B for oil and gas operations at the Sand Canyon #10 Well (API No. 05-083-06604), located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8, Township 35 North, Range 18 West, N.M.P.M.

Carol Harmon, Secretary

Approved:

Joshua Epel, Chair